LEGISLATIVE
BUDGET
COMMISSION

W. Travis Cummings, Chair

Rob Bradley, Vice-Chair

MEETING PACKET
Thursday, September 12, 2019
1:00 p.m.
212 Knott Building

(Please bring this packet to the committee meeting. Duplicate materials will not be available.)

LEGISLATIVE BUDGET COMMISSION
AGENDA

Thursday, September 12, 2019
1:00 p.m.
212 Knott Building

Members

Senator Rob Bradley	**Representative W. Travis Cummings**
Senator Lizbeth Benacquisto	**Representative MaryLynn Magar**
Senator Lauren Book	**Representative Kionne McGhee**
Senator Jeff Brandes	**Representative Jay Trumbull**
Senator Oscar Braynon	**Representative Barbara Watson**
Senator Audrey Gibson	**Representative Jayer Williamson**
Senator Wilton Simpson	**Representative Clay Yarborough**

Department of Transportation

EOG Number: W2020-0021

Problem Statement: Chapter 2019-43, L.O.F., created the Multi-Use Corridors of Regional Economic Significance Program (M-CORES) to develop and construct three major transportation corridors after studying the feasibility and impacts of these regional corridors. In addition to creating M-CORES, the law redirected a portion of motor vehicle license tax deposits from the General Revenue Fund to the State Transportation Trust Fund and provided for allocation to specific programs in certain fiscal years. Section 338.2278(7) and (8), F.S., allocates $12.5 million for M-CORES; $10 million for the Small County Resurfacing Assistance Program (SCRAP); $10 million for the Small County Outreach Program (SCOP); $10 million to the Transportation Disadvantaged Trust Fund; and $2.5 million for a workforce development program. Florida Statutes further require the department to submit a budget amendment requesting the budget authority necessary to implement these program allocations.
Agency Request: Pursuant to ss. 339.1373 and 338.2278, F.S., the department requests $32.5 million of State Transportation Trust Fund spending authority to initiate planning efforts for the three transportation corridors, establish a task force for each corridor, and provide funding for SCRAP and SCOP as follows: • $12.5 million for M-CORES for Right-of-Way Support, Preliminary Engineering Consultants, and Transportation Planning Consultants. • $10 million for the Small County Resurfacing Assistance Program. • $10 million for the Small County Outreach Program. The remaining provisions of the legislation are requested in budget amendment B0026.
Governor's Recommendation: Recommend providing $32.5 million in budget authority to initiate the Multi-use Corridors of Regional Economic Significance Program (M-CORES), pursuant to CH. 2019-43, L.O.F. (SB 7068). This includes: $10 Million for the Small County Assistance Program, $10 Million for the Small County Outreach Program, and $12.5 Million for M-CORES development. An additional $12.5 million has been recommended under budget amendment #B0026, for a total of $45 million for Fiscal Year 2019-20 to support implementation of the legislation.

Senate Committee: Appropriations Subcommittee on Transportation, Tourism, and Economic Development ***Senate Analyst:*** John McAuliffe	***House Committee:*** Transportation & Tourism Appropriations Subcommittee ***House Analyst:*** Anita Hicks

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY Appropriation	RECOMMENDED BY GOVERNOR Appropriation	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION Appropriation
TRANSPORTATION					
	Transportation Systems Operations Program: Highway Operations				
1974	Fixed Capital Outlay Small County Resurface Assistance Program (Scrap) From State Transportation (Primary) Trust Fund		10,000,000	10,000,000	
1975	Fixed Capital Outlay Small County Outreach Program (Scop) From State Transportation (Primary) Trust Fund		10,000,000	10,000,000	
	Florida's Turnpike Systems Florida's Turnpike Enterprise				
N/A	Fixed Capital Outlay Transportation Planning Consultants From State Transportation (Primary) Trust Fund		9,800,000	9,800,000	
	Fixed Capital Outlay Right-Of-Way Support From State Transportation (Primary) Trust Fund		1,300,000	1,300,000	
2039	Fixed Capital Outlay				

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	**REQUESTED BY AGENCY** Appropriation	**RECOMMENDED BY GOVERNOR** Appropriation	**APPROVED BY THE LEGISLATIVE BUDGET COMMISSION** Appropriation
	Preliminary Engineering Consultants From State Transportation (Primary) Trust Fund		1,400,000	1,400,000	

Department of Transportation

EOG Number: W2020-0023

Problem Statement:
Section 339.135(6)(c), F.S., authorizes the Department of Transportation to roll forward budget authority from the previous fiscal year into the next for project phases in the Adopted Work Program that are not certified forward or committed on June 30 of each fiscal year. This unique provision allows the department to roll forward projects and associated spending authority from the previous fiscal year into the current fiscal year so project phases which have not yet been committed can contract with minimal delay. Unanticipated delays due to environmental issues, permitting problems, federal requirements, local government coordination, legal issues, bid protests, and other impacts can occur during the year. Without this statutory provision, projects or project phases would be deleted from the program and requested in the next budget cycle, resulting in delays of a year or more.

The roll forward process is similar to the certified forward process provided for in ch. 216, F.S., with the exception that it transfers the budget authority for the project phase from one year to the next even though the contractual commitment has not yet been made. This process does not result in new projects or in changes to previously funded projects, and it does not allow the department to increase its budget authority above what was previously appropriated. The amount of the prior year budget authority is never exceeded during the roll forward process.

Major amounts and categories impacted include $351.3 million for Right of Way; $597.9 million for Intrastate, Arterial Highway Construction, small county programs and other associated inspection budget; $120 million for Public Transportation; $44 million for Resurfacing; $125 million for Preliminary Engineering and Traffic Engineering Consultants; $45.6 million for Bridge Construction and Inspection; $68.3 million for Major Disasters; $45.4 million for categories such as Planning Grants, County Transportation Programs, Safety Grants and Local Government Reimbursement; and $5.3 million for Toll/Turnpike Systems Equipment and Toll Operation Contracts.

Agency Request:
The department requests $1.4 billion of additional budget authority in several appropriation categories for Work Program phases in the Fiscal Year 2019-20 Adopted Work Program which qualify for roll forward pursuant to s. 339.135(6)(c), F.S. This includes $6.5 million for the Turnpike Renewal and Replacement Trust Fund; $181.8 million for the Turnpike General Reserve Trust Fund; $1.2 billion for the State Transportation Trust Fund; and $60.2 million for the Right of Way Acquisition Bridge Construction Trust Fund.

Governor's Recommendation:
Recommend $1.43 billion additional budget authority in various appropriation categories for continuation of the Adopted Work Program phases in Fiscal Year 2018-19 which were not certified forward, but qualify for roll forward, pursuant to section 339.135(6)(c), Florida Statutes.

Senate Committee: Appropriations Subcommittee on Transportation, Tourism, and Economic Development ***Senate Analyst:*** John McAuliffe	***House Committee:*** Transportation & Tourism Appropriations Subcommittee ***House Analyst:*** Anita Hicks

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY Appropriation	RECOMMENDED BY GOVERNOR Appropriation	APPROVED BY THE LEGISLATIVE BUDGET COMMISSION Appropriation
TRANSPORTATION					
	Transportation Systems Development Program: Transportation Systems Development				
1939	Fixed Capital Outlay Transportation Planning Consultants From State Transportation (Primary) Trust Fund		3,357,717	3,357,717	
1940	Fixed Capital Outlay Aviation Development/Grants From State Transportation (Primary) Trust Fund		7,836,367	7,836,367	
1941	Fixed Capital Outlay Public Transit Development/Grants From State Transportation (Primary) Trust Fund		24,510,562	24,510,562	
1942	Fixed Capital Outlay Right-Of-Way Land Acquisition From State Transportation (Primary) Trust Fund		245,767,670	245,767,670	
	From Right-Of-Way Acquisition And Bridge Construction Trust Fund		45,827,651	45,827,651	
1945	Fixed Capital Outlay Seaport Grants From State Transportation (Primary) Trust Fund		757,832	757,832	

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1947	Fixed Capital Outlay				
	Rail Development/Grants				
	From State Transportation (Primary) Trust Fund		19,407,196	19,407,196	
1948	Fixed Capital Outlay				
	Intermodal Development/Grants				
	From State Transportation (Primary) Trust Fund		4,721,503	4,721,503	
1949	Fixed Capital Outlay				
	Preliminary Engineering Consultants				
	From State Transportation (Primary) Trust Fund		83,938,659	83,938,659	
N/A	From Right-Of-Way Acquisition And Bridge Construction Trust Fund		30,000	30,000	
1950	Fixed Capital Outlay				
	Right-Of-Way Support				
	From State Transportation (Primary) Trust Fund		45,173,597	45,173,597	
	From Right-Of-Way Acquisition And Bridge Construction Trust Fund		3,298,074	3,298,074	
1951	Fixed Capital Outlay				
	Transportation Planning Grants				
	From State Transportation (Primary) Trust Fund		1,078,366	1,078,366	
	<u>Florida Rail Enterprise</u>				
N/A	Fixed Capital Outlay				

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	Construction Inspection Consultants From State Transportation (Primary) Trust Fund		400,000	400,000	
1958	Fixed Capital Outlay Public Transit Development/Grants From State Transportation (Primary) Trust Fund		36,217,304	36,217,304	
1960	Fixed Capital Outlay Rail Development/Grants From State Transportation (Primary) Trust Fund		26,554,237	26,554,237	
	Transportation Systems Operations <u>Program: Highway Operations</u>				
1974	Fixed Capital Outlay Small County Resurface Assistance Program (Scrap) From State Transportation (Primary) Trust Fund		1,016,576	1,016,576	
1975	Fixed Capital Outlay Small County Outreach Program (Scop) From State Transportation (Primary) Trust Fund		6,681,023	6,681,023	
1976	Fixed Capital Outlay Grants And Aids - Major Disasters - Department Of Transportation Work Program From State Transportation (Primary) Trust Fund		68,067,415	68,067,415	

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1977	Fixed Capital Outlay County Transportation Programs From State Transportation (Primary) Trust Fund		14,356,357	14,356,357	
1978	Fixed Capital Outlay Bond Guarantee From State Transportation (Primary) Trust Fund		500,000	500,000	
1979	Fixed Capital Outlay Transportation Highway Maintenance Contracts From State Transportation (Primary) Trust Fund		290,000	290,000	
1980	Fixed Capital Outlay Intrastate Highway Construction From State Transportation (Primary) Trust Fund		355,986,395	355,986,395	
1981	Fixed Capital Outlay Arterial Highway Construction From State Transportation (Primary) Trust Fund		44,109,012	44,109,012	
1982	Fixed Capital Outlay Construction Inspection Consultants From State Transportation (Primary) Trust Fund		46,039,833	46,039,833	
	From Right-Of-Way Acquisition And Bridge Construction Trust Fund		287,796	287,796	
1984	Fixed Capital Outlay Highway Safety Construction/Grants				

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	From State Transportation (Primary) Trust Fund		25,690,935	25,690,935	
1985	Fixed Capital Outlay				
	Resurfacing				
	From State Transportation (Primary) Trust Fund		44,024,591	44,024,591	
1986	Fixed Capital Outlay				
	Bridge Construction				
	From State Transportation (Primary) Trust Fund		32,219,200	32,219,200	
	From Right-Of-Way Acquisition And Bridge Construction Trust Fund		10,714,273	10,714,273	
1988	Fixed Capital Outlay				
	Highway Beautification Grants				
	From State Transportation (Primary) Trust Fund		354,066	354,066	
1989	Fixed Capital Outlay				
	Materials And Research				
	From State Transportation (Primary) Trust Fund		384,185	384,185	
1989A	Fixed Capital Outlay				
	Local Transportation Projects				
	From State Transportation (Primary) Trust Fund		17,639,740	17,639,740	
1990	Fixed Capital Outlay				
	Bridge Inspection				
	From State Transportation (Primary) Trust Fund		2,193,299	2,193,299	

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1992	Fixed Capital Outlay				
	Traffic Engineering Consultants				
	From State Transportation (Primary) Trust Fund		11,025,639	11,025,639	
	Florida's Turnpike Systems				
	<u>Florida's Turnpike Enterprise</u>				
N/A	Fixed Capital Outlay				
	Grants And Aids - Major Disasters - Department Of Transportation Work Program				
	From State Transportation (Primary) Trust Fund		231,240	231,240	
2034	Fixed Capital Outlay				
	Intrastate Highway Construction				
	From Turnpike Renewal And Replacement Trust Fund		2,263,232	2,263,232	
	From Turnpike General Reserve Trust Fund		139,706,187	139,706,187	
N/A	From State Transportation (Primary) Trust Fund		199,485	199,485	
2035	Fixed Capital Outlay				
	Construction Inspection Consultants				
	From Turnpike Renewal And Replacement Trust Fund		1,000,000	1,000,000	
	From Turnpike General Reserve Trust Fund		50,135	50,135	
N/A	From State Transportation (Primary) Trust Fund		175,000	175,000	
2036	Fixed Capital Outlay				
	Right-Of-Way Land Acquisition				

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	From Turnpike General Reserve Trust Fund		10,204,393	10,204,393	
2037	Fixed Capital Outlay				
	Resurfacing				
	From Turnpike Renewal And Replacement Trust Fund		1,000	1,000	
2038	Fixed Capital Outlay				
	Bridge Construction				
	From Turnpike Renewal And Replacement Trust Fund		501,000	501,000	
N/A	From Turnpike General Reserve Trust Fund		1,000	1,000	
2039	Fixed Capital Outlay				
	Preliminary Engineering Consultants				
	From Turnpike Renewal And Replacement Trust Fund		2,693,150	2,693,150	
	From Turnpike General Reserve Trust Fund		26,387,342	26,387,342	
	From State Transportation (Primary) Trust Fund		538,423	538,423	
2040	Fixed Capital Outlay				
	Right-Of-Way Support				
	From Turnpike General Reserve Trust Fund		1,009,517	1,009,517	
N/A	Fixed Capital Outlay				
	Local Transportation Projects				
	From State Transportation (Primary) Trust Fund		5,841,099	5,841,099	

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2042	Fixed Capital Outlay				
	Traffic Engineering Consultants				
	From State Transportation (Primary) Trust Fund		424,932	424,932	
2043	Fixed Capital Outlay				
	Toll Operation Contracts				
	From State Transportation (Primary) Trust Fund		429,825	429,825	
2044	Fixed Capital Outlay				
	Turnpike System Equipment And Development				
	From Turnpike General Reserve Trust Fund		4,420,340	4,420,340	
	From State Transportation (Primary) Trust Fund		124,902	124,902	
2045	Fixed Capital Outlay				
	Tolls System Equipment And Development				
	From State Transportation (Primary) Trust Fund		313,560	313,560	

Department of Transportation

EOG Number: B2020-0026

Problem Statement:

Chapter 2019-43, L.O.F., created the Multi-Use Corridors of Regional Economic Significance Program (M-CORES) to develop and construct three major transportation corridors after studying the feasibility and impacts of these regional corridors. In addition to creating M-CORES, the law redirected a portion of motor vehicle license tax deposits from the General Revenue Fund to the State Transportation Trust Fund and provided for allocation to specific programs in certain fiscal years. Section 338.2278(7) and (8), F.S., allocates $12.5 million for M-CORES; $10 million for the Small County Resurfacing Assistance Program (SCRAP); $10 million for the Small County Outreach Program (SCOP); $10 million to the Transportation Disadvantaged Trust Fund and $2.5 million for a workforce development program.

Specifically, the law requires the operational funds for the transportation disadvantaged and workforce development programs to be used in the following manner:

- Award competitive grants to community transportation coordinators and transportation network companies to provide cost-effective, door-to-door, on-demand, and scheduled transportation services (s. 338.2278(7)(e), F.S.).
- Provide a workforce development program to address the construction labor shortage by recruiting and developing skilled workers for infrastructure projects (s. 334.044(35), F.S.).

Florida Statutes further require the department to submit a budget amendment requesting the budget authority necessary to implement these program allocations.

Agency Request:

Pursuant to ss. 339.1373 and 338.2278, F.S., the department requests $12.5 million in spending authority to implement the transportation disadvantaged and workforce development programs as follows:

- $10 million from the Transportation Disadvantaged Trust Fund for the Transportation Disadvantaged program.
- $2.5 million from the State Transportation Trust Fund for workforce development.

The remaining provisions of the legislation are requested in budget amendment W0021.

Governor's Recommendation:

Recommend providing $12.5 million additional budget authority, pursuant to the provisions of CH. 2019-43, L.O.F. (SB 7068). Funds are provided to support the establishment of the Multi-Use Corridors of Regional Economic Program (M-CORES). This includes $10 million in additional funds

for the Transportation Disadvantaged Program and $2.5 million for the creation of a Workforce Education Program. Work Program funding of $32.5 million is recommended in Amendment W-0021 providing a total of $45 million as authorized in the bill.

Senate Committee: Appropriations Subcommittee on Transportation, Tourism, and Economic Development ***Senate Analyst:*** John McAuliffe	***House Committee:*** Transportation & Tourism Appropriations Subcommittee ***House Analyst:*** Anita Hicks

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	**REQUESTED BY AGENCY** Appropriation	**RECOMMENDED BY GOVERNOR** Appropriation	**APPROVED BY THE LEGISLATIVE BUDGET COMMISSION** Appropriation
TRANSPORTATION					
	Transportation Systems Development Program: Transportation Systems Development				
1935	Special Categories Contracted Services From State Transportation (Primary) Trust Fund		2,500,000	2,500,000	
1938	Special Categories Grants And Aids - Transportation Disadvantaged From Transportation Disadvantaged Trust Fund		10,000,000	10,000,000	

Agency for Health Care Administration

EOG Number: B2020-0093

Problem Statement: Caseload and expenditures for the Medicaid program are forecasted through a consensus process by the principals of the Social Services Estimating Conference (SSEC). The forecasts are based upon current law and administrative practice; historical information; spending trends; and anticipated events. Current law requires that expenditures be paid from the proper appropriation category. The SSEC for Medicaid Services met on August 6, 2019 and adopted a new estimate for Fiscal Year 2019-2020 expenditures by category and fund. Total expenditures for the Medicaid program for Fiscal Year 2019-2020 are estimated to be $28.1 billion with a projected surplus of $327.6 million, of which $198 million is General Revenue. In order to conform to the projected expenditures estimated by the August 2019 SSEC, the Agency must realign various Medicaid Services appropriation categories.
Agency Request: The Agency for Health Care Administration requests the realignment of spending authority in the General Revenue and Trust Funds to comport with the August 2019 Social Services Estimating Conference. The Agency requests the realignment of $40,128,993 in the General Revenue Fund, $5,257,050 in the Grants and Donations Trust Fund, $71,992,159 in the Medical Care Trust Fund, and $55,494 in the Refugee Assistance Trust Fund to offset projected deficits and to place budget authority of $198,046,560 from the General Revenue Fund, $18,000,000 from the Health Care Trust Fund, $111,247,930 from the Medical Care Trust Fund, and $287,499 from the Refugee Assistance Trust Fund into unbudgeted reserve.
Governor's Recommendation: Recommend, based on the Social Services Estimating Conference held in August 2019, the realignment of $40,128,993 in the General Revenue Fund, $5,257,050 in the Grants and Donations Trust Fund, $71,992,159 in the Medical Care Trust Fund, and $55,494 in the Refugee Assistance Trust Fund to offset projected deficits and to place budget authority of $198,046,560 from the General Revenue Fund, $18,000,000 from the Health Care Trust Fund, $111,247,930 from the Medical Care Trust Fund, and $287,499 from the Refugee Assistance Trust Fund into unbudgeted reserve.

Senate Committee: Appropriations Subcommittee on Health and Human Services ***Senate Analyst:*** Brooke McKnight	***House Committee:*** Health Care Appropriations Subcommittee ***House Analyst:*** Ross Nobles

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	AGENCY FOR HEALTH CARE ADMINISTRATION										
	Program: Health Care Services <u>Medicaid Services To Individuals</u>										
197	Special Categories Case Management										
	From General Revenue Fund		(1,422,811)		(711,402)	(1,422,811)		(711,402)			
	From Medical Care Trust Fund		(2,255,633)		(2,255,633)	(2,255,633)		(2,255,633)			
198	Special Categories Community Mental Health Services										
	From General Revenue Fund		1,533,568		766,780	1,533,568		766,780			
	From Medical Care Trust Fund		2,355,569		2,355,569	2,355,569		2,355,569			
203	Special Categories Hospital Inpatient Services										
	From General Revenue Fund		3,300,556		1,650,270	3,300,556		1,650,270			

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	From Medical Care Trust Fund		5,244,522		5,244,522	5,244,522		5,244,522			
	From Refugee Assistance Trust Fund			102,315	(102,315)		102,315	(102,315)			
206	Special Categories										
	Hospital Insurance Benefits										
	From General Revenue Fund		(5,596,937)		(2,798,454)	(5,596,937)		(2,798,454)			
	From Medical Care Trust Fund		(8,857,772)		(8,857,772)	(8,857,772)		(8,857,772)			
207	Special Categories										
	Hospital Outpatient Services										
	From General Revenue Fund		(6,662,622)		(3,331,294)	(6,662,622)		(3,331,294)			
	From Medical Care Trust Fund		(10,384,465)		(10,384,465)	(10,384,465)		(10,384,465)			
	From Refugee Assistance Trust Fund			112,898	(112,898)		112,898	(112,898)			
208	Special Categories										
	Other Fee For Service										
	From General Revenue Fund		10,425,906		5,212,927	10,425,906		5,212,927			
	From Grants And Donations Trust Fund		37,050		37,050	37,050		37,050			

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	From Medical Care Trust Fund		15,640,767		15,640,767	15,640,767		15,640,767			
	From Refugee Assistance Trust Fund		3,873		3,873	3,873		3,873			
209	Special Categories										
	Personal Care Services										
	From General Revenue Fund		(179,371)		(89,685)	(179,371)		(89,685)			
	From Medical Care Trust Fund		(304,161)		(304,161)	(304,161)		(304,161)			
210	Special Categories										
	Physician And Health Care Practitioner Services										
	From General Revenue Fund		7,085,224		3,542,594	7,085,224		3,542,594			
	From Medical Care Trust Fund		11,303,724		11,303,724	11,303,724		11,303,724			
	From Refugee Assistance Trust Fund		23,481		23,481	23,481		23,481			
211	Special Categories										
	Prepaid Health Plans										
	From General Revenue Fund			198,046,560	(198,046,560)		198,046,560	(198,046,560)			
	From General Revenue Fund		(25,575,848)		(12,787,860)	(25,575,848)		(12,787,860)			
	From Health Care Trust Fund			18,000,000	(18,000,000)		18,000,000	(18,000,000)			

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	From Medical Care Trust Fund		(40,326,084)		(40,326,084)	(40,326,084)		(40,326,084)			
	From Medical Care Trust Fund			110,656,718	(110,656,718)		110,656,718	(110,656,718)			
	From Refugee Assistance Trust Fund		(55,494)		(55,494)	(55,494)		(55,494)			
	From Refugee Assistance Trust Fund			72,286	(72,286)		72,286	(72,286)			
212	Special Categories Prescribed Medicine/Drugs										
	From General Revenue Fund		4,537,701		2,268,839	4,537,701		2,268,839			
	From Medical Care Trust Fund		7,250,709		7,250,709	7,250,709		7,250,709			
	From Refugee Assistance Trust Fund		28,140		28,140	28,140		28,140			
213	Special Categories Medicare Part D Payment										
	From General Revenue Fund		1,967,928		983,959	1,967,928		983,959			
214	Special Categories Statewide Inpatient Psychiatric Services										
	From General Revenue Fund		13,797		6,898	13,797		6,898			

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	From Medical Care Trust Fund		53,645		53,645	53,645		53,645			
215	Special Categories Supplemental Medical Insurance										
	From General Revenue Fund		3,359,544		1,679,764	3,359,544		1,679,764			
	From Medical Care Trust Fund		110,646		110,646	110,646		110,646			
	From Medical Care Trust Fund		9,729,067		9,729,067	9,729,067		9,729,067			
	<u>Medicaid Long Term Care</u>										
217	Special Categories Assistive Care Services										
	From General Revenue Fund		48,651		24,325	48,651		24,325			
	From Medical Care Trust Fund		77,128		77,128	77,128		77,128			
219	Special Categories Intermediate Care Facilities/Intellectually Disabled - Sunland Center										
	From Medical Care Trust Fund		(813,271)		(813,271)	(813,271)		(813,271)			
	From Medical Care Trust Fund			513,003	(513,003)		513,003	(513,003)			

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
220	Special Categories Intermediate Care Facilities/Developmentally Disabled Community										
	From General Revenue Fund		(691,404)		(345,700)	(691,404)		(345,700)			
	From Medical Care Trust Fund		(1,096,094)		(1,096,094)	(1,096,094)		(1,096,094)			
221	Special Categories Nursing Home Care										
	From General Revenue Fund		317,532		158,765	317,532		158,765			
	From Grants And Donations Trust Fund		(37,050)		(37,050)	(37,050)		(37,050)			
	From Grants And Donations Trust Fund		(5,220,000)		(5,220,000)	(5,220,000)		(5,220,000)			
	From Medical Care Trust Fund		(7,830,694)		(7,830,694)	(7,830,694)		(7,830,694)			
222	Special Categories Prepaid Health Plan/Long Term Care										
	From General Revenue Fund		7,538,586		3,769,274	7,538,586		3,769,274			
	From Grants And Donations Trust Fund		5,220,000		5,220,000	5,220,000		5,220,000			
	From Medical Care Trust Fund		999,999		999,999	999,999		999,999			

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	From Medical Care Trust Fund		19,226,384		19,226,384	19,226,384		19,226,384			
223	Special Categories State Mental Health Hospital Program										
	From Medical Care Trust Fund		(123,986)		(123,986)	(123,986)		(123,986)			
	From Medical Care Trust Fund			78,209	(78,209)		78,209	(78,209)			

Agency for Health Care Administration

EOG Number: B2020-0094

Problem Statement: Caseloads and expenditures for the Florida KidCare Program are forecasted through a consensus process by the principals of the Social Services Estimating Conference (SSEC). The forecasts are based upon current law and administrative practice; historical information; spending trends; and anticipated events. Current law requires that expenditures be paid from the proper appropriation category. The SSEC for the Florida KidCare Program met on July 31, 2019 and adopted a new estimate for Fiscal Year 2019-2020 expenditures by category and fund. Based on the July 2019 SSEC, total expenditures for the program for Fiscal Year 2019-2020 are estimated to be $591,141,351 with a projected overall surplus of $6,845,153, of which $1,318,142 is General Revenue. In order to conform to the projected expenditures estimated by the July 2019 SSEC, the Agency must realign various Florida KidCare Program appropriation categories.
Agency Request: The Agency for Health Care Administration requests the realignment of spending authority in the General Revenue and Trust Funds to comport with the July 2019 Social Services Estimating Conference. The Agency requests the realignment of $46,081 in the General Revenue Fund, $7,911 in the Grants and Donations Trust Fund, and $1,070,508 in the Medical Care Trust Fund to offset deficits and to place budget authority of $1,318,142 from the General Revenue Fund, $392,509 from the Grants and Donations Trust Fund, and $5,134,502 from the Medical Care Trust Fund into unbudgeted reserve.
Governor's Recommendation: Recommend, based on the Social Services Estimating Conference held in July 2019, the realignment of $46,081 in the General Revenue Fund, $7,911 in the Grants and Donations Trust Fund, and $1,070,508 in the Medical Care Trust Fund to offset projected deficits and to place budget authority of $1,318,142 from the General Revenue Fund, $392,509 from the Grants and Donations Trust Fund, and $5,134,502 from the Medical Care Trust Fund into unbudgeted reserve.

Senate Committee: Appropriations Subcommittee on Health and Human Services ***Senate Analyst:*** Brooke McKnight	***House Committee:*** Health Care Appropriations Subcommittee ***House Analyst:*** Ross Nobles

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
AGENCY FOR HEALTH CARE ADMINISTRATION											
	Program: Health Care Services <u>Children's Special Health Care</u>										
178	Special Categories Grants And Aids - Florida Healthy Kids Corporation										
	From General Revenue Fund			749,124	(749,124)		749,124	(749,124)			
	From Medical Care Trust Fund		(393,867)		(393,867)	(393,867)		(393,867)			
	From Medical Care Trust Fund			2,770,087	(2,770,087)		2,770,087	(2,770,087)			
179	Special Categories										

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	Contracted Services										
	From General Revenue Fund		12,570		6,285	12,570		6,285			
	From Grants And Donations Trust Fund		7,911		7,911	7,911		7,911			
	From Medical Care Trust Fund		86,405		86,405	86,405		86,405			
180	Special Categories Grants And Aids - Contracted Services - Florida Healthy Kids Administration										
	From General Revenue Fund			7,173	(7,173)		7,173	(7,173)			
	From Medical Care Trust Fund			56,025	(56,025)		56,025	(56,025)			
181	Special Categories Grants And Aids - Florida Healthy Kids Corporation										

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	REQUESTED BY AGENCY			RECOMMENDED BY GOVERNOR			APPROVED BY THE LEGISLATIVE BUDGET COMMISSION		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	Dental Services										
	From General Revenue Fund		33,511		16,755	33,511		16,755			
	From Medical Care Trust Fund		307,462		307,462	307,462		307,462			
182	Special Categories Medikids										
	From General Revenue Fund			226,032	(226,032)		226,032	(226,032)			
	From General Revenue Fund		(46,081)		(23,040)	(46,081)		(23,040)			
	From Grants And Donations Trust Fund		(7,911)		(7,911)	(7,911)		(7,911)			
	From Grants And Donations Trust Fund			392,012	(392,012)		392,012	(392,012)			
	From Medical Care Trust Fund		(676,641)		(676,641)	(676,641)		(676,641)			
	From Medical Care Trust Fund			938,109	(938,109)		938,109	(938,109)			
183	Special Categories Children's Medical										

Line Item No.	Budget Entity / Fund / Appropriation Category Title LASPBS Account Number	CF	**REQUESTED BY AGENCY**			**RECOMMENDED BY GOVERNOR**			**APPROVED BY THE LEGISLATIVE BUDGET COMMISSION**		
			Appropriation	Reserve	Release	Appropriation	Reserve	Release	Appropriation	Reserve	Release
	Services Network										
	From General Revenue Fund			335,813	(335,813)		335,813	(335,813)			
	From Grants And Donations Trust Fund			497	(497)		497	(497)			
	From Medical Care Trust Fund			1,370,281	(1,370,281)		1,370,281	(1,370,281)			
	From Medical Care Trust Fund		676,641		676,641	676,641		676,641			

State of Florida

Long-Range Financial Outlook

Fiscal Years 2020-21 through 2022-23

Draft Fall 2019 Report
As Submitted to the Legislative Budget Commission
September 5, 2019

Jointly prepared by the following:

The Senate Committee on Appropriations

The House Appropriations Committee

The Legislative Office of Economic and Demographic Research

Table of Contents

Long-Range Financial Outlook

The Outlook: Production and Development

What is the Outlook?

In 2006, Florida voters adopted a constitutional amendment that requires the development of a Long-Range Financial Outlook, setting out recommended fiscal strategies for the state and its departments in order to assist the Legislature in making budget decisions. The Legislative Budget Commission is required to issue the Outlook by September 15th of each year. The 2019 Outlook is the 13th document developed in accordance with the provisions of article III, section 19(c)(1) of the Florida Constitution.

Ultimately, the Outlook is a tool that provides an opportunity to both avoid future budget problems and maintain financial stability between state fiscal years. The Outlook accomplishes this by providing a longer-range picture of the state's fiscal position that integrates projections of the major programs driving Florida's annual budget requirements with the revenue estimates. In this regard, the budget projections primarily reflect current-law spending requirements. The Outlook does not purport to predict the overall funding levels of future state budgets or the final amount of funds to be allocated to the respective budget areas. This is because very few assumptions are made regarding future legislative policy decisions on discretionary spending, making this document simply a reasonable baseline.

Estimated revenues and tax provisions are generally treated in the same way; however, a section was added for the first time in 2015 that shows the effects of continuing to make revenue adjustments similar in scope to those that have been made over the recent past.

The Outlook also includes economic, demographic, and debt analyses to provide a framework for the financial projections and covers the upcoming three state fiscal years: in this version, 2020-21, 2021-22, and 2022-23. It does this by using anticipated revenues and expenditures in the current year (2019-20) as the baseline. Within each table, all funds remaining after the budget drivers and other key issues are fully funded for each year are carried forward into the following fiscal year. In contrast, negative ending balances are assumed to be resolved within the fiscal year in which they occur, as constitutionally required.

Who produced it?

The Outlook was developed jointly by the Senate Committee on Appropriations, the House Appropriations Committee, and the Legislative Office of Economic and Demographic Research.

How was the Outlook developed?

- All major programs that have historically driven significant increases in the state's budget like Medicaid and the Florida Education Finance Program, as well as constitutional requirements such as the Land Acquisition Trust Fund, were reviewed and individually analyzed.

- Forecasts of future workload increases were developed for each of the major cost drivers using a variety of methods including projections from consensus estimating conferences and historical funding averages. An additional round of summer estimating conferences was established specifically to facilitate the availability of up-to-date information.

- Costs were applied to the projected workload requirements based on recent legislative budget decisions.

- Exceptional funding needs—the fiscal impact of special issues outside of normal workload and caseload requirements—were identified and addressed when necessary for state operations.

- Official forecasts of available revenues were used with one exception. Separate tables and narrative discussion identify the impact of historical revenue adjustments affecting the General Revenue Fund (tax and fee changes, and trust fund transfers), assuming they are undertaken in the future at the same pace as the recent past.

- The various cost requirements were then aggregated by major fund type and compared to the final revenue estimates for those funds.

How is the Outlook structured?

- The Outlook contains budget drivers that are grouped by policy areas that roughly correspond to the appropriations bill format required by the Florida Constitution. Also included are separate sections for Potential Constitutional Issues, Significant Risks to the Forecast, Revenue Projections, Florida's Economic Outlook, Florida's Demographic Projections, Debt Analysis, Key Revenue Adjustments to the General Revenue Fund, and comparisons of costs versus revenues.

- The descriptions for the various budget drivers contain projections for the applicable major state-supported programs, an identification of the assumptions behind the projections, and a description of any significant policy issues associated with the projections.

- Emphasis is placed on recurring budget programs, those programs that the state is expected or required to continue from year to year.

- Estimates for several ongoing programs historically funded with nonrecurring funds are also included in the Outlook. Even though funded with nonrecurring funds, these programs are viewed as annual “must funds” by most legislators and are therefore identified as major cost drivers. Similarly, several of the identified revenue adjustments assume that past levels of nonrecurring revenue adjustments (one-time tax holidays and trust fund transfers) continue each year.

- Revenue projections specifically cover the General Revenue Fund, the Educational Enhancement Trust Fund, the State School Trust Fund, and the Tobacco Settlement Trust Fund. Other trust funds have been estimated and discussed in the areas where they are relevant to the expenditure forecast.

- All revenue projections separately identify recurring and nonrecurring amounts.

- The tables used to project fund balances (General Revenue, Educational Enhancement, State School, and Tobacco Settlement) include estimates for both anticipated revenue collections and expenditures. They summarize the information contained in and discussed throughout the document.

- Budget drivers have been categorized as either “Critical Needs” (mandatory increases based on estimating conferences and other essential needs) or “Other High Priority Needs” (historically funded issues). Critical Needs can generally be thought of as the absolute minimum the state must do absent significant law or structural changes; they generally present the lowest cost of continuing core government functions within the current policy framework. Other High Priority Needs in combination with the Critical Needs form a highly conservative continuation budget. The budget drivers do not include any assumptions regarding funding for new programs, expansion of current programs, or new funding levels for community-based initiatives.

- Any future revenue adjustments that differ from the current forecasts adopted by the Revenue Estimating Conference would require law changes or specific recognition in the appropriations-related budget documents.

- For the purposes of this Outlook, prior expenditures from depleted trust funds have been redirected to the General Revenue Fund when the underlying activities are ongoing in nature.

- The Fiscal Strategies section discusses the impact of different policy responses to identified problems and issues. The unique assumptions used for these potential scenarios are not built into the remainder of the Outlook.

What have previous Outlooks shown?

Each of the Outlooks provided the first look at the likely scenario facing the Legislature in its preparation of the budget for the following fiscal year. Because the initial projections are updated and refined through subsequent estimating conferences, the final projections used by the Legislature have differed from the initial results. Each succeeding Outlook is also affected by the decisions made in the preceding Session(s).

The Outlooks are primarily focused on the state's General Revenue Fund, the source for 58.4 percent of the state's planned expenditures from its own funds in Fiscal Year 2019-20. Because trust funds are dedicated to specific purposes, General Revenue is also the most flexible source to meet the state's needs. Starting with the first constitutionally required Outlook adopted in September 2007, the results at the time of adoption are shown below. All dollars are specific to the General Revenue Fund.

Outlook	For the Period Beginning	Year 1 ($ Millions)	Year 2 ($ Millions)	Year 3 ($ Millions)	Level of Reserves
2007	Fiscal Year 2008-09	(2,334.5)	(2,860.7)	(3,066.0)	0.0
2008	Fiscal Year 2009-10	(3,306.3)	(2,482.5)	(1,816.8)	0.0
2009	Fiscal Year 2010-11	(2,654.4)	(5,473.2)	(5,228.6)	0.0
2010	Fiscal Year 2011-12	(2,510.7)	(2,846.3)	(1,930.3)	0.0
2011	Fiscal Year 2012-13	273.8	692.1	840.6	1,000.0
2012	Fiscal Year 2013-14	71.3	53.5	594.0	1,000.0
2013	Fiscal Year 2014-15	845.7	1,426.7	3,295.3	1,000.0
2014	Fiscal Year 2015-16	336.2	1,004.5	2,156.1	1,000.0
2015	Fiscal Year 2016-17	635.4	583.7	222.2	1,000.0
2016	Fiscal Year 2017-18	7.5	(1,300.9)	(1,897.7)	1,000.0
2017	Fiscal Year 2018-19	52.0	(1,146.2)	(1,639.6)	1,000.0
2018	Fiscal Year 2019-20	223.4	(47.8)	(456.7)	1,000.0

Summary and Findings

A. Key Aspects of the Revenue Estimates

- Final collections for Fiscal Year 2018-19 came in $507.2 million above the estimate for the year, a gain of 1.5 percent. Of this amount, approximately $385.1 million, or nearly 76 percent, was associated with Corporate Income Tax collections and is expected to be returned as refunds to taxpayers. Excluding Corporate Income Tax, collections were $122.1 million or 0.4 percent above the estimate for the year, and well within the plus or minus one percent range the Revenue Estimating Conference usually attributes to statistical noise.

- The Conference met on August 14, 2019, to revise the General Revenue forecast. The new forecast reduces the previous estimate by $451.6 million for Fiscal Year 2019-20 and by $416.1 million in Fiscal Year 2020-21. The greatest losses were attributable to two major issues. First, Indian Gaming Revenue has been effectively removed from the State's official Outlooks since the Tribe ceased revenue sharing with the State after making its April 2019 payment. The losses range from $346.7 million in Fiscal Year 2019-20 to $353.0 million in Fiscal Year 2022-23. Second, the estimated combined effects of legislation passed during the 2018 and 2019 Sessions relating to the Corporate Income Tax offset the expected increased collections as a result of federal law changes by slightly more than $1.1 billion in Fiscal Year 2019-20 and by $704.5 million in Fiscal Year 2020-21.

- The revised Fiscal Year 2019-20 estimate falls below the prior year's collections by slightly more than $470 million (or -1.4 percent). The revised forecast for Fiscal Year 2020-21 has projected growth of slightly more than $1.4 billion (or 4.3 percent) over the revised Fiscal Year 2019-20 estimate. The expected growth rate for Fiscal Year 2021-22 was increased from 3.6 percent to 3.9 percent; for Fiscal Year 2022-23, it was increased from 3.1 percent to 3.8 percent.

- The most recent official Financial Outlook Statement for the General Revenue Fund was adopted August 14, 2019, by the Revenue Estimating Conference. This document embeds changes that have altered the bottom line from what the Legislature knew at the time it adopted the General Appropriations Act for Fiscal Year 2019-20 (see Post-Session Outlook Statement dated July 12, 2019, for reference).
    - The *Funds Available for Fiscal Year 2018-19* have been increased to account for revenue collections that came in above the official estimate.
    - The *Funds Available for Fiscal Years 2019-20 through 2022-23* have been adjusted to account for the results of Revenue Estimating Conferences that were held during the Summer Conference Season, as well as budget amendments approved through the date of the Financial Outlook Statement.

Fiscal Year	Post-Session Forecast	August Forecast	Difference (Aug - PS)	Incremental Growth	Growth
2005-06	27,074.8				8.4%
2006-07	26,404.1				-2.5%
2007-08	24,112.1				-8.7%
2008-09	21,025.6				-12.8%
2009-10	21,523.1				2.4%
2010-11	22,551.6				4.8%
2011-12	23,618.8				4.7%
2012-13	25,314.6				7.2%
2013-14	26,198.0				3.5%
2014-15	27,681.1				5.7%
2015-16	28,325.4				2.3%
2016-17	29,594.5				4.5%
2017-18	31,218.2				5.5%
2018-19	33,413.8				7.0%
2019-20	33,394.9	32,943.3	(451.6)	(470.5)	-1.4%
2020-21	34,779.4	34,363.3	(416.1)	1,420.0	4.3%
2021-22	35,989.7	35,712.3	(277.4)	1,349.0	3.9%
2022-23	37,120.8	37,074.5	(46.3)	1,362.2	3.8%
2023-24	38,257.0	38,237.1	(19.9)	1,162.6	3.1%
2024-25	n/a	39,467.0	n/a	1,229.9	3.2%

- The official Financial Outlook Statement adopted for the Educational Enhancement Trust Fund on August 13, 2019, has been adjusted downward by $6.9 million in Fiscal Year 2019-20 to account for the projected current-year shortfall in the Bright Futures program. The still large balance forward of unspent funds from Fiscal Year 2019-20 into Fiscal Year 2020-21 of $137.8 million has supplemented the trust fund revenues available for expenditure in Fiscal Year 2020-21. This is particularly important as $118.2 million of nonrecurring funds were spent on recurring purposes (i.e., the Florida Education Finance Program) in the current year. Moving forward, the trust fund’s revenue sources will have modest long-term growth.

- The State School Trust Fund is projected to have a positive balance of $111 million at the end of Fiscal Year 2019-20. This large balance forward causes the trust fund to have considerably more funds available for expenditure in Fiscal Year 2020-21 than either Fiscal Year 2021-22 or Fiscal Year 2022-23, since the transfers of unclaimed property to the trust fund will have only modest long-term growth.

- The Revenue Estimating Conference has projected that the Tobacco Settlement Trust Fund will have a surplus of $59 million at the end Fiscal Year 2019-20. The funds available in the trust fund trust fund will have modest long-term growth beginning in Fiscal Year 2020-21. However, please see the Significant Risks section regarding litigation affecting the future revenues for this trust fund.

B. Key Aspects of State Reserves

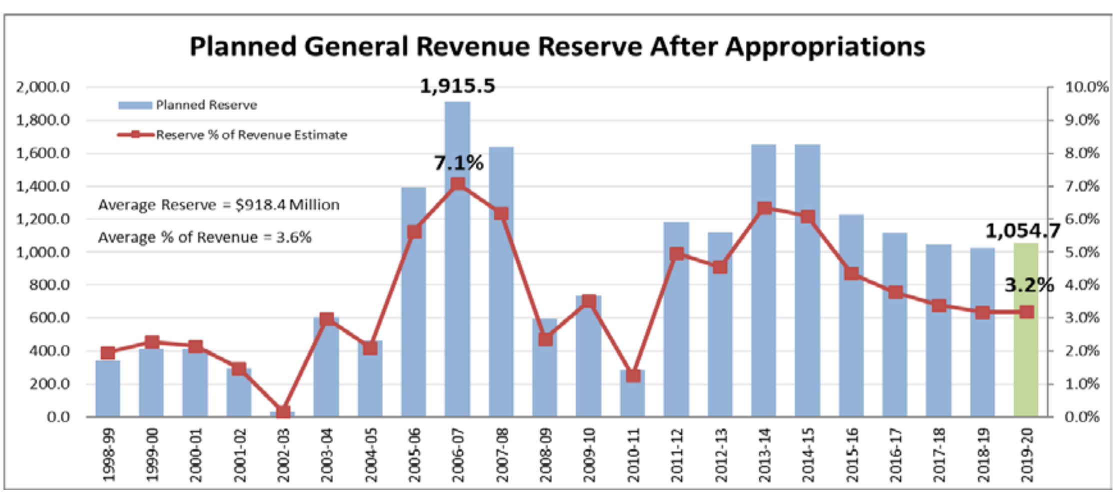
- Unallocated General Revenue, the Budget Stabilization Fund (BSF), and the Lawton Chiles Endowment Fund (LCEF) are generally considered to compose the state's reserves. The following table shows the estimated total state reserves at the time each year's Outlook was adopted.

Outlook Year	Baseline Fiscal Year	Unallocated General Revenue	Budget Stabilization Fund	Lawton Chiles Endowment Fund*	Total Reserves	GR Summer Revenue Estimate*	% of GR Estimate
2011	2011-12	1,357.5	493.6	696.2	2,547.3	23,795.1	10.7%
2012	2012-13	1,577.7	708.1	426.1	2,711.9	24,631.6	11.0%
2013	2013-14	1,893.5	924.8	536.3	3,354.6	26,184.2	12.8%
2014	2014-15	1,589.0	1,139.2	629.3	3,357.5	27,189.4	12.3%
2015	2015-16	1,709.1	1,353.7	590.2	3,653.0	28,414.1	12.9%
2016	2016-17	1,414.2	1,384.4	637.5	3,436.1	29,732.8	11.6%
2017	2017-18	1,458.5	1,416.5	713.4	3,588.4	31,152.8	11.5%
2018	2018-19	1,226.1	1,483.0	763.1	3,472.2	32,270.5	10.8%
2019	2019-20	1,452.9	1,574.2	773.6	3,800.7	32,970.0	11.5%

**The Lawton Chiles Endowment Fund for Fiscal Year 2019-20 is the estimated market value as of August 27, 2019. The Summer Revenue Estimate for Fiscal Year 2019-20 includes the official estimated revenues for General Revenue and the annual payment from the BP Settlement Agreement.*

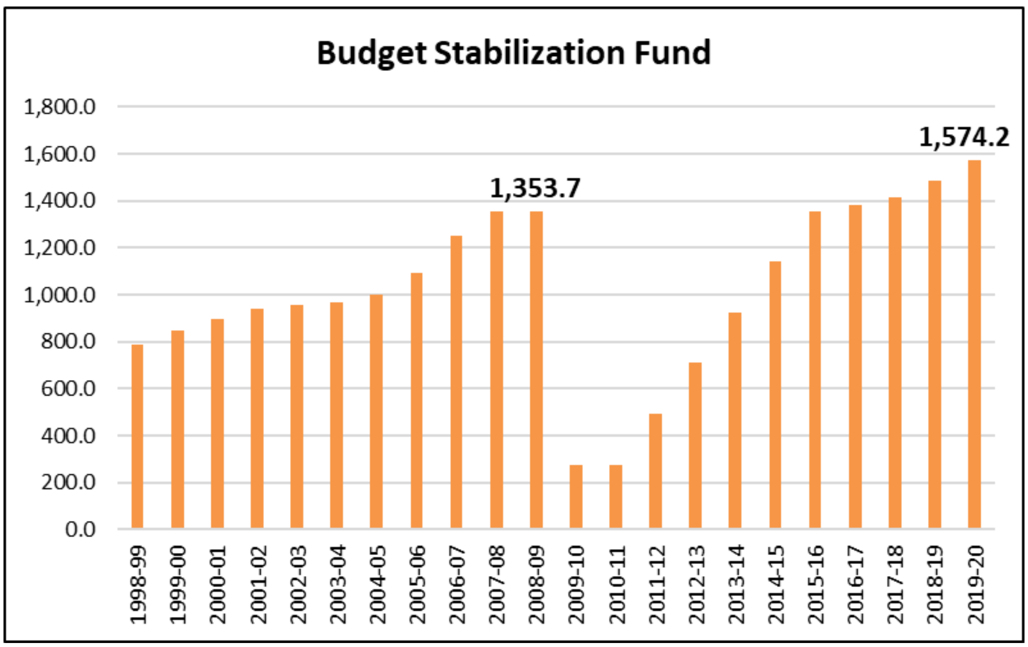
- The Long-Range Financial Outlook addresses the required payments to the BSF and LCEF, as well as the discretionary General Revenue portion of total state reserves. As has been done in each of the past eight plans, this year's Outlook sets aside a $1.0 billion General Revenue reserve in each year.

- The Legislature's planned levels of unallocated General Revenue, as shown in the following graph, have averaged approximately $918.4 million since Fiscal Year 1998-99, the first year the Florida Constitution required the full 5 percent distribution from General Revenue to the BSF.



- Prior to Florida's housing boom in Fiscal Years 2002-03 through 2005-06, the state's practice had been to maintain fairly low levels of planned General Revenue reserves. As the housing boom led to increased state revenue collections, the unallocated General Revenue reserve increased rapidly each year, peaking in Fiscal Year 2006-07 at $1.9 billion (7.1 percent of the Post-Session General Revenue estimate).

- After its creation in Fiscal Year 1994-95, the BSF grew steadily, topping $1.35 billion in Fiscal Year 2008-09. Following the collapse of the housing boom and Florida's slide into the Great Recession (Fiscal Years 2008-09 and 2009-10), the Legislature significantly reduced the General Revenue reserve and also transferred nearly $1.1 billion from the BSF into the General Revenue Fund to balance the state's budget. Since that time, the Legislature has deliberately increased the level of the planned General Revenue reserve, consistently staying above the long-run average. For Fiscal Year 2019-20, the Legislature left more than $1.0 billion unallocated (3.2 percent of the Post-Session General Revenue estimate). In addition, the BSF has been fully repaid and has now surpassed its prior peak.



- For Fiscal Year 2019-20, the BSF will have a balance of $1,574.2 billion. To develop a complete estimate of the state's current reserves, the Lawton Chiles Endowment Fund balance of $773.6 million (as of August 2019) must be added to this amount. Furthermore, the Legislature's planned General Revenue reserve of $1,054.7 million must be updated to include the $398.2 million addition to unallocated General Revenue that has evolved since the official Post-Session Financial Outlook Statement was adopted. This raises the level of the General Revenue reserve to $1,452.9 million. In total, the current reserves for Fiscal Year 2019-20 are $3.8 billion, or approximately 11.5 percent of the Fiscal Year 2019-20 General Revenue estimate.

- Moving forward, the changes to the General Revenue estimate described earlier also affect the constitutionally required transfers to the Budget Stabilization Fund (BSF). Based on the August 2019 forecast, transfers of $97.8 million in Fiscal Year 2020-21, zero in Fiscal Year 2021-22, and $71.0 million in Fiscal Year 2022-23 will be required.

- In addition, section 409.915(8), Florida Statutes, requires the full repayment of $304.7 million that was previously borrowed from the Lawton Chiles Endowment Fund. This Outlook includes the repayment from General Revenue in Fiscal Year 2021-22, which will increase the state's reserves.

- Within the Long-Range Financial Outlook, reserves have also been created for each of the three major trust funds (i.e., Educational Enhancement, State School, and Tobacco Settlement). The amounts have been calculated by applying a percentage to each fund's revenue estimate that is roughly equal to the $1.0 billion retained for the General Revenue Fund as a percentage of its revenue estimate for Fiscal Year 2020-21.

C. Key Aspects of the Expenditure Demands

- For the programs in the education and human services policy areas, the Outlook maximizes the use of all available state trust funds prior to using General Revenue. To accomplish this, adjustments are made to the General Revenue Fund, the Educational Enhancement Trust Fund, the State School Trust Fund, and the Tobacco Settlement Trust Fund based on projected balances forward and revenue changes in the trust funds over the three-year forecast period. This shifting of funds alters the need for General Revenue from year to year, but does not affect the overall level of dollars estimated to be required for core education and human services programs. Across both education policy areas, the effect of these fund shifts can be seen in two discrete drivers (#1 and #5) that together total $309.3 million in Fiscal Year 2020-21, $51.0 million in Fiscal Year 2021-22, and $51.5 million in Fiscal Year 2022-23.

- When historical funding averages are used for drivers, the Outlook relies on three-year pre-veto appropriations averages, unless otherwise noted. If the three-year average is negative, no change in funding is made. Exceptions have been made for Fiscal Year 2017-18 to accommodate the appropriations made in Special Session A and in Fiscal Year 2018-19 to recognize the significant appropriations contained in substantive bills for key policy areas. In these cases, the results for all relevant appropriations have been combined to achieve the data needed for the calculations.

- In the Tier 1 Table on page 21, only Critical Needs are shown. Critical Needs can generally be thought of as the absolute minimum the state must do absent significant law or structural changes, but they sometimes present the lowest cost, within current policy parameters, of continuing essential government functions. The 15 Critical Needs drivers for this year's Outlook primarily reflect the first purpose: mandatory increases and adjustments originating from estimating conferences and constitutional or statutory requirements. However, a separate driver is included in Critical Needs that more directly addresses the second purpose of identifying the lowest state cost of providing essential government services. Because the Legislature has had an evolving policy regarding the appropriate split between state and local funds for the public school system, Driver #2 includes the impact of using the Legislature's Fiscal Years 2018-19 and 2019-20 policy of increasing the Required Local Effort (RLE) by the value of new construction only and maintaining the current year nonvoted discretionary millage. This allows RLE to increase with property tax revenue in a controlled manner. Permitting the increases in RLE and discretionary millage funding in Driver #2 decreases the need for state funding (as shown in the Critical Needs drivers) by $246.2 million in Fiscal Year 2020-21, $248.0 million in Fiscal Year 2021-22, and $254.1 million in Fiscal Year 2022-23.

- Because of the RLE assumption and the use of trust fund balances described above, the projected General Revenue cost of the Critical Needs drivers in Fiscal Year 2020-21 is significantly less than the cost for the Other High Priority Needs drivers in the first year of the Outlook. Had these funding strategies not been available, the General Revenue cost would have been $555.5 million ($309.3 million plus $246.2 million) higher in the first year of the Outlook, bringing the total for Critical Needs to $1,252.1 million. Reversing these adjustments makes it clear that the underlying Critical Needs (regardless of fund source) are the largest expenditure component in the plan.

- The remainder of the discussion will focus on Tier 2, which combines the two sets of issues.

DOLLAR VALUE OF CRITICAL AND OTHER HIGH PRIORITY NEEDS

GENERAL REVENUE FUND	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Total Tier 1 - Critical Needs	696.6	1,353.9	1,008.7
Total - Other High Priority Needs	1,055.3	1,060.8	1,002.1
Total Tier 2 - Critical and Other High Priority Needs	1,751.9	2,414.7	2,010.7

- In the Tier 2 Table on page 22, Other High Priority Needs are added to the Critical Needs. The 29 Other High Priority Needs reflect issues that have been funded in most, if not all, of the recent budget years. Both types of drivers are combined to represent a more complete, yet still conservative, approach to estimating future expenditures. Essentially, the total projected cost for the Critical Needs and Other High Priority Needs shows the impact of continuing the programs and priorities funded in recent years into the three years included in the Outlook.

- The various policy areas differ in their resource demands by year. Four large policy areas (Pre K-12 Education, Higher Education, Human Services, and Administered Funds – Statewide Issues) have greater General Revenue needs in the second year, requiring a significantly larger General Revenue infusion than in the first year of the Outlook. In the Pre K-12 Education and Higher Education policy areas, this is driven in large part by the depletion of the trust fund balances that have built up from prior years. The change in Administered Funds – Statewide Issues is driven by the increase in costs for employer-paid benefits for state employees, as well as expenditure growth that outpaces the revenue streams currently available. While this is also a factor in Human Services, the second-year increase is more affected by the overall estimating conference results and changing federal matching rates reflected in the Critical Needs for the Medicaid program. All other areas either have more balanced (Education Fixed Capital Outlay, Criminal Justice, Judicial Branch, and Natural Resources) or declining needs (Transportation & Economic Development and General Government) across the three years of the Outlook.

GENERAL REVENUE FUND
DOLLAR VALUE OF CRITICAL AND
OTHER HIGH PRIORITY NEEDS BY POLICY AREA

POLICY AREAS	**Fiscal Year 2020-21**	**Fiscal Year 2021-22**	**Fiscal Year 2022-23**
Pre K-12 Education	138.5	398.0	371.7
Higher Education	148.4	170.0	172.6
Education Fixed Capital Outlay	21.0	33.0	0.0
Human Services	332.7	687.6	460.1
Criminal Justice	98.8	97.6	97.6
Judicial Branch	2.6	2.6	2.6
Transportation & Economic Development	432.6	402.3	287.7
Natural Resources	277.2	277.7	273.2
General Government	97.0	97.1	76.2
Administered Funds - Statewide Issues	203.1	248.8	269.0
Total New Issues	1,751.9	2,414.7	2,010.7

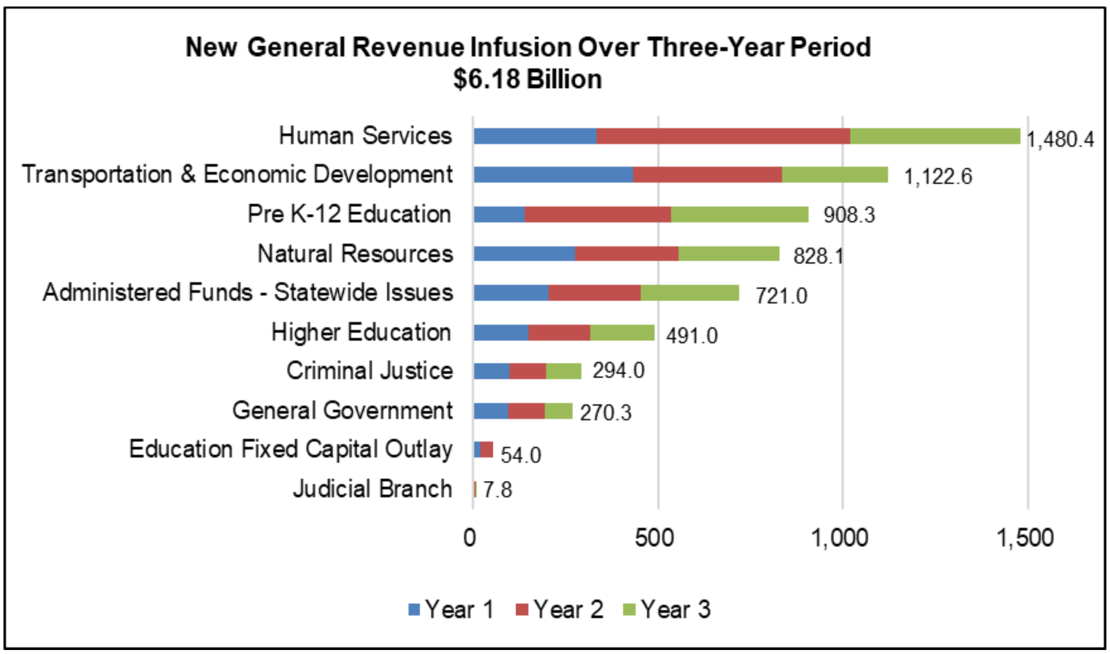
- Another method of analyzing the projected expenditures for Critical and Other High Priority Needs is to look at the percentage of the total represented by each policy area. In Fiscal Year 2020-21, four policy areas (Transportation & Economic Development, Human Services, Natural Resources, and Administered Funds – Statewide Issues) comprise over 70 percent of the total need for General Revenue. By the second year of the Outlook, Human Services increases significantly to represent the largest share of the total need at 28.5 percent, while the other three areas each decline in relative shares. Furthermore, the Pre K-12 Education policy area joins the list of policy areas with double-digit shares of the total.

[SEE GRAPH ON FOLLOWING PAGE]

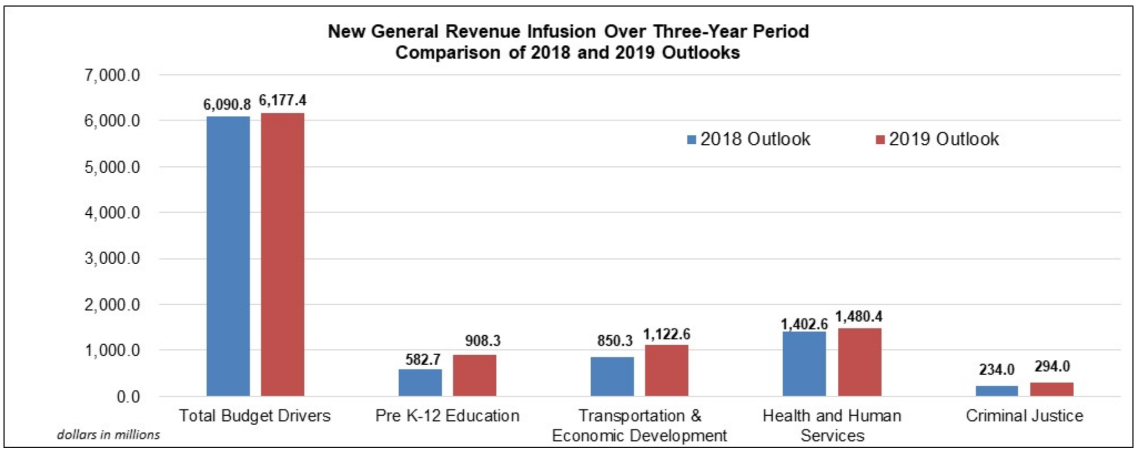
GENERAL REVENUE FUND
POLICY AREA PERCENTAGE OF TOTAL
CRITICAL AND OTHER HIGH PRIORITY NEEDS

POLICY AREAS	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Pre K-12 Education	7.9%	16.5%	18.5%
Higher Education	8.5%	7.0%	8.6%
Education Fixed Capital Outlay	1.2%	1.4%	0.0%
Human Services	19.0%	28.5%	22.9%
Criminal Justice	5.6%	4.0%	4.9%
Judicial Branch	0.1%	0.1%	0.1%
Transportation & Economic Development	24.7%	16.7%	14.3%
Natural Resources	15.8%	11.5%	13.6%
General Government	5.5%	4.0%	3.8%
Administered Funds - Statewide Issues	11.6%	10.3%	13.4%
Total New Issues	100.0%	100.0%	100.0%

- The total need for new infusions of General Revenue over the three years is $6.18 billion. Together, Human Services and Transportation & Economic Development issues represent more than 42 percent of the total.



- The total three-year driver need of $6.18 billion is slightly higher than the $6.09 billion identified last year, but the composition is different. Six of the ten policy areas either stayed at approximately the same level or went down in need. The greatest increase over last year occurs in the Pre K-12 Education policy area (+$325.6 million or 55.9 percent). The higher cost in this policy area is primarily related to the greater increase in the statewide average funds per FTE student within the Florida Education Finance Program that was provided in Fiscal Year 2019-20. As a result, the three-year average increase is now 2.02 percent per year instead of last year's 1.16 percent. This is the largest cost component of Driver #2. The second greatest increase occurs in the Transportation & Economic Development policy area (+$272.3 million or 32.0 percent)). For this area, the most significant change is in the much higher cost for the state match for the Federal Emergency Management Agency's disaster funding (Driver #10). This driver alone explains the entire difference; the other drivers in this policy area went down in cost. Only two other policy areas came in higher than last year (Human Services and Criminal Justice), but their increases were much lower (+$77.8 million or 5.5 percent and +$60.0 million or 25.7 percent, respectively). Most of these changes compound over time and further alter the expenditure forecast.



- However, simply looking at the new infusions of General Revenue needed each year does not present a complete picture. Over the entire three-year period, 74.5 percent of the General Revenue infused each year has to be recurring to match the ongoing nature of the budget investment. Those expenditures cumulate and stack on top of each other in the subsequent years. As the table shows below, of the $1.75 billion needed for drivers in Fiscal Year 2020-21, $985.0 million will be needed in Fiscal Year 2021-22 (and again in Fiscal Year 2022-23) to continue those programs.

Recurring and Nonrecurring Driver Impact	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	TOTAL	Share of Grand Total
New Recurring Drivers for Each Year	985.0	1,484.2	1,253.6	3,722.8	
Continuation of Year 1 Recurring Drivers		985.0	985.0	1,970.0	
Continuation of Year 2 Recurring Drivers			1,484.2	1,484.2	
Cumulative Impact of Recurring Drivers	985.0	2,469.2	3,722.8	7,177.0	74.5%
Nonrecurring Drivers by Year	767.0	930.5	757.2	2,454.6	25.5%
Grand Total	**1,751.9**	**3,399.7**	**4,480.0**	**9,631.6**	

- This makes the actual dollar impact of the drivers identified in the Outlook larger than the displayed drivers alone suggest. In effect, the $6.18 billion in new infusions over the Outlook period cause $9.63 billion in additional costs over the period. Both effects are accounted for in the Outlook. While the first year's infusion of recurring dollars is displayed in the recurring column for each driver, the associated funds for the following years are combined and shown as the Recurring Impact of Prior Years' New Issues on the tables displayed on pages 21, 22, and 23.

D. Key Aspects of Revenue Adjustments to the General Revenue Fund

- In the Tier 3 Table on page 23, General Revenue Adjustments are added to the Critical and Other High Priority Needs drivers to reflect legislative actions that alter the revenue-side of the state's fiscal picture. These adjustments include:

  Tax and Significant Fee Changes...These changes fall into two categories with different effects. The continuing tax and fee changes reflect adjustments to the funds otherwise available and build over time since the impact of each year's change is added to the recurring impacts from prior years. Conversely, the time-limited tax and fee changes are confined to each year and are held constant throughout the Outlook.

  Trust Fund Transfers (GAA)...The nonrecurring transfers are positive adjustments to the funds otherwise available and are held constant each year.

- A three-year average is used to develop the fiscal impact for the tax and fee adjustments; however, trust fund transfers were developed using a five-year average with an adjustment to account for a reverse transfer initiated in the current year. Unlike the budget drivers, which are linked to identifiable issue areas, the revenue adjustments make no assumptions regarding the nature of the change (e.g., the specific amount by tax, fee, or trust fund source).

	2020-21			2021-22			2022-23		
	Rec	**NR**	**Total**	**Rec**	**NR**	**Total**	**Rec**	**NR**	**Total**
Continuing Tax and Fee Changes	(105.8)	51.3	(54.5)	(105.8)	51.3	(54.5)	(105.8)	51.3	(54.5)
Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	0.0	(105.8)	0.0	(105.8)	(211.6)	0.0	(211.6)
Time-Limited Tax and Fee Changes	0.0	(43.8)	(43.8)	0.0	(43.8)	(43.8)	0.0	(43.8)	(43.8)
Trust Fund Transfers (GAA)	0.0	213.4	213.4	0.0	213.4	213.4	0.0	213.4	213.4
Total	**(105.8)**	**220.9**	**115.1**	**(211.6)**	**220.9**	**9.3**	**(317.4)**	**220.9**	**(96.5)**

- The continuing tax and fee adjustments do not include any impact associated with the levels of Required Local Effort (RLE) adopted by the Legislature as part of the annual appropriations for the Florida Education Finance Program (FEFP). While this annual decision affects the levy of property taxes, it has only budgetary implications for the

General Revenue Fund. These implications are addressed in the Critical Needs for Pre K-12 Education.

E. Putting the Revenues and Expenditure Demands Together – Key Findings

- Fiscal Year 2020-21

    - Total General Revenue available for appropriation is $35,938.6 million.

    - The base budget, transfer to the Budget Stabilization Fund, and Critical Needs funded with General Revenue are estimated to cost $33,709.1 million. Including a holdback for a reserve balance of $1.0 billion increases the total expenditure need to $34,709.1 million. This figure grows to a total of $35,764.4 million when Other High Priority Needs are included.

    - Combined, recurring and nonrecurring General Revenue Critical Needs—plus a minimum reserve of $1.0 billion—are significantly less than the available General Revenue, leaving a surplus of $1.2 billion. When Other High Priority Needs are added, however, the available General Revenue is only $174.2 million more than the projected total need in Tier 2.

    - After accounting for the revenue adjustments included in Tier 3 of the Outlook, there is enough General Revenue to cover the recurring Critical and Other High Priority Needs. However, nonrecurring budget needs are projected to be in excess of available nonrecurring revenue. Overall there is a small projected surplus of $289.3 million—this projected surplus equates to just 0.8 percent of the General Revenue estimate for Fiscal Year 2020-21.

[SEE TABLE ON FOLLOWING PAGE]

OUTLOOK PROJECTION – FISCAL YEAR 2020-21 *(in millions)*	RECURRING	NON RECURRING	TOTAL
AVAILABLE GENERAL REVENUE	**$35,093.3**	**$845.3**	**$35,938.6**
Base Budget	$32,914.7	$0.0	$32,914.7
Transfer to Lawton Chiles Endowment Fund	$0.0	$0.0	$0.0
Transfer to Budget Stabilization Fund	$0.0	$97.8	$97.8
Critical Needs	$566.0	$130.6	$696.6
Other High Priority Needs	$419.0	$636.4	$1,055.3
Reserve	$0.0	$1,000.0	$1,000.0
TOTAL EXPENDITURES	**$33,899.7**	**$1,864.8**	**$35,764.4**
TIER 2 ENDING BALANCE	**$1,193.6**	**($1,019.5)**	**$174.2**
Revenue Adjustments	($105.8)	$220.9	$115.1
TIER 3 ENDING BALANCE	**$1,087.8**	**($798.5)**	**$289.3**

- Fiscal Years 2021-22 and 2022-23
  - Fiscal Years 2021-22 and 2022-23 both show projected budget needs in excess of available revenue for Tier 2, the combined Critical and Other High Priority Needs. The shortfall is somewhat muted in Fiscal Year 2021-22 when factoring in the potential revenue adjustments. By Fiscal Year 2022-23, the compounding effect over time of the recurring Tax and Fee changes worsens the Tier 3 result relative to Tier 2.
  - This means that the available General Revenue is insufficient to meet budget demands related to Tier 2 and Tier 3 in the second and third years of the planning horizon unless prior corrective actions are taken.

F. Analyzing the Results

Legislative actions during the 2011 and 2012 Sessions to close the projected budget gaps through *recurring* means positively impacted the state's bottom line in subsequent years. In this regard, total estimated expenditures for future years were limited by the amount of recurring expenditure reductions taken in Fiscal Year 2011-12 and Fiscal Year 2012-13. This greatly improved the Long-Range Financial Outlook's bottom line through Fiscal Year 2013-14. Conversely, actions by the Legislature in the 2014, 2015, and 2016 Sessions to undertake increased recurring expenditures and negative revenue adjustments reduced the projected surplus between available General Revenue dollars and anticipated expenditures relative to the prior year's Outlook for each year. The color-coded shading on the table below for the 2014 through 2019 Outlooks traces the diminishing balances through the subsequent years (i.e., Year 3 on the 2014 Outlook becomes Year 2 on the 2015 Outlook and Year 1 on the 2016 Outlook).

Outlook	For the Period Beginning	Year 1 ($ Millions)	Year 2 ($ Millions)	Year 3 ($ Millions)	Level of Reserves
2007	Fiscal Year 2008-09	(2,334.5)	(2,860.7)	(3,066.0)	0.0
2008	Fiscal Year 2009-10	(3,306.3)	(2,482.5)	(1,816.8)	0.0
2009	Fiscal Year 2010-11	(2,654.4)	(5,473.2)	(5,228.6)	0.0
2010	Fiscal Year 2011-12	(2,510.7)	(2,846.3)	(1,930.3)	0.0
2011	Fiscal Year 2012-13	273.8	692.1	840.6	1,000.0
2012	Fiscal Year 2013-14	71.3	53.5	594.0	1,000.0
2013	Fiscal Year 2014-15	845.7	1,426.7	3,295.3	1,000.0
2014	Fiscal Year 2015-16	336.2	1,004.5	**2,156.1**	1,000.0
2015	Fiscal Year 2016-17	635.4	**583.7**	**222.2**	1,000.0
2016	Fiscal Year 2017-18	**7.5**	**(1,300.9)**	**(1,897.7)**	1,000.0
2017	Fiscal Year 2018-19	**52.0**	**(1,146.2)**	**(1,639.6)**	1,000.0
2018	Fiscal Year 2019-20	**223.4**	**(47.8)**	(456.7)	1,000.0
2019	Fiscal Year 2020-21	**289.3**	(486.0)	(366.7)	1,000.0

Performing this analysis for the 2017 Outlook yields interesting results. The inclusion of the Indian Gaming reserve release and forecast change to recognize the revenue share payments associated with banked card games significantly improved the bottom line anticipated by the Legislature at the conclusion of the 2017 Regular Session and Special Session A. The table below shows the difference created by incorporating the additional Indian Gaming revenues during the 2017 Summer Conference Season. As shown, the small positive ending balance in Year 1 (Fiscal Year 2018-19) was entirely due to these changes.

Outlook Calculation	Year 1 ($ Millions)	Year 2 ($ Millions)	Year 3 ($ Millions)	Level of Reserves
Without Indian Gaming Change	(498.7)	(1,365.7)	(1,809.5)	1,000.0
With Indian Gaming Change	52.0	(1,146.2)	(1,639.6)	1,000.0
Difference Due to Change	+550.7	+219.5	+165.1	n/a

*Note: Year 2 benefits in two ways: $167.5 million for Conference adjustment + unspent prior year ending balance ($52 million) that moves forward into the subsequent year.

For this year's Outlook, the net result is better for Fiscal Year 2020-21 than anticipated by the 2017 and 2018 Outlooks, but Fiscal Year 2021-22 has slightly worsened. The improvement in the first year comes primarily from a lower cost for the entire set of new drivers for Fiscal Year 2020-21, even though the incoming base budget is higher. The largest single component of the combined appropriations change is the 2018 Legislature's decision to allow Required Local Effort to grow by the value of new construction, followed by the stacking effect of allowing RLE to retain the prior year's new construction increment while adding an additional increment of new construction t in 2019. Relative to the flat RLE requirement of $7,603.9 million in place in Fiscal Year

2017-18, the Fiscal Year 2019-20 level set by the Legislature is now $252.1 million higher. The continuation of this policy, plus the use of one-time trust fund balances discussed previously for the education policy areas, have suppressed the 2020-21 need for General Revenue.

Fiscal Year 2020-21	2018 Outlook	2019 Outlook	Difference	Effect on Bottom Line
Funds Available in Tier 3				
Balance Forward from 2019-20	1,223.4	1,452.9	229.5	Positive
Available General Revenue Adjusted by Measures	34,565.4	34,485.7	(79.7)	Negative
Trust Fund Transfers	392.5	213.4	(179.1)	Negative
Continuing Tax and Fee Changes	(46.3)	(54.5)	(8.2)	Negative
Time-Limited Tax and Fee Changes	(43.9)	(43.8)	0.1	Positive
Total Funds Available	36,091.1	36,053.7	(37.4)	Negative
			-0.1%	
Projected Expenditures				
Base Budget for 2020-21	32,786.3	32,914.7	128.39	Negative
Total New Budget Drivers for 2020-21	2,311.4	1,751.9	(559.45)	Positive
Total Projected Expenditures	35,097.7	34,666.6	(431.06)	Positive
			-1.2%	
Additional Adjustments for Reserves				
BSF Transfer	41.2	97.8	56.60	
Reserve	1,000.0	1,000.0	-	
Bottom Line	**(47.8)**	**289.3**	**337.06**	

For revenue adjustments, the tax and fee changes are assumed to be slightly higher in this year’s Outlook than in the 2018 Outlook. The assumed trust fund transfers, however, are significantly lower. These negative adjustments are largely offset by the greater than anticipated balance forward from Fiscal Year 2019-20, such that funds available are only 0.1 percent lower than anticipated.

While Tier 3 has improved in Fiscal Year 2020-21, the negative ending balances for Fiscal Year 2021-22 and Fiscal Year 2022-23 indicate a looming problem remains. However, the nature of the problem has changed. In last year’s Outlook, the *recurring* General Revenue demands exceeded the amount of *recurring* General Revenue available in the two outer years for Tier 3. This indicated that a structural imbalance was still occurring. This year, there is no visible *recurring* issue, but the out-year deficits remain.

Tier 1 Table – Critical Needs

LONG-RANGE FINANCIAL OUTLOOK

TIER 1 ISSUES - CRITICAL NEEDS

GENERAL REVENUE FUNDS AVAILABLE PROJECTION

($ MILLIONS)

	Fiscal Year 2019-20			Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1 **Funds Available:**												
2 Balance Forward	0.0	2,204.0	2,204.0	0.0	1,452.9	1,452.9	0.0	1,229.5	1,229.5	0.0	1,924.7	1,924.7
3 Unused Reserve from Prior Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0
4 *General Revenue Outlook Statement Components*												
5 Revenue Estimate	34,005.4	(1,062.1)	32,943.3	35,067.8	(704.5)	34,363.3	36,183.7	(471.4)	35,712.3	37,189.6	(115.1)	37,074.5
6 BP Settlement Agreement	26.7	0.0	26.7	26.7	0.0	26.7	26.7	0.0	26.7	26.7	0.0	26.7
7 Prior Year Indian Gaming State Liability for Local Distributior	0.0	(7.2)	(7.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 FEMA Reimbursement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 Nonoperating Funds and Authorized Trust Fund Transfers	(3.3)	439.3	436.0	(1.2)	96.9	95.7	(1.4)	96.9	95.5	(1.7)	96.9	95.2
10 *Revenue Adjustments to the General Revenue Fund*												
11 Continuing Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13 Time-Limited Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 Trust Fund Transfers (GAA)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 **Total Funds Available**	**34,028.8**	**1,574.0**	**35,602.8**	**35,093.3**	**845.3**	**35,938.6**	**36,209.0**	**1,855.0**	**38,064.0**	**37,214.6**	**2,906.5**	**40,121.1**
16												
17 **Estimated Expenditures:**												
18 Recurring Base Budget (Including Annualizations)				32,914.7	0.0	32,914.7	32,914.7	0.0	32,914.7	32,914.7	0.0	32,914.7
19 Recurring Impact of Prior Years' New Issues				0.0	0.0	0.0	566.0	0.0	566.0	1,631.6	0.0	1,631.6
20												
21 **New Issues by GAA Section:**												
22 Section 2 - Pre K-12 Education	12,868.2	(67.3)	12,800.9	294.4	(181.7)	112.8	372.3	0.0	372.3	345.9	0.0	345.9
23 Section 2 - Higher Education	4,642.2	22.3	4,664.5	(48.8)	0.0	(48.8)	(27.1)	0.0	(27.1)	(24.5)	0.0	(24.5)
24 Section 2 - Education Fixed Capital Outlay	0.0	40.4	40.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25 Section 3 - Human Services	10,129.4	66.5	10,195.9	190.1	0.0	190.1	545.0	0.0	545.0	317.8	0.0	317.8
26 Section 4 - Criminal Justice	4,013.9	73.5	4,087.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27 Section 7 - Judicial Branch	458.0	1.7	459.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
28 Section 5 & 6 - Transportation & Economic Development	70.1	132.0	202.1	0.0	280.9	280.9	0.0	254.4	254.4	0.0	138.1	138.1
29 Section 5 - Natural Resources	151.9	380.6	532.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30 Section 6 - General Government	239.3	70.3	309.6	0.1	31.4	31.5	0.1	33.3	33.4	0.1	35.1	35.2
31 Section 2 & 6 - Administered Funds - Statewide Issues	317.3	331.9	649.1	130.2	0.0	130.2	175.3	0.6	175.9	183.3	12.8	196.1
32 **Total New Issues**				566.0	130.6	696.6	1,065.6	288.3	1,353.9	822.7	186.0	1,008.7
33												
34 Approved Budget Amendments	0.0	30.9	30.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35 Current Year Estimating Conference Operating Deficits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36 Transfer to Budget Stabilization Fund	0.0	91.2	91.2	0.0	97.8	97.8	0.0	0.0	0.0	0.0	71.0	71.0
37 Transfer to Lawton Chiles Endowment Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	304.7	304.7	0.0	0.0	0.0
38 Reappropriations	0.0	85.7	85.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
39 **Total Estimated Expenditures**	**32,890.4**	**1,259.5**	**34,149.9**	**33,480.7**	**228.4**	**33,709.1**	**34,546.3**	**593.0**	**35,139.3**	**35,368.9**	**257.0**	**35,625.9**
40 Reserves				0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0
41 **Ending Balance**	**1,138.4**	**314.5**	**1,452.9**	**1,612.6**	**(383.1)**	**1,229.5**	**1,662.7**	**262.0**	**1,924.7**	**1,845.7**	**1,649.5**	**3,495.2**

Tier 2 Table – Critical Needs and Other High Priority Needs

LONG-RANGE FINANCIAL OUTLOOK

TIER 2 ISSUES - CRITICAL NEEDS AND OTHER HIGH PRIORITY NEEDS

GENERAL REVENUE FUNDS AVAILABLE PROJECTION

($ MILLIONS)

	Fiscal Year 2019-20			Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1 **Funds Available:**												
2 Balance Forward	0.0	2,204.0	2,204.0	0.0	1,452.9	1,452.9	0.0	174.2	174.2	0.0	0.0	0.0
3 Unused Reserve from Prior Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0
4 *General Revenue Outlook Statement Components*												
5 Revenue Estimate	34,005.4	(1,062.1)	32,943.3	35,067.8	(704.5)	34,363.3	36,183.7	(471.4)	35,712.3	37,189.6	(115.1)	37,074.5
6 BP Settlement Agreement	26.7	0.0	26.7	26.7	0.0	26.7	26.7	0.0	26.7	26.7	0.0	26.7
7 Prior Year Indian Gaming State Liability for Local Distributio	0.0	(7.2)	(7.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 FEMA Reimbursement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 Nonoperating Funds and Authorized Trust Fund Transfers	(3.3)	439.3	436.0	(1.2)	96.9	95.7	(1.4)	96.9	95.5	(1.7)	96.9	95.2
10 *Revenue Adjustments to the General Revenue Fund*												
11 Continuing Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13 Time-Limited Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 Trust Fund Transfers (GAA)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 **Total Funds Available**	**34,028.8**	**1,574.0**	**35,602.8**	**35,093.3**	**845.3**	**35,938.6**	**36,209.0**	**799.7**	**37,008.7**	**37,214.6**	**981.8**	**38,196.4**
16												
17 **Estimated Expenditures:**												
18 Recurring Base Budget (Including Annualizations)				32,914.7	0.0	32,914.7	32,914.7	0.0	32,914.7	32,914.7	0.0	32,914.7
19 Recurring Impact of Prior Years' New Issues				0.0	0.0	0.0	985.0	0.0	985.0	2,469.2	0.0	2,469.2
20												
21 **New Issues by GAA Section:**												
22 Section 2 - Pre K-12 Education	12,868.2	(67.3)	12,800.9	320.2	(181.7)	138.5	398.0	0.0	398.0	371.7	0.0	371.7
23 Section 2 - Higher Education	4,642.2	22.3	4,664.5	148.4	0.0	148.4	170.0	0.0	170.0	172.6	0.0	172.6
24 Section 2 - Education Fixed Capital Outlay	0.0	40.4	40.4	0.0	21.0	21.0	0.0	33.0	33.0	0.0	0.0	0.0
25 Section 3 - Human Services	10,129.4	66.5	10,195.9	253.1	79.6	332.7	607.9	79.6	687.6	380.7	79.4	460.1
26 Section 4 - Criminal Justice	4,013.9	73.5	4,087.4	76.4	22.4	98.8	76.4	21.2	97.6	76.4	21.2	97.6
27 Section 7 - Judicial Branch	458.0	1.7	459.7	2.6	0.0	2.6	2.6	0.0	2.6	2.6	0.0	2.6
28 Section 5 & 6 - Transportation & Economic Development	70.1	132.0	202.1	0.0	432.6	432.6	0.0	402.3	402.3	0.0	287.7	287.7
29 Section 5 - Natural Resources	151.9	380.6	532.6	1.4	275.8	277.2	1.4	276.3	277.7	1.4	271.8	273.2
30 Section 6 - General Government	239.3	70.3	309.6	0.1	96.8	97.0	0.1	97.0	97.1	12.4	63.8	76.2
31 Section 2 & 6 - Administered Funds - Statewide Issues	317.3	331.9	649.1	182.7	20.4	203.1	227.8	21.0	248.8	235.8	33.2	269.0
32 **Total New Issues**				985.0	767.0	1,751.9	1,484.2	930.5	2,414.7	1,253.6	757.2	2,010.7
33												
34 Approved Budget Amendments	0.0	30.9	30.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35 Current Year Estimating Conference Operating Deficits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36 Transfer to Budget Stabilization Fund	0.0	91.2	91.2	0.0	97.8	97.8	0.0	0.0	0.0	0.0	71.0	71.0
37 Transfer to Lawton Chiles Endowment Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	304.7	304.7	0.0	0.0	0.0
38 Reappropriations	0.0	85.7	85.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
39 **Total Estimated Expenditures**	**32,890.4**	**1,259.5**	**34,149.9**	**33,899.7**	**864.8**	**34,764.4**	**35,383.9**	**1,235.2**	**36,619.1**	**36,637.5**	**828.2**	**37,465.6**
40 Reserves				0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0
41 **Ending Balance**	**1,138.4**	**314.5**	**1,452.9**	**1,193.6**	**(1,019.5)**	**174.2**	**825.1**	**(1,435.5)**	**(610.4)**	**577.1**	**(846.4)**	**(269.2)**

Tier 3 Table – Critical Needs, Other High Priority Needs, and Revenue Adjustments

LONG-RANGE FINANCIAL OUTLOOK

TIER 3 ISSUES - CRITICAL NEEDS, OTHER HIGH PRIORITY NEEDS, AND REVENUE ADJUSTMENTS

GENERAL REVENUE FUNDS AVAILABLE PROJECTION

($ MILLIONS)

		Fiscal Year 2019-20			Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23		
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1	**Funds Available:**												
2	Balance Forward	0.0	2,204.0	2,204.0	0.0	1,452.9	1,452.9	0.0	289.3	289.3	0.0	0.0	0.0
3	Unused Reserve from Prior Year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0
4	*General Revenue Outlook Statement Components*												
5	Revenue Estimate	34,005.4	(1,062.1)	32,943.3	35,067.8	(704.5)	34,363.3	36,183.7	(471.4)	35,712.3	37,189.6	(115.1)	37,074.5
6	BP Settlement Agreement	26.7	0.0	26.7	26.7	0.0	26.7	26.7	0.0	26.7	26.7	0.0	26.7
7	Prior Year Indian Gaming State Liability for Local Distributior	0.0	(7.2)	(7.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	FEMA Reimbursement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Nonoperating Funds and Authorized Trust Fund Transfers	(3.3)	439.3	436.0	(1.2)	96.9	95.7	(1.4)	96.9	95.5	(1.7)	96.9	95.2
10	*Revenue Adjustments to the General Revenue Fund*												
11	Continuing Tax and Fee Changes	0.0	0.0	0.0	(105.8)	51.3	(54.5)	(105.8)	51.3	(54.5)	(105.8)	51.3	(54.5)
12	Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	(105.8)	0.0	(105.8)	(211.6)	0.0	(211.6)
13	Time-Limited Tax and Fee Changes	0.0	0.0	0.0	0.0	(43.8)	(43.8)	0.0	(43.8)	(43.8)	0.0	(43.8)	(43.8)
14	Trust Fund Transfers (GAA)	0.0	0.0	0.0	0.0	213.4	213.4	0.0	213.4	213.4	0.0	213.4	213.4
15	**Total Funds Available**	**34,028.8**	**1,574.0**	**35,602.8**	**34,987.5**	**1,066.2**	**36,053.7**	**35,997.4**	**1,135.7**	**37,133.1**	**36,897.2**	**1,202.7**	**38,099.9**
16													
17	**Estimated Expenditures:**												
18	Recurring Base Budget (Including Annualizations)				32,914.7	0.0	32,914.7	32,914.7	0.0	32,914.7	32,914.7	0.0	32,914.7
19	Recurring Impact of Prior Years' New Issues				0.0	0.0	0.0	985.0	0.0	985.0	2,469.2	0.0	2,469.2
20													
21	**New Issues by GAA Section:**												
22	Section 2 - Pre K-12 Education	12,868.2	(67.3)	12,800.9	320.2	(181.7)	138.5	398.0	0.0	398.0	371.7	0.0	371.7
23	Section 2 - Higher Education	4,642.2	22.3	4,664.5	148.4	0.0	148.4	170.0	0.0	170.0	172.6	0.0	172.6
24	Section 2 - Education Fixed Capital Outlay	0.0	40.4	40.4	0.0	21.0	21.0	0.0	33.0	33.0	0.0	0.0	0.0
25	Section 3 - Human Services	10,129.4	66.5	10,195.9	253.1	79.6	332.7	607.9	79.6	687.6	380.7	79.4	460.1
26	Section 4 - Criminal Justice	4,013.9	73.5	4,087.4	76.4	22.4	98.8	76.4	21.2	97.6	76.4	21.2	97.6
27	Section 7 - Judicial Branch	458.0	1.7	459.7	2.6	0.0	2.6	2.6	0.0	2.6	2.6	0.0	2.6
28	Section 5 & 6 - Transportation & Economic Development	70.1	132.0	202.1	0.0	432.6	432.6	0.0	402.3	402.3	0.0	287.7	287.7
29	Section 5 - Natural Resources	151.9	380.6	532.6	1.4	275.8	277.2	1.4	276.3	277.7	1.4	271.8	273.2
30	Section 6 - General Government	239.3	70.3	309.6	0.1	96.8	97.0	0.1	97.0	97.1	12.4	63.8	76.2
31	Section 2 & 6 - Administered Funds - Statewide Issues	317.3	331.9	649.1	182.7	20.4	203.1	227.8	21.0	248.8	235.8	33.2	269.0
32	**Total New Issues**				985.0	767.0	1,751.9	1,484.2	930.5	2,414.7	1,253.6	757.2	2,010.7
33													
34	Approved Budget Amendments	0.0	30.9	30.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	Current Year Estimating Conference Operating Deficits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
36	Transfer to Budget Stabilization Fund	0.0	91.2	91.2	0.0	97.8	97.8	0.0	0.0	0.0	0.0	71.0	71.0
37	Transfer to Lawton Chiles Endowment Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	304.7	304.7	0.0	0.0	0.0
38	Reappropriations	0.0	85.7	85.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
39	**Total Estimated Expenditures**	**32,890.4**	**1,259.5**	**34,149.9**	**33,899.7**	**864.8**	**34,764.4**	**35,383.9**	**1,235.2**	**36,619.1**	**36,637.5**	**828.2**	**37,465.6**
40	Reserves				0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0	0.0	1,000.0	1,000.0
41	**Ending Balance**	**1,138.4**	**314.5**	**1,452.9**	**1,087.8**	**(798.5)**	**289.3**	**613.5**	**(1,099.5)**	**(486.0)**	**259.7**	**(625.4)**	**(365.7)**

Summary of Major Trust Funds

EDUCATIONAL ENHANCEMENT TRUST FUND ($ MILLIONS)

	Fiscal Year 2019-20			Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23		
Funds Available:	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Balance Forward	0.0	199.1	199.1	0.0	137.8	137.8	0.0	62.3	62.3	0.0	63.2	63.2
Revenue Estimate	2,032.2	0.0	2,032.2	2,075.6	0.0	2,075.6	2,102.1	0.0	2,102.1	2,126.2	0.0	2,126.2
Nonoperating Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funds Available	**2,032.2**	**199.1**	**2,231.3**	**2,075.6**	**137.8**	**2,213.4**	**2,102.1**	**62.3**	**2,164.4**	**2,126.2**	**63.2**	**2,189.4**
Estimated Expenditures:												
Base Budget				1,968.4	0.0	1,968.4	2,075.6	0.0	2,075.6	2,101.3	0.0	2,101.3
Increase/Decrease				107.2	75.5	182.7	25.7	0.0	25.7	24.2	0.0	24.2
Total Estimated Expenditures	**1,968.4**	**118.2**	**2,086.6**	**2,075.6**	**75.5**	**2,151.1**	**2,101.3**	**0.0**	**2,101.3**	**2,125.5**	**0.0**	**2,125.5**
Bright Futures Expenditures Adjustment		**6.9**	**6.9**									
Ending Balance	**63.8**	**74.0**	**137.8**	**0.0**	**62.3**	**62.3**	**0.8**	**62.3**	**63.2**	**0.7**	**63.2**	**63.9**

STATE SCHOOL TRUST FUND ($ MILLIONS)

	Fiscal Year 2019-20			Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23		
Funds Available:	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Balance Forward	0.0	151.8	151.8	0.0	111.0	111.0	0.0	4.8	4.8	0.0	4.9	4.9
Revenue Estimate	132.2	0.0	132.2	160.6	0.0	160.6	164.5	0.0	164.5	173.4	0.0	173.4
Nonoperating Funds	1.5	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5
Total Funds Available	**133.7**	**151.8**	**285.5**	**162.1**	**111.0**	**273.1**	**166.0**	**4.8**	**170.8**	**174.9**	**4.9**	**179.8**
Estimated Expenditures:												
Base Budget				118.6	0.0	118.6	162.1	0.0	162.1	165.9	0.0	165.9
Increase/Decrease				43.5	106.2	149.7	3.8	0.0	3.8	8.7	0.0	8.7
Total Estimated Expenditures	**118.6**	**55.9**	**174.5**	**162.1**	**106.2**	**268.3**	**165.9**	**0.0**	**165.9**	**174.6**	**0.0**	**174.6**
Ending Balance	**15.1**	**95.9**	**111.0**	**0.0**	**4.8**	**4.8**	**0.1**	**4.8**	**4.9**	**0.3**	**4.9**	**5.2**

TOBACCO SETTLEMENT TRUST FUND ($ MILLIONS)

	Fiscal Year 2019-20			Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23		
Funds Available:	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Balance Forward	0.0	33.5	33.5	0.0	59.0	59.0	0.0	10.9	10.9	0.0	11.0	11.0
Revenue Estimate	360.5	0.0	360.5	362.8	0.0	362.8	368.1	0.0	368.1	373.8	0.0	373.8
Nonoperating Funds	6.2	0.0	6.2	6.4	0.0	6.4	6.7	0.0	6.7	7.0	0.0	7.0
Total Funds Available	**366.7**	**33.5**	**400.2**	**369.2**	**59.0**	**428.2**	**374.8**	**10.9**	**385.7**	**380.8**	**11.0**	**391.8**
Estimated Expenditures:												
Base Budget				341.2	0.0	341.2	369.2	0.0	369.2	374.7	0.0	374.7
Increase/Decrease				1.4	0.0	1.4	1.6	0.0	1.6	1.7	0.0	1.7
Forecast Adjustment to Medicaid				26.6	48.1	74.7	3.9	0.0	3.9	4.2	0.0	4.2
Total Estimated Expenditures	**341.2**	**0.0**	**341.2**	**369.2**	**48.1**	**417.3**	**374.7**	**0.0**	**374.7**	**380.5**	**0.0**	**380.5**
Ending Balance	**25.5**	**33.5**	**59.0**	**0.0**	**10.9**	**10.9**	**0.1**	**10.9**	**11.0**	**0.3**	**11.0**	**11.3**

Fiscal Strategies

The Tier 1, Tier 2, and Tier 3 tables shown on pages 21, 22, and 23 of the Long-Range Financial Outlook simply summarize the information contained and discussed within the rest of the Outlook document. In essence, each Tier presents a prognosis of the state's financial situation as a result of that scenario. As such, none of the Tiers purport to show the specific details of the final budget that the Legislature will ultimately pass in any given year. However, they do illuminate several issues facing the Legislature in the upcoming years since the levels are reasonable approximations of total expected spending under current law and administration.

Most important is the need to clear the negative ending balances that exist in the two outer years in both Tiers 2 and Tier 3. Because the root causes driving these negatives differ between the two Tiers, the selection of the most appropriate fiscal strategy will depend on a series of policy decisions starting with which Tier to use as the base.

Multi-Tier Comparison
GENERAL REVENUE FUNDS AVAILABLE PROJECTION
($ MILLIONS)

	Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Ending Balance Tier 1...Critical Needs	$1,612.6	($383.1)	$1,229.5	$1,662.7	$262.0	$1,924.7	$1,845.7	$1,649.5	$3,495.2
Ending Balance Tier 2...Critical Needs & Other High Priorities	$1,193.6	($1,019.5)	$174.2	$825.1	($1,435.5)	($610.4)	$577.1	($846.4)	($269.2)
Ending Balance Tier 3...All Needs Plus Revenue Adjustments	$1,087.8	($798.5)	$289.3	$613.5	($1,099.5)	($486.0)	$259.7	($625.4)	($365.7)

As the chart above shows, the negatives in Tier 2 are solely related to the high level of projected nonrecurring expenditures. While the recurring portion of the balance in Fiscal Year 2021-22 is positive at +$825.1 million, the nonrecurring expenditure growth cannot be addressed within the dollars forecasted for the Outlook period. Furthermore, there are insufficient recurring dollars to completely offset the nonrecurring need. Initially, this combination appears to suggest that viable fiscal strategies can be limited to closing the budget gap on a year-by-year basis.

However, a recurring problem is clearly lurking behind the scenes in Tier 3. This can be seen in the precipitous drop in the recurring balance (43.6 percent in Fiscal Year 2021-22 and 57.7 percent in Fiscal Year 2022-23) over the fiscal years in the immediate planning horizon. Although the projected bottom line total for Fiscal Year 2020-21 is positive in all Tiers, the projections show expenditures in the two outer years that outstrip the available funds, indicating that while the structural imbalance has been forestalled, it hasn't been totally removed.[1] The difference between Tiers is caused by the introduction of the recurring portion of the revenue adjustments contained in Tier 3.

Pulling the information gleaned from both Tiers together helps identify the real underlying problem. Although the problem in Tier 2 appears to be solely the size of the nonrecurring

[1] This result was also seen in the 2016 and 2017 Outlooks.

expenditures, many of these investments are considered to be must-funds and essential by most legislators. Furthermore, while the negative revenue adjustments in Tier 3 cause an expedited drain on recurring revenues, introduction of any new or enhanced recurring programs in Fiscal Year 2020-21 totaling $100.0 million or more would cause a similar result by the third year of Tier 2. Both of these factors indicate that a recurring issue also exists in Tier 2—it is just masked and delayed.

This suggests that the most practicable fiscal strategies should consider the recurring issues. Since the increase in negative revenue adjustments in Fiscal Year 2020-21 clearly contributes to and worsens the problems in Fiscal Year 2021-22 and Fiscal Year 2022-23, fiscal strategies are advisable for all three years of the Outlook to manage the problems in the out-years.

To meet the constitutional requirements for this document, appropriate strategies are required to be both identified and discussed. In this case, the number of possible permutations is too great to allow specific identification of each one. Among the many variables that need to be considered is the timing of the corrective action. While a fiscal strategy is required no later than Fiscal Year 2021-22 to address the projected gap between revenues and expenditures in both Tier 2 and Tier 3, less disruptive courses of action argue for at least some level of deployment beginning in Fiscal Year 2020-21. Otherwise, there is the potential to increase funding for programs in Year 1 that would not survive Year 2.

Conceptually, there are five options to eliminate a proposed budget gap in any given year of the Outlook. With the exception of trust fund transfers or sweeps and reserve reductions, these options can be deployed on either a recurring or nonrecurring basis. When they are used to bring about a recurring change, they also have an impact on the following fiscal years.

- Budget Reductions and Reduced Program Growth
- Reduction or Elimination of the Revenue Adjustments Affecting Taxes and Fees in Tier 3
- Revenue Enhancements and Redirections
- Trust Fund Transfers or Sweeps
- Reserve Reductions

While the problem could be fixed in the short term by a simple reduction in the level of total reserves, this is not the best course of action given the size of the projected deficits, the slowing economy, and hurricane experience over the past several years. Furthermore, by law, the Budget Stabilization Fund (BSF) cannot be used to address a budget gap prospectively and, therefore, is not available at the time the budget is developed and adopted. Funds can be withdrawn "...only for the purpose of covering revenue shortfalls of the general revenue fund or for the purpose of providing funding for an emergency, as defined by general law." [Article III, Section 19(g) of the Florida Constitution]

Trust fund transfers or sweeps operate similarly to a drawdown of reserves. Once the money has been spent, it is not automatically replenished. Since Tier 3 already contemplates $213.4 million in transfers each year, ongoing transfers above this heightened level would have to be identified to have any effect on the bottom line budget gaps. Based on the analysis used for this Outlook, it is unlikely that surpluses of this magnitude currently exist. There is reason to believe that the level already identified in the Outlook is approaching the maximum without underlying program cuts.

Therefore, the three remaining options will become the basis of the more meaningful strategies: (1) budget reductions and reduced program growth; (2) reduction or elimination of the revenue adjustments affecting taxes and fees in Tier 3; and (3) revenue enhancements and redirections. For the purpose of this discussion, (1) and (2) are assumed to produce the same bottom-line results, although (1) achieves this effect through expenditures and (2) achieves it through revenues. The third option either grows the size of the overall budget (revenue enhancement) or changes its composition (revenue redirection).

Since the Legislature has undertaken no significant revenue enhancements and only limited redirections over the recent past, the likely path of this option is not clear. Enhancements and redirections both affect revenues and the ability to make expenditures, but the consequences are different. At a minimum, revenue redirections require foregone expenditures elsewhere in the budget. As there is a continued reliance on significant one-time trust fund transfers, it is notable that a permanent redirect of some of the state’s trust funded-sources to the General Revenue Fund could achieve the same or similar levels of available General Revenue but also address a structural imbalance.

While permanent redirects, recurring budget reductions, or reduced program growth would ease or eliminate the looming structural imbalance currently suggested by Tier 3 (as would the reduction or elimination of the recurring portion of the revenue adjustments affecting taxes and fees), the true size and immediacy of the structural imbalance is dependent on a number of factors and decisions that could differ from the assumptions made in this Outlook.

In this regard, it may be time to consider a different approach to disaster funding. Over the past two years, $1 billion of expenditures for Hurricanes Irma and Michael have been authorized through budget amendments from the General Revenue Fund. A segregated fund for the deposit of all future reimbursements from Federal Emergency Management Agency (FEMA) that would be used first in the event of another disaster would help buttress the current General Revenue projections that this Outlook relies upon. Alternatively, loans from the Budget Stabilization Fund could be a more direct source of disaster funding—spreading the repayment over no more than the statutorily required five-year period and better aligning to the FEMA reimbursement practices.

Finally, any decisions regarding the introduction of new programs or significant program enhancements will need to work in tandem with the final decision regarding the most appropriate combination of fiscal strategies. However, since the structural imbalance has been delayed relative to last year’s Outlook and the solutions are straight-forward policy decisions, no specific scenario mapping out the potential results has been included.

Significant Risks to the Forecast

While the Long-Range Financial Outlook uses the most current estimates and data available, there are risks that have the potential of altering key assumptions (both positively and negatively) were they to come to pass. Some of the more significant issues are described below.

State Costs for Hurricanes, the Florida Hurricane Catastrophe Fund, and Citizens Property Insurance Corporation

Florida's economic stability is vulnerable to the potential impacts of natural disasters, especially major hurricanes. This vulnerability can take several different forms, but one of the most immediate is to the state's long-term financial health.

After the 2004 and 2005 hurricanes, the Legislative Office of Economic and Demographic Research undertook an in-depth analysis of the revenue and budgetary impact on state government from weather events of this magnitude. Popular belief has spread the misconception that hurricanes are somehow beneficial to the state from an economic perspective. However, the reality is much more complicated. From past events, there appear to be four distinct phases of activity related to hurricanes—each of which has unique economic responses. The table on the following page describes each of these phases.

Contrary to the oft-repeated myth that government makes money during hurricanes, state government typically has expenditures greater than the incremental increase in the revenue estimate and becomes a net loser when all expenditures are taken into account. In reviewing the final impact of the 2004 and 2005 hurricanes, after the state's hurricane-related expenditures were subtracted from the estimated additional revenues, the bottom line for both years was clearly negative. This means that the state had to spend more than the generated revenues.

At this time, the final financial impacts of Hurricane Irma and Hurricane Michael are not known. This is largely because information regarding the ultimate levels of required state matches for federal funds and FEMA reimbursements is still preliminary and incomplete. The Fiscal Year 2019-20 General Appropriations Act includes $271 million from the General Revenue Fund for the state's match for federal FEMA funding, and the Outlook includes an additional $673.4 million over the next three years (see Driver #10) for the estimated state match. These matching funds are in addition to the nearly $1 billion of expenditures ($605.8 million for Hurricane Michael, including the $17.8 million since the August 14, 2019 General Revenue Outlook, and $350.9 million for Hurricane Irma) that have been authorized through emergency budget amendments from the General Revenue Fund alone. As of August 30, 2019, the state had only received $211.9 million in reimbursements to the General Revenue Fund for these storms. At this point, it appears clear that the state will spend far more on the preparations for and recovery from Irma and Michael than it generates in revenues, easily topping the $203.3 million net loss seen in 2005. Furthermore, the plan does not include financial impacts related to Hurricane Dorian, which caused extensive damage to the Bahamas and is impacting Florida's coastline at the time of this publication.

Hurricanes: Economic Phases

Phase	Defining Characteristics	Statewide Economic Consequences

Preparatory Phase *(approximately 72 hours in advance of the hurricane to landfall)*	• Purchase of Emergency Supplies (canned food, batteries, radios, candles, flashlights, charcoal, gas, propane, water, ice, shutters, boards / plywood, etc.)
	• Evacuation Expenses
	  o In-State...hotels and lodging, transport costs like rental cars and gas
	  o Out-of-State...leakage
		Demand...Localized increase in demand for specific items, and potential non-affected area increase in lodging demand, but largely undetectable
		
		State Budget...Shifting of costs from normally provided services to emergency management, as well as unanticipated overtime and shelter costs
		
		State Revenues...Slight uptick, but largely undetectable

Crisis Phase *(landfall to several weeks after landfall)*	• Rescue and relief efforts (largely public, charitable, or free) • Roads closed due to debris • Private structures and public infrastructure damaged • Utility disruptions • Businesses and non-essential parts of government closed • Temporary homelessness • Violence and looting	**Demand**...Localized decrease in overall demand; significance depends on the event **State Budget**...Government agencies provide goods and services and incur new expenditures that may or may not be matched at a later time by the federal government **State Revenues**...Detectable downtick; significance depends on the event

Recovery Phase *(subsequent to the Crisis Phase and generally lasting up to two or three years)*	• Increased spending related to deductibles, repair, and replacement
	  o Private Savings / Loans
	  o State Spending
	  o FEMA and Federal Spending
	  o Insurance Payments
	• Competition for scarce resources (contractors, roofers, supplies, construction workers, building materials, debris removal, etc.)
		Demand...Localized increase in overall demand, and prices likely increase for some items
		
		Employment...Will temporarily see gains as relief and recovery workers move into the area
		
		State Budget...Reallocation of state and local government spending to the affected area
		
		State Revenues...Discernible and significant uptick

Displacement Phase *(subsequent to the Recovery Phase and lasting from two to six years)*	• Reduction in normal purchasing behavior for items that were bought or replaced ahead of schedule • Demographic and labor shifts related to dislocated households and economic centers	**Demand**...Localized decrease in overall demand, but largely undetectable at the state level **State Revenues**...Slight downtick, but largely undetectable

In addition to the budgetary and revenue effects associated with hurricanes, there is an impact on state debt. Besides the direct tax-supported or self-supported debt normally undertaken by the state, Florida has indirect debt that represents debt either secured by revenues not appropriated by the state or debt obligations of a legal entity other than the state. A major component of the state's current indirect debt is associated with the Florida Hurricane Catastrophe Fund (FHCF) and the Citizens Property Insurance Corporation's (Citizens) ability to cover possible future hurricane-related losses. According to the *2018 Debt Report* prepared by the Division of Bond Finance, these special purpose insurance entities comprised $3.8 billion or 43 percent of the state's total indirect debt on June 30, 2018. This particular debt consisted of pre-event financings to provide cash for payment of losses resulting from a hurricane.

For the 2019 storm season, the FHCF's maximum statutory obligation for mandatory coverage is no more than $17.0 billion. However, the FHCF's obligation by law is limited to the actual claims-paying capacity. The FHCF currently projects liquidity of $13.8 billion, consisting of $11.2 billion in projected cash by December 31, 2019; $0.9 billion of reinsurance; and $1.7 billion in projected pre-event bonds. The projected fund balance has been reduced to account for loss reserves for 2017 Hurricane Irma and 2018 Hurricane Michael, for which the FHCF is currently paying claims. Given recent financial market conditions, it is estimated the FHCF would be able to bond for approximately $8.6 billion during the next 12 months if a large event occurs during the contract year. This estimated claims paying capacity of $20.7 billion ($11.2 billion cash plus $0.9 billion reinsurance plus $8.6 billion bonding capacity) is $3.7 billion above the total potential statutory maximum claims paying obligation of $17.0 billion.

The $17.0 billion translates to an approximate 1-in-39 year event (2.56 percent probability) or an event that causes $26.4 billion in insurance industry residential losses for the 2019 season. Because of the differences in the levels of coverage and where those FHCF coverages begin, the FHCF's probability of exhausting its $17.0 billion maximum limit would be much smaller, implying that the FHCF could survive a much larger event. In order for all insurance companies to exhaust the $17.0 billion maximum limit, the aggregate loss would have to be significantly larger than $17.0 billion.

For the 2019 storm season, Citizens' probable maximum loss for a 100-year storm event is $5.1 billion. Citizens currently has claims paying ability of approximately $9.7 billion consisting of a cash surplus of $6.3 billion, as well as funds from private market reinsurance and FHCF reimbursements. In addition, Citizens has the ability to levy broad-based assessments to support debt financing.

The ability of these quasi-governmental insurance entities to fulfill their financial responsibilities in the event of major hurricanes is highly dependent upon market conditions at the time that bonds would need to be issued. Though the FHCF and Citizens serve significant roles in Florida's property insurance market, their ultimate dependence on public assessments and access to credit markets may expose the state to a much greater potential financial liability for hurricane-related costs.

Disproportionate Share Hospital Program

Medicaid Disproportionate Share Hospital (DSH) payments were established by the federal Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) and are intended to provide additional reimbursement to hospitals serving disproportionate shares of Medicaid and uninsured individuals. While most federal Medicaid funding is provided on an open-ended basis, DSH allotments have been capped since 1993 and represent the maximum federal matching payments a state is permitted to claim. In Fiscal Year 2019-20, $327.2 million in DSH funding was appropriated by the Legislature, with $230.1 million being Florida's federal DSH allotment and the balance being the required state matching funds.

The federal Patient Protection and Affordable Care Act of 2010 (PPACA) addressed DSH allotments, requiring the Secretary of the U.S. Department of Health and Human Services to develop a methodology to reduce the state allotments. The reductions were originally to have begun taking effect October 1, 2013, but were delayed by the Centers for Medicare and Medicaid Services (CMS) after the U.S. Supreme Court ruled in June 2012 that the federal government could not require states to expand Medicaid eligibility to include persons up to 138 percent of the federal poverty level, as was required in the PPACA. The CMS expects states that do not implement Medicaid expansion will have higher rates of uninsured and uncompensated care. Assuming this is the case, the reductions to the DSH allotments in the non-expanding states are required to be smaller than those for states that implement Medicaid expansion and have lower percentages of uninsured individuals.

The DSH reductions have been delayed several additional times, either by the CMS or by changes in federal law. Most recently, the CMS has published a proposed rule to delineate the DSH Health Reform methodology (DHRM) that will be used to implement the annual Medicaid allotment reductions identified in section 1923(f)(7) of the Social Security Act. The proposed DHRM relies on statutorily identified factors to determine the state-specific DSH allotment reductions. The methodology imposes larger reductions on states that have lower percentages of uninsured individuals; states that do not target their DSH payments to hospitals with high volumes of Medicaid inpatients; and states that do not target their DSH payments to hospitals with high levels of uncompensated care. Additional reduction factors include whether a state is currently a low-DSH or high-DSH state, as well as the extent to which a state's DSH allotment was included in the budget neutrality calculation for Medicaid coverage expansion as of July 2009. The proposed rule also limits the reduction to be applied to each state to 90 percent of its original unreduced allotment. Any excess reduction amounts called for by the reduction factors will be redistributed to other states' reduction amounts that do not exceed the reduction cap. The aggregate reduction amounts are set to begin in Federal Fiscal Year 2020 and will run through Federal Fiscal Year 2025.

The rule proposed by the CMS was published on July 28, 2017, and the public had until August 28, 2017, to submit comments on the proposed methodology. It is uncertain when the CMS will release its final rule or if it will revise the methodology based on public comment. No adjustments have been included in the Outlook to reduce the DSH funding allocated to Florida because it is unknown how the proposed CMS rule will ultimately affect Florida, nor how the Legislature will respond to any loss of these federal funds.

Litigation Against the State

Numerous lawsuits against the state exist at any point in time. Some have the capacity to disrupt specific programs and services and to force changes and adjustments to the Outlook. These lawsuits relate to a broad cross-section of the state's activities including, but not limited to, education funding, environmental matters, Medicaid, agricultural programs, and state revenue sources. The state's Comprehensive Annual Financial Report (CAFR) (Note 16) contains a list of those legal matters which have significant associated loss contingencies.

In addition, summaries of the claimed fiscal impacts of significant litigation filed against the state are annually reported by the agencies in their legislative budget requests (LBR). In the LBRs, significant litigation includes only those cases where the amount claimed is more than $1.0 million or where a significant statutory policy is challenged. In some instances, those summaries are based on the amount claimed by the plaintiffs, which is typically higher than the amount to which the plaintiffs would actually be entitled if they were successful in the litigation.

Two ongoing cases warrant specific mention. The first relates to litigation seeking a determination that the state has violated the 2014 Water and Land Conservation constitutional amendment that sets aside 33 percent of the excise tax on documents for water and land conservation. From the funds set aside pursuant to this amendment since 2015, the Legislature has appropriated $4.2 billion for water and land conservation efforts. The trial judge has issued an order declaring unconstitutional certain appropriations for 2015 and 2016 totaling $426.4 million. Furthermore, the judge's order states that funds identified in the constitutional amendment:

> *"must be expended, if at all, to acquire conservation lands or other conservation property interests, as defined by that provision, that the State of Florida did not own on the effective date of that amendment and thereafter, to improve, manage, restore natural systems thereon, and enhance public access or enjoyment of those conservation lands."*

This ruling is currently on appeal. If this ruling is upheld and the funds are restricted to the purchase of new conservation lands and the maintenance thereof, many appropriations within the Department of Environmental Protection, Department of Agriculture and Consumer Services, Department of State, and the Fish and Wildlife Conservation Commission will be affected going forward. Additionally, it is unclear what legislative action, if any, would have to be taken to address the use of those funds in Fiscal Years 2015-16 through 2019-20.

The second case relates to litigation seeking to establish liability for payments into the Tobacco Settlement Trust Fund that are associated with brands that have been sold by R.J. Reynolds, one of the original Settling Defendants, to ITG Brands. [See trust fund description on page 66.] On January 18, 2017, the State of Florida filed a Motion to Join ITG Brands, LLC as a Defendant and to enforce the Settlement Agreement in State of Florida, et. al., v. Am. Tobacco Co., R.J. Reynolds Tobacco Co., et. al., No. 95-1466 AH (Fla. 15th Cir. Ct.). The trial court has ruled that R.J. Reynolds should continue to make all payments under the tobacco settlement agreement as if there had been no transfer of brands to ITG. In addition, a final judgment has been entered that specifies the precise liability calculation for the transferred brands; however, R.J. Reynolds filed an appeal to the final decision on August 29, 2018. During the appeal process, the state will continue to lose the use of a portion of the payment otherwise due to the trust fund, as it has since 2015. Although no repayment has been included in the forecast adopted by the Revenue Estimating Conference because the timing is unknown, the Conference expects the state will be fully compensated for its past and ongoing losses at some future point that may occur within the Outlook period.

Potential Constitutional Issues

In 2004, a constitutional amendment passed that requires initiative petitions be filed with the Secretary of State by February 1 of each general election year to be eligible for ballot consideration. This has been interpreted to mean that all signatures have been certified by the local supervisors of election and that the other requirements for geographic distribution have been met by this date. For the 2020 ballot, the required number of valid signatures is 766,200.

Section 15.21, Florida Statutes, further requires the Secretary of State to “immediately submit an initiative petition to the Attorney General and to the Financial Impact Estimating Conference” once the certified forms “equal...10 percent of the number of electors statewide and in at least one-fourth of the congressional districts required by section 3, article XI of the State Constitution.”

Prior to the enactment of Chapter 2019-64, Laws of Florida, the Financial Impact Estimating Conference had 45 days to “complete an analysis and financial impact statement to be placed on the ballot of the estimated increase or decrease in any revenues or costs to state or local governments” once an initiative petition was received. Effective June 7, 2019, the law modifies the 45 days to 75 days and additionally requires the Financial Impact Estimating Conference to estimate the “economic impact on the state and local economy, and the overall impact to the state budget resulting from the proposed initiative. The 75-day time limit is tolled when the Legislature is in session” (section 100.371, Florida Statutes). Three petition initiatives were reviewed under the old law (FIEC statements dated 10/22/2015, 3/15/2019, and 4/22/2019), and the remainder were subject to the new law.

In addition to the petition initiative process, the Legislature may directly place proposals on the ballot for consideration through a joint resolution agreed to by three-fifths of the membership of each house of the Legislature. Formal financial impact statements are not required for legislative proposals. At this time, there are no legislative proposals for the 2020 General Election Ballot.

The following petition initiatives are still in the qualifying process for the 2020 General Election ballot, but have received final analyses and financial impact statements from the Financial Impact Estimating Conference.

Proposed Amendments for 2020 General Election Ballot

Initiative Name	Ballot # and Description
PETITION INITIATIVE LIMITS OR PREVENTS BARRIERS TO LOCAL SOLAR ELECTRICTY SUPPLY *Pending Sufficient Valid Signatures*	**<u>No Ballot #</u>**: Limits or prevents government and electric utility imposed barriers to supplying local solar electricity. Local solar electricity supply is the non-utility supply of solar generated electricity from a facility rated up to 2 megawatts to customers at the same or contiguous property as the facility. Barriers include government regulation of local solar electricity suppliers’ rates, service and territory, and unfavorable electric utility rates, charges, or terms of service imposed on local solar electricity customers.

Initiative Name	Ballot # and Description
	FIEC Impact (10/22/2015): Based on current laws and administration, the amendment will result in decreased state and local government revenues overall. The timing and magnitude of these decreases cannot be determined because they are dependent on various technological and economic factors that cannot be predicted with certainty. State and local governments will incur additional costs, which will likely be minimal and partially offset by fees.
PETITION INITIATIVE RIGHT TO COMPETITIVE ENERGY MARKET FOR CUSTOMERS OF INVESTOR-OWNED UTILITITES; ALLOWING ENERGY CHOICE *Pending Supreme Court Approval and Sufficient Valid Signatures*	**No Ballot #**: Grants customers of investor-owned utilities the right to choose their electricity provider and to generate and sell electricity. Requires the Legislature to adopt laws providing for competitive wholesale and retail markets for electricity generation and supply, and consumer protections, by June 1, 2025, and repeals inconsistent statutes, regulations, and orders. Limits investor-owned utilities to construction, operation, and repair of electrical transmission and distribution systems. Municipal and cooperative utilities may opt into competitive markets. **FIEC Impact (3/15/2019)**: The final design of the new market system for electricity is unknowable until the Legislature acts. There will be significant costs to state and local governments to transition to a fully operational system. The cost of purchasing electricity by governments may be higher or lower, depending on changes in charges for electricity resulting from the amendment. As currently administered, several government revenues would be reduced, but the legislative response to these effects is unknown.
PETITION INITIATIVE RAISING FLORIDA'S MINIMUM WAGE *Pending Supreme Court Approval and Sufficient Valid Signatures*	**No Ballot #**: Raises minimum wage to $10.00 per hour effective September 30th, 2021. Each September 30th thereafter, minimum wage shall increase by $1.00 per hour until the minimum wage reaches $15.00 per hour on September 30th, 2026. From that point forward, future minimum wage increases shall revert to being adjusted annually for inflation starting September 30th, 2027. **FIEC Impact (4/22/2019)**: State and local government costs will increase to comply with the new minimum wage levels. Additional annual wage costs will be approximately $16 million in 2022, increasing to about $540 million in 2027 and thereafter. Government actions to mitigate these costs are unlikely to produce material savings. Other government costs and revenue impacts, both positive and negative, are not quantifiable.
PETITION INITIATIVE PROVIDE MEDICAID COVERAGE TO	**No Ballot #**: Requires State to provide Medicaid coverage to individuals over age 18 and under age 65 whose incomes are at or below 138 percent of the federal poverty level and meet other nonfinancial eligibility requirements, with no greater burdens

Initiative Name	Ballot # and Description
ELIGIBLE LOW-INCOME ADULTS *Pending Supreme Court Approval and Sufficient Valid Signatures*	placed on eligibility, enrollment, or benefits for these newly eligible individuals compared to other Medicaid beneficiaries. Directs Agency for Health Care Administration to implement the initiative by maximizing federal financial participation for newly eligible individuals. **<u>FIEC Impact (8/9/2019)</u>**: The FIEC was unable to agree on the financial impact statement. The following statement will appear on the ballot pursuant to section 101.161(1), Florida Statutes: "The financial impact of this measure, if any, cannot be reasonably determined at this time."
PETITION INITIATIVE CITIZENSHIP REQUIREMENT TO VOTE IN FLORIDA'S ELECTIONS *Pending Supreme Court Approval and Sufficient Valid Signatures*	**<u>No Ballot #</u>**: This amendment provides that only United States Citizens who are at least eighteen years of age, a permanent resident of Florida, and registered to vote, as provided by law, shall be qualified to vote in a Florida election. **<u>FIEC Impact (8/23/2019)</u>**: Because the proposed amendment is not expected to result in any changes to the voter registration process in Florida, it will have no impact on state or local government costs or revenues. Further, it will have no effect on the state's economy.
PETITION INITIATIVE ALL VOTERS VOTE IN PRIMARY ELECTIONS FOR STATE LEGISLATURE, GOVERNOR, AND CABINET *Pending Supreme Court Approval and Sufficient Valid Signatures*	**<u>No Ballot #</u>**: Allows all registered voters to vote in primaries for state legislature, governor, and cabinet regardless of political party affiliation. All candidates for an office, including party nominated candidates, appear on the same primary ballot. Two highest vote getters advance to general election. If only two candidates qualify, no primary is held and winner is determined in general election. Candidate's party affiliation may appear on ballot as provided by law. Effective January 1, 2024. **<u>FIEC Impact (8/23/2019)</u>**: It is probable that the proposed amendment will result in additional local government costs to conduct elections in Florida. The Financial Impact Estimating Conference projects that the combined costs across counties will range from $5.2 million to $5.8 million for each of the first three election cycles occurring in even-numbered years after the amendment's effective date, with the costs for each of the intervening years dropping to less than $450,000. With respect to state costs for oversight, the additional costs for administering elections are expected to be minimal. Further, there are no revenues linked to voting in Florida. Since there is no impact on state costs or revenues, there will be no impact on the state's budget. While the proposed amendment will result in an increase in local expenditures, this change is expected to be below the threshold that would produce a statewide economic impact.

The following petition initiatives have triggered an FIEC review, but are still in process and not yet complete.

Initiative Name	Ballot # and Description
PETITION INITIATIVE PROHIBITS POSSESSION OF DEFINED ASSAULT WEAPONS *Pending FIEC Review, Supreme Court Approval, and Sufficient Valid Signatures*	**No Ballot #**: Prohibits possession of assault weapons, defined as semiautomatic rifles and shotguns capable of holding more than 10 rounds of ammunition at once, either in fixed or detachable magazine, or any other ammunition-feeding device. Possession of handguns is not prohibited. Exempts military and law enforcement personnel in their official duties. Exempts and requires registration of assault weapons lawfully possessed prior to this provision's effective date. Creates criminal penalties for violations of this amendment. **FIEC Impact (Date TBD)**: TBD
PETITION INITIATIVE REGULATE MARIJUANA SIMILAR TO ALCOHOL TO ESTABLISH AGE, LICENSING, AND OTHER RESTRICTIONS *Pending FIEC Review, Supreme Court Approval, and Sufficient Valid Signatures*	**No Ballot #**: Regulates marijuana (hereinafter "cannabis") for limited use and growing by persons twenty-one years of age or older. State shall adopt regulations to issue, renew, suspend, and revoke licenses for cannabis cultivation, product manufacturing, testing and retail facilities. Local governments may regulate facilities' time, place and manner and, if state fails to timely act, may license facilities. Does not affect compassionate use of low-THC cannabis, nor immunize federal law violations. **FIEC Impact (Date TBD)**: TBD

Florida Economic Outlook

The Florida Economic Estimating Conference met on July 17, 2019, to revise the forecast for the state's economy. As further updated by the Legislative Office of Economic and Demographic Research, the latest baseline forecast is slightly weaker in several key respects, but generally shows little change from the assumptions made one year ago. Overall, Florida growth rates over the past year have reflected solid growth and continued to show progress. In the various forecasts, most measures of the Florida economy surpassed their peaks from the prior year and achieved new highs in Fiscal Year 2018-19. Moving forward, the drags—particularly construction—are more persistent than past events, but the strength in tourism is largely compensating for this. The current forecast does not anticipate a recession, but turning points are notoriously difficult to project.

Beginning with Fiscal Year 2002-03 and running through Fiscal Year 2011-12, Florida was on an economic rollercoaster of extreme peaks and valleys. The recovery period from the collapse of the housing boom and the end of the Great Recession did not begin in earnest until Fiscal Year 2012-13, and—even now—some of the drags on Florida's economy are still ongoing. The reference periods used throughout this discussion are economically driven and centric to the somewhat unique Florida experience:

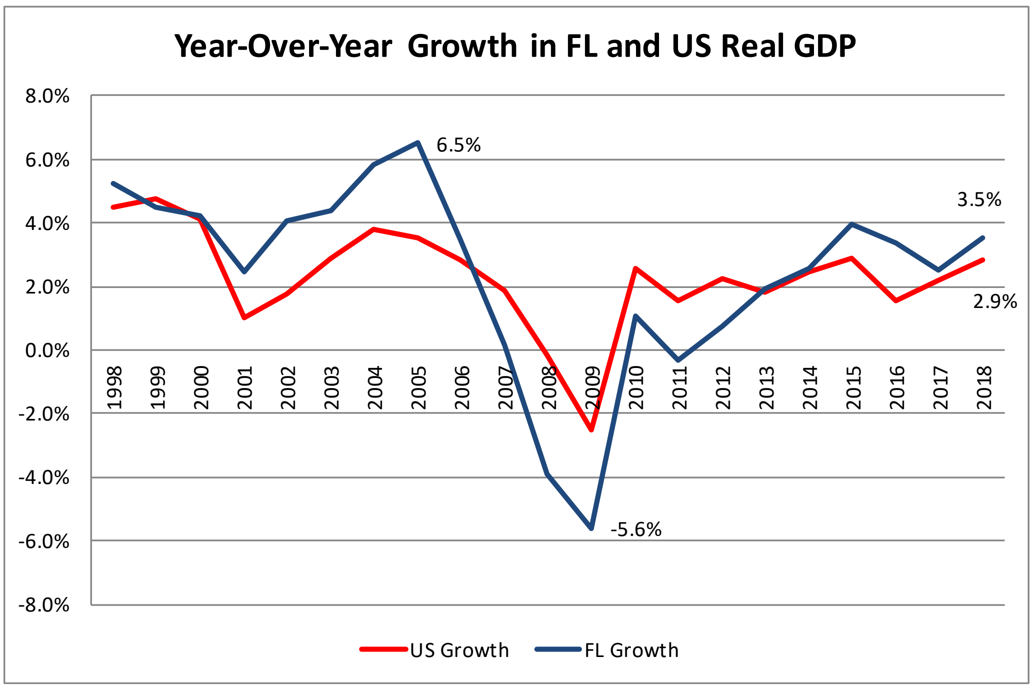
- Florida's Housing Boom...Fiscal Years 2002-03 through 2005-06
- Collapse of the Housing Boom...Fiscal Years 2006-07 and 2007-08
- Great Recession...Fiscal Years 2008-09 and 2009-10
- Fragile Growth...Fiscal Years 2010-11 and 2011-12
- Recovery Phase...Fiscal Years 2012-13 through 2015-16
- Return to Normalcy...Fiscal Years 2016-17 and beyond

As indicated last year, most measures of the Florida economy had returned to or surpassed their prior peaks by the close of the 2016-17 fiscal year. Two years later, progress continues. In this regard, all of the personal income metrics, nearly 60 percent of the employment measures, and the total tourism and domestic visitor counts have exceeded the peak levels seen during the housing boom. Still other measures are posting solid year-over-year improvements, even if they are not yet back to peak performance levels. Looking across the 50 states, the three most-widely used indicators of government financial health illustrate the economic extremes the state faced to get to this point.

One economic measure for *comparing states* is the year-to-year change in real **State Gross Domestic Product** (that is, all goods and services produced or exchanged within a state). Using the latest data revisions of this measure, Florida was one of the nation's faster growing states from 2000 to 2006, outperforming the nation during that entire period and reaching its peak growth in 2005. With the end of the housing boom and the beginning of the real estate market correction in 2006 and 2007, the state slipped into six years of nearly flat or negative growth (2007 through 2012). While Florida was not the only state to experience a significant deceleration in economic growth prior to the Great Recession (California, Nevada, and Arizona showed similar housing market trends), it was one of the hardest hit.

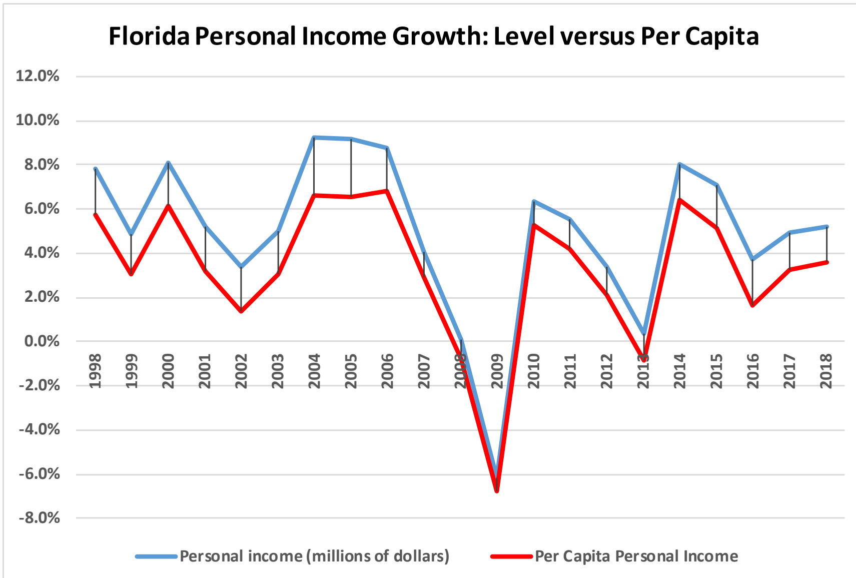
Florida's economy clearly regained its positive footing in 2013, moving above the United States as a whole for the first since 2006 and registering 1.9 percent real growth over the prior year. Since then, that strength—at least, relative to the nation as a whole—has continued. As the 2018 calendar year closed, the state's growth remained well above the national average (3.5 percent versus 2.9 percent).

Nevertheless, there are some signs of softening. For the first quarter of the 2019 calendar year, Florida posted growth of just 2.9 percent, falling below the national average of 3.1 percent and ranking the state 23rd in the country for real growth. The Economic Estimating Conference projects that Florida's Real Gross Domestic Product will slow to growth of 2.5 percent in Fiscal Year 2019-20 and continue slowing in the near term to 1.8 percent in Fiscal Year 2023-24. In the longer term, growth is expected to average 2.0 percent per year.



Other factors are frequently used to gauge the health of an *individual state*. The first of these measures is **personal income growth**—primarily related to changes in salaries and wages. Using the latest revised series, a history similar to the one shown by the GDP data emerges. In the latest data for the 2018 calendar year, the preliminary numbers show that Florida's growth increased again to 5.2 percent over the prior year compared to the national average of 4.5 percent. In spite of the robust year-over-year growth, Florida's per capita (population-adjusted) personal income growth trailed the nation in performance, growing only 3.6 percent in 2018 compared to the national average of 3.8 percent. This is the third consecutive year where the state lagged the nation in per capita growth. A similar polarization exists in a handful of other states; of the fourteen states that grew faster in personal income than the nation as a whole in 2018, six grew less than the national average in per capita growth (Arizona, Florida, Idaho, Nevada, North Carolina, and Oregon).

Newly released data for the first quarter of 2019 indicated that Florida ranked 4th in the country with 5.1 percent growth over the prior quarter. The state was well above the United States as a whole, which had 3.4 percent growth. In the near term, the Economic Estimating Conference projects that the annual state growth rates will drift from 5.2 percent (Fiscal Year 2019-20) down to 4.2 percent (Fiscal Year 2022-23), and then straddle 4.2 percent for the remainder of the forecast horizon.



The key measures of **employment** are typically *job growth* and the *unemployment rate*. While Florida led the nation on the good-side of these measures during the boom, the state performed worse than the national averages on *both* measures from February 2008 until July 2010 when Florida lost jobs at a slower rate than the nation as a whole. In August 2010, Florida experienced its first over-the-year increase in jobs since June 2007. Nine years later (July 2019), Florida's annual job growth rate has been positive for most of the past 108 months—the only exception being September 2017 when Florida lost jobs due to Hurricane Irma. The state passed its prior employment peak in May 2015 and is now approaching one million jobs beyond that level.

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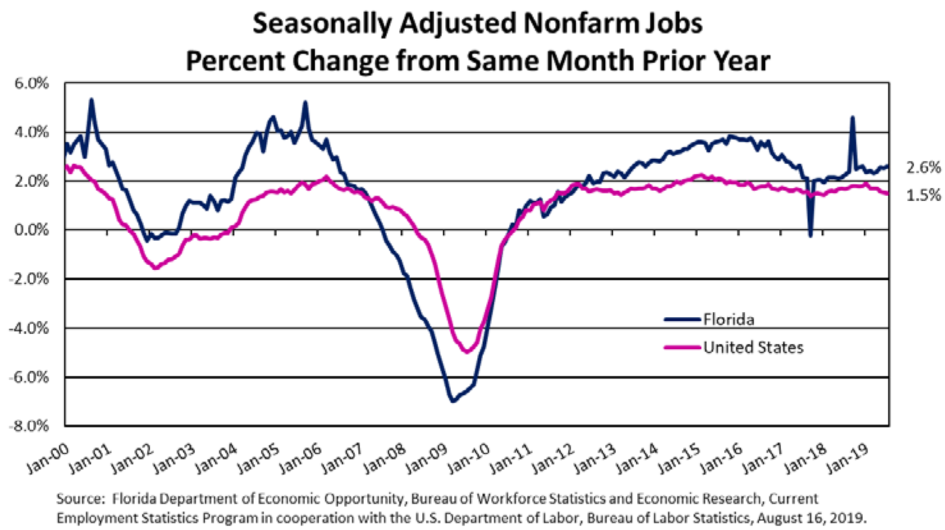
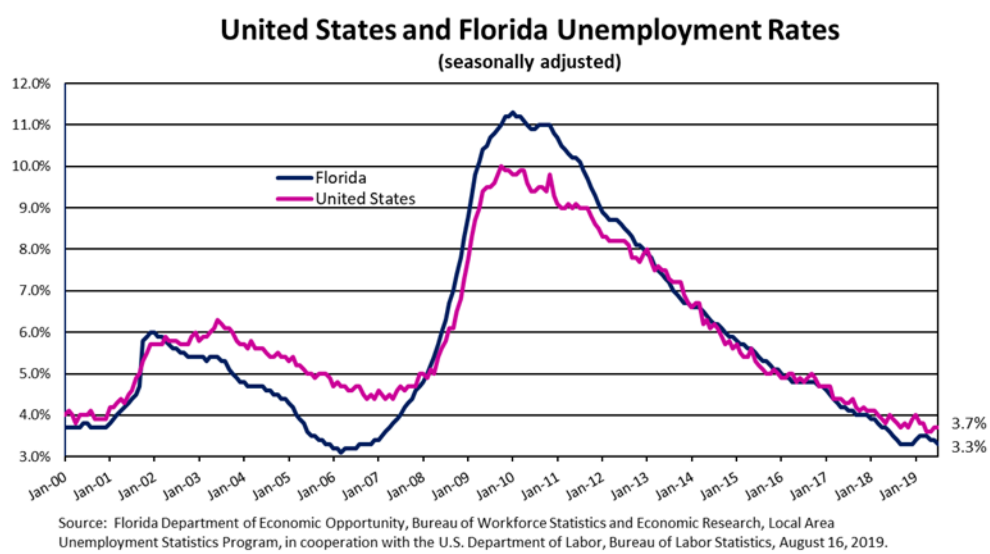
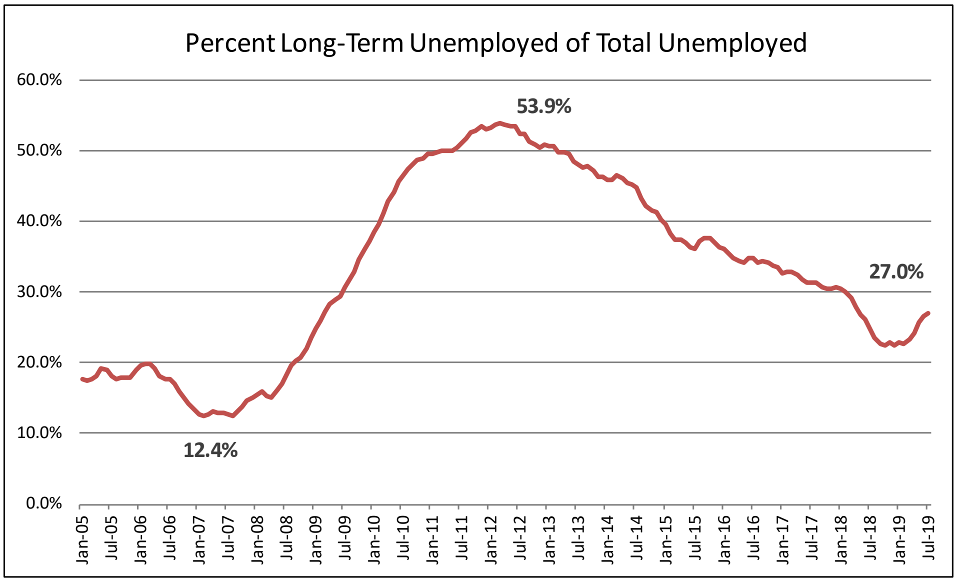


The state's unemployment rate in July was lower than the nation as a whole at 3.3 percent, with 343,900 jobless persons. To put this in context, the rate had been as low as 3.1 percent in March 2006 (the lowest unemployment rate in more than thirty years), before peaking at 11.3 percent in January 2010. Currently, the Economic Estimating Conference assumes Florida is below the "full employment" unemployment rate of about 4 percent.



This achievement may not be as economically meaningful as it has been in the past. Florida's labor force participation rate is still relatively subdued, and it is clear that a higher participation rate would imply a higher unemployment rate, at least in the short run. Florida's labor force participation rate peaked during the housing boom at 64.1 percent from December 2006 to February 2007. While the unemployment rate is now similar to that time, the labor force participation rate is not. Florida's rate was 59.1 percent in July 2019, while the U.S. rate was 63.0 percent.

It is possible that the still noteworthy size and composition of the long-term unemployed group (90,600 persons or 27.0 percent of all unemployed in July) may be confounding some of the trend results. The equivalent percentage for the United States as a whole was only 19.2 percent. Even though the share of the long term unemployed is still relatively elevated compared to historical levels for this stage in the business cycle, prior to the past two months, the rate had been steadily declining when compared to levels from the same month a year ago.



It is apparent that the composition of Florida's labor market has changed over the past decade. In the early 2000's, about 50 percent of young people aged 16-19 were either employed or looking for work. This rate declined to 27.2 percent in 2016, before rising slightly to 30.4 percent in 2017 and 31.1 percent in 2018. A similar trend was evident among those aged 20-24, as their percentage of the active labor force slid from around 80 percent to 67.8 percent in 2016, before rising slightly to 71.0 percent in 2017 and then dropping back to 69.0 percent in 2018. In contrast, participation in the labor force by older workers (aged 55-64 and those aged 65 and over) has increased. Whether these labor market changes are permanent is not yet clear.

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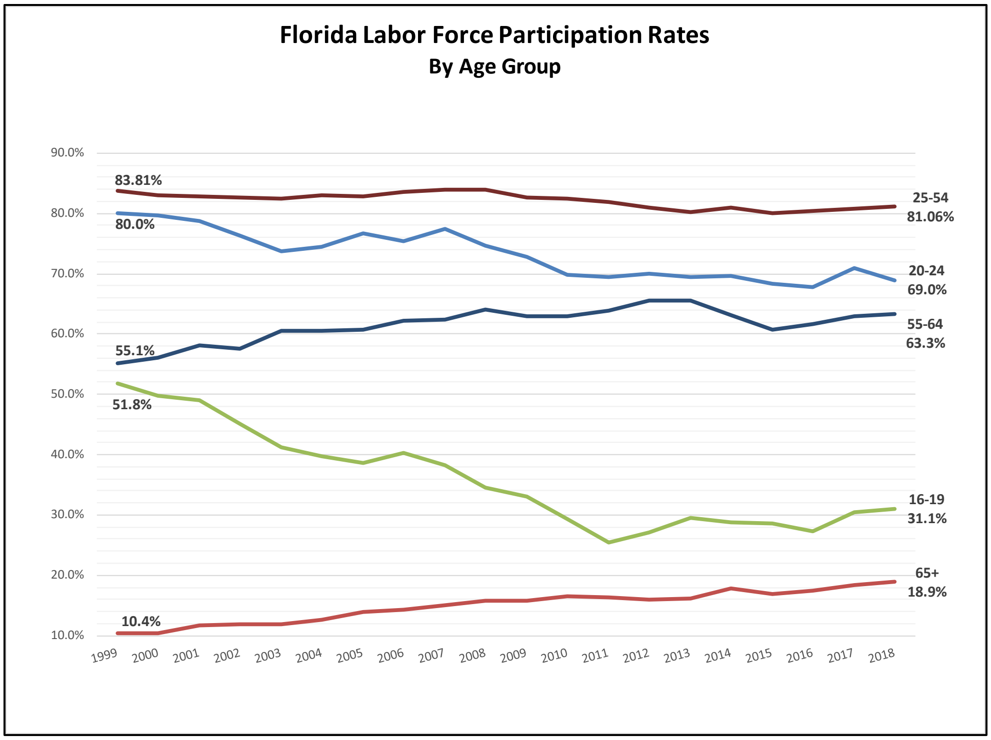
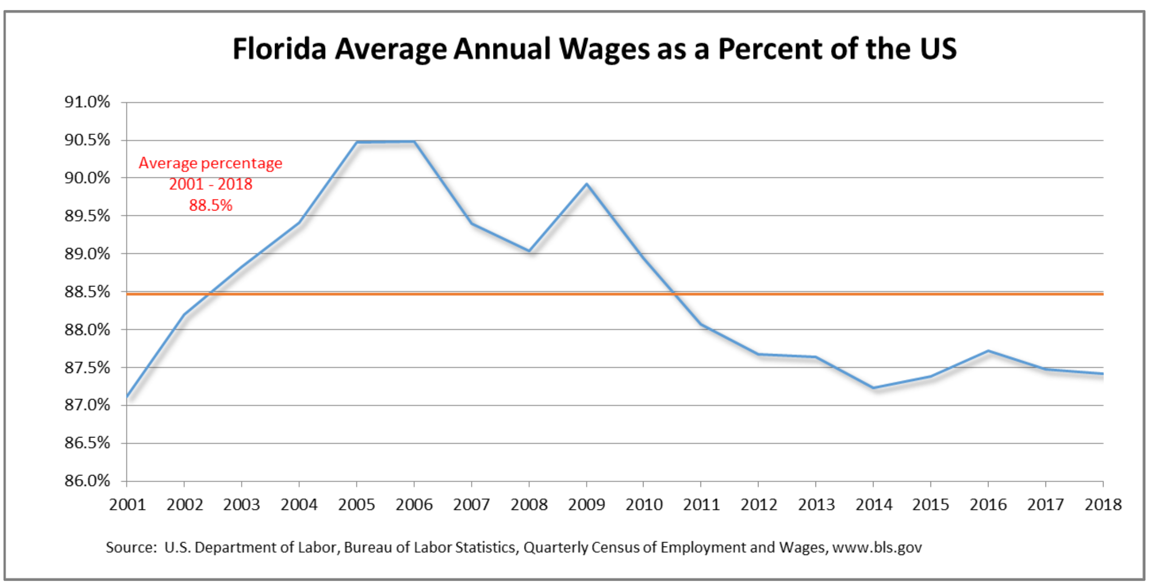


Florida's average annual wage has typically been below the national average. Since the beginning of this century, it has run about 88.5 percent of the United States as a whole; however, the ratio dropped below this level as the nation began to recover from the Great Recession while Florida lagged behind. The ratio in 2014 (87.2 percent) was Florida's lowest percentage since 2001. The most recent data shows that Florida's average wage, relative to the national average, continued to fall over the past three years from 2016 when it was 87.7 percent to 87.4 percent in 2018.

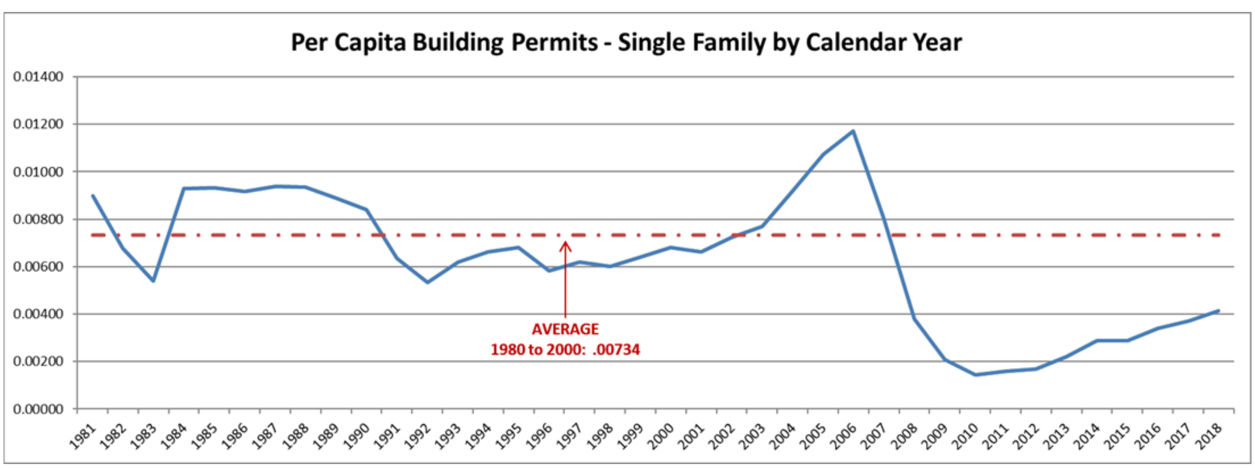


In part, the lower than average wage gains has to do with the mix of jobs that have been growing the fastest in Florida and their average wages. For example, the Accommodation & Food Services employment sector is large, has the lowest average annual wage and had until recently been growing faster than overall employment in the state. This industry sector is closely related to the health of Florida's tourism industry that had a record 128.5 million visitors in Fiscal Year 2018-19, an increase of 5.8 percent over Fiscal Year 2017-18. Effectively, these visitors were equivalent to 2.2 million additional people being added to Florida's resident population.

The strong tourism growth continues throughout the years covered by the Outlook, albeit at a slightly slower pace than the recent past. The Economic Estimating Conference projects that the number of tourists will grow by an average of 2.1 percent per year for the period covering the 2019-20, 2020-21, 2021-22 and 2022-23 fiscal years.

To a great extent, full recovery in the jobs sector has and will continue to be related to the outlook for Florida's housing market. Construction has lost more jobs in this economic downturn than any other sector. It peaked in April 2006 with 691,700 jobs and at the end of July 2019 was still down 127,900 jobs (18.5 percent) from that level. In Fiscal Year 2018-19, single-family private housing starts only reached 91,900 or 50.5 percent of their peak level. And, collections from Documentary Stamp Taxes, a strong indicator of housing market activity, were only 65.3 percent of their prior peak as the fiscal year ended.

Overall, the housing market continues to move slowly forward. Single-family building permit activity, an indicator of new construction, remains in positive territory, beginning with strong back-to-back growth in both the 2012 and 2013 calendar years (over 30 percent in each year). The final data for the 2014 calendar year revealed significantly slowing (but still positive) activity—posting only 1.6 percent growth over the prior year. However, annual activity for the past four calendar years ran well above their individual periods a year prior; single family data was higher than the prior year by 20.3 percent in 2015, 11.1 percent in 2016, 13.5 percent in 2017, and 13.8 percent in 2018. Despite the strong double-digit growth in six of the last seven calendar years, the level is still low by historic standards – just over 63 percent of the long-run per capita level. Of note in an economy expected to slow, the year-to-date data for the 2019 calendar year is running only slightly positive.



Because construction activity continues to be subpar, attention over the past few years has focused on the market for existing homes as an upstream indicator of future construction need. This market appears to be fully recovered. Existing home sales volume in each of the last five calendar years (2014, 2015, 2016, 2017, and 2018) exceeded the 2005 peak year. This year (2019) is on course to do the same. The story is similar for sales price. While Florida's existing home price gains have roughly tracked national gains over the last four years, the state's median home price for single family homes has generally stayed upwardly steady as the national median peaks and dips. Even so, the national median price increases have outpaced Florida; the state's median price in July was only 94.4 percent of the national median price after passing it briefly in February 2018. Florida's median price finally surpassed its own prior peak (June 2006) in June 2018 and has hovered close to that level since.

Countervailing some of the recent and expected improvements in the existing home market is the fact that the homeownership rate is still below normal. Since 2013, Florida has been below its long-run average homeownership rate of 66.3 percent. Final data for 2018 shows a small improvement from 2017's lowest recorded point of 64.1 percent to 65.5 percent. However, preliminary data for the second quarter of the 2019 calendar year has drifted back to 64.5 percent.

Only one of the key construction metrics has returned to its peak level. Private nonresidential construction expenditures first passed their prior peak in Fiscal Year 2016-17. The next milestone (construction employment) does not reach its prior peak until Fiscal Year 2028-29. Particularly noteworthy, none of the key residential construction measures pass their prior peaks during the forecast horizon. Even so, the future risks to this part of the forecast are all tilted to the downside.

Forecast Risks and Implications

Risk Associated with Reliance on Tourism

Since Florida's economic outlook relies heavily on strong tourism growth to compensate for the remaining weakness in the residential construction market, tourism-related revenue losses pose the greatest potential risk to the economic outlook. The Legislative Office of Economic and Demographic Research has just updated its empirical analysis of the various sources of the state's sales tax collections. In Fiscal Year 2017-18, sales tax collections provided over $24.1 billion or 77.3 percent of Florida's total General Revenue collections. Of this amount, an estimated 13.4 percent (over $3.22 billion) was attributable to purchases made by tourists.

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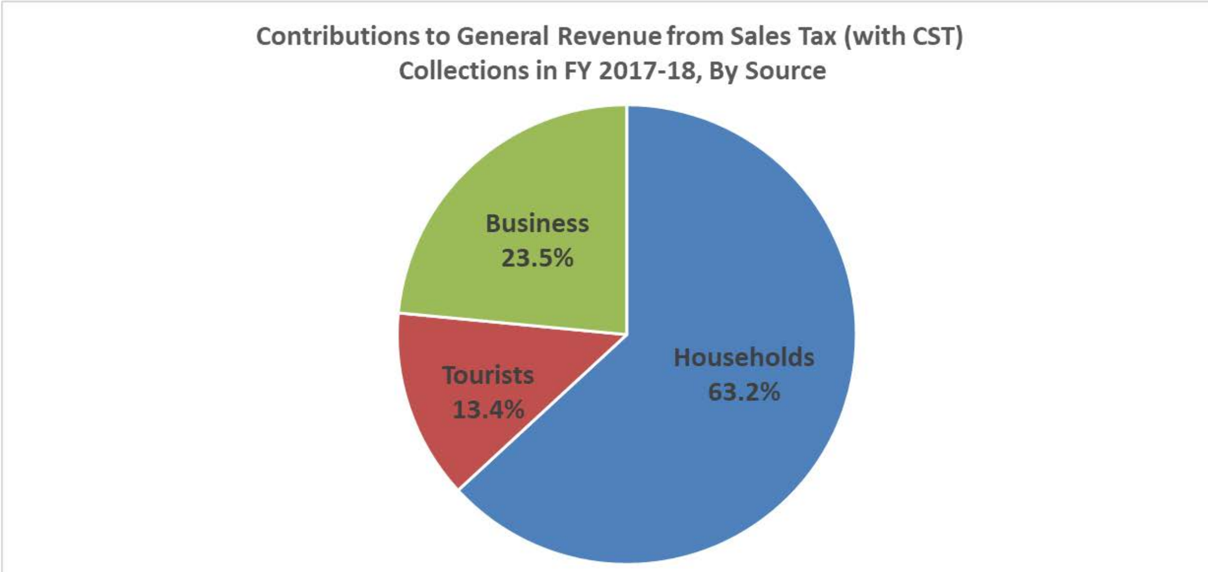


Threats to tourism can come from many different sources. The most likely sources are natural or manmade disasters, disease outbreaks, federal policy or administrative changes that make it harder or less attractive to travel, and heightened terrorist activity.

Risk from Escalating Trade Policy Tensions

The Florida Economic forecast is underpinned by the National Economic forecast. The National Economic Estimating Conference met on July 17, 2019, and adopted the IHS Markit baseline forecast in total. This forecast incorporated all of the information on tariffs known at the time, including earlier tariffs on solar panels and metals; a 25 percent tariff on roughly 50 percent of goods imported from China; and China's retaliatory tariffs on roughly $100 billion of annual U.S. exports to China. According to a 2019 National Bureau of Economic Research Working Paper: "Over the course of 2018, the Trump administration imposed import tariffs on approximately $283 billion of U.S. imports, with rates ranging between 10 percent and 50 percent. In response, U.S. trading partners, especially China, have retaliated with tariffs averaging 16 percent on approximately $121 billion of U.S. exports..."

Not included are the developments over the past month that have significantly escalated the trade war. On August 1, President Trump announced that an additional 10 percent tariff on $300 billion worth of Chinese goods would be levied on September 1; two weeks later, he delayed the start date to December 15. In response, China announced new retaliatory tariffs on $75 billion of U.S. imports on August 23. A few hours later, the President announced that he was increasing existing tariffs on $250 billion of Chinese imports from 25 percent to 30 percent beginning October 1, and raising tariffs planned to start on September 1 on $300 billion of goods from 10 percent to 15 percent over two stages. Because of these unforeseen events, the adopted forecast carries greater than normal risk.

To the extent that they materialize, tariffs act like a tax increase, weakening the purchasing power of households and creating greater business uncertainty regarding the future demand for exports, the effects of increased cost pressures, and the continued operation of global supply chains. Rising trade tensions have also contributed to a sharp appreciation in the dollar, which is expected to remain elevated throughout the near-term forecast. As a result, business sentiment has sharply deteriorated over the past month. According to Moody's Analytics and economy.com, a global trade war is among the biggest downside risks for U.S. growth this year and next.

Risk from Economic Downturn or Recession

As July ended, the economy had been in expansion for more than a decade, marking the longest economic expansion in U.S. history. The current forecast does not anticipate a recession, but turning points are notoriously difficult to project. IHS Markit places the risk of a recession at 35 percent in 2020 and the New York Fed's recession probability model identifies a similar percentage; however, the National Association for Business Economics' June survey of economists indicates that the risk of recession rises to 60 percent by the end of 2020. Speaking more recently, Mark Zandi of Moody's placed the odds "very high".

Several economic indicators also point to a potential economic downturn. In early August, consumer sentiment declined to its lowest level since the start of the year, despite the first cut in interest rates in a decade. Paradoxically, it appears that many consumers associated the cut in interest rates with the start of a recession. Similarly, business confidence is slumping. The IHS Markit U.S. Manufacturing PMI posted on August 22 indicated mildly contractionary conditions in the industry for the first time in 119 months. Likewise, according to the Moody's Analytics Survey of Business Confidence released on August 26, "Businesses' assessment of present business conditions has fallen to levels last seen a decade ago at the end of the financial crisis. Especially disconcerting are the weakening in hiring intentions in recent weeks and indications that businesses are starting to lay off more workers. If sustained, the business sentiment results would be consistent with an economy that is near recession." In addition, the yield curve inverted in mid-August, a past signal of a coming recession. Finally, global conditions continue to deteriorate, with Deutsche Bank indicating in late-August that Germany, Europe's largest economy, has moved into a "technical" recession and a no-deal Brexit looming at the end of October.

All of this indicates that there is a decided risk that an economic downturn will materialize in the near term that is not anticipated in the current forecast.

Florida Demographic Projections

Understanding the underlying components of Florida's population growth and demographic composition helps shed light on the state's primary economic driver by providing insight into the needs and pressures that face the state. The Florida Demographic Estimating Conference is expecting population growth to remain fairly strong during the Outlook period, slowing slightly each year.

Overall Population Growth

Population growth continues to be the state's primary engine of economic growth, fueling both employment and income growth. While Florida's long-term annual growth rate between 1970 and 1995 was over three percent, the future will be different than the past.

During the 1990's, the number of people in the state rose by three million—only California and Texas grew by more during the decade.[2] This represented a 23.5 percent increase in Florida's population, and during the first years of the 21st century, it looked like this trend would continue. By 2006, the rapid build-up into the housing boom had produced two years with annual growth over the prior year very near or slightly exceeding 400,000 persons. Growth in each of the previous four years topped 320,000 persons per year. However, the collapse of the housing market and the onset of the Great Recession began to take a toll on population growth in 2007.

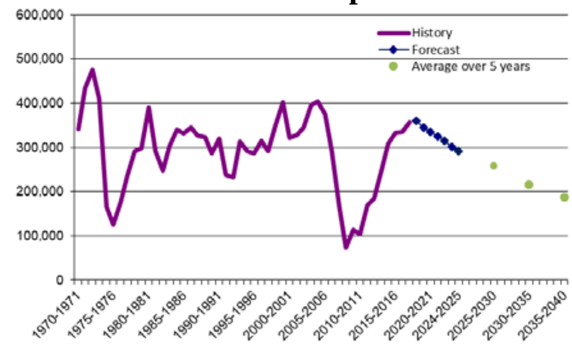
Ultimately, the Great Recession and its aftermath produced six consecutive years of less than one percent annual growth over the prior year (April 1, 2008, to April 1, 2013). Annual additions to population fell from the peak of 403,332 in 2005 to a low-point of 73,520 in 2009 before the decline stopped. This picture did not materially change until April 1, 2015, when Florida recorded growth of 1.58 percent (307,814 residents) over the prior year—the strongest percentage increase since 2007.

During this decade, Florida's population broke the 20 million mark and also surpassed New York to become the third most populous state in the nation, behind California and Texas. According to the Census Bureau's intercensal estimates, the top three states accounted for 27.4 percent of the nation's total population as of July 1, 2018.

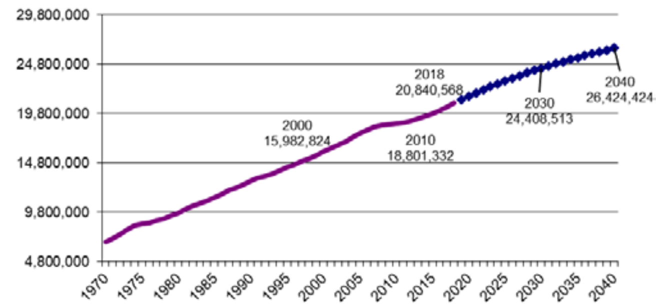
The most current estimates indicate that Florida grew by 1.73 percent between 2018 and 2019. In the near-term, the state's population growth is expected remain above 1.4 percent per year. Over the upcoming decade, both the annual growth rates and incremental additions to the population are expected to slow gradually. However, the state's growth rate is projected to stay above one percent per year, still exceeding the national average annual growth of 0.67 percent between 2018 and 2030. By the beginning of calendar year 2033, Florida's resident population is projected to reach 25 million.

[2] As reported by the U.S. Census Bureau decennial census for April 1, 1990 and April 1, 2000.

Florida's Incremental Population Growth



Florida's April 1 Population



Local Population Growth

Between 2000 and 2010, three of Florida's largest counties, Orange, Miami-Dade, and Hillsborough, each expanded by adding population roughly equivalent to the size of Orlando in 2010. Another four counties (Flagler, Sumter, Osceola, and St. Johns) experienced population growth rates above 50 percent. Two of these four, Flagler and Sumter, were among the fastest-growing counties in the United States, ranking third and eighth, respectively.[3] St. Lucie, Lake, and Lee closely followed with growth rates between 40.3 percent and 44.2 percent. In contrast, two counties lost population during this time period: Monroe and Pinellas.

While population increased in all Florida counties but two (Monroe and Pinellas) between 2000 and 2010, seven of Florida's counties experienced a net loss in resident population between April 1, 2010, and April 1, 2018. They are all designated as fiscally constrained counties: Bradford, Hamilton, Hardee, Jefferson, Lafayette, Putnam, and Taylor. On the other end of the spectrum, Miami-Dade County gained the most population between those years, followed by Orange and Hillsborough counties. In percentage terms, Sumter County grew the fastest followed by Osceola and St. Johns counties.

Miami-Dade County is one of the most populous counties in the country, ranking seventh nationally according to the U.S. Census Bureau's July 1, 2018, population estimates. In terms of total population, Lafayette is the smallest county in the state—Miami-Dade's population is more than 300 times Lafayette's population. The state encompasses still other differences in lifestyle: the most densely populated county is Pinellas with 3,545 people per square mile, while Liberty County only has 11 residents per square mile. As of April 1, 2018, 50.7 percent of Florida's residents lived in one of its 412 municipalities, leaving roughly half of the state's population in the unincorporated areas.

Sources of Growth

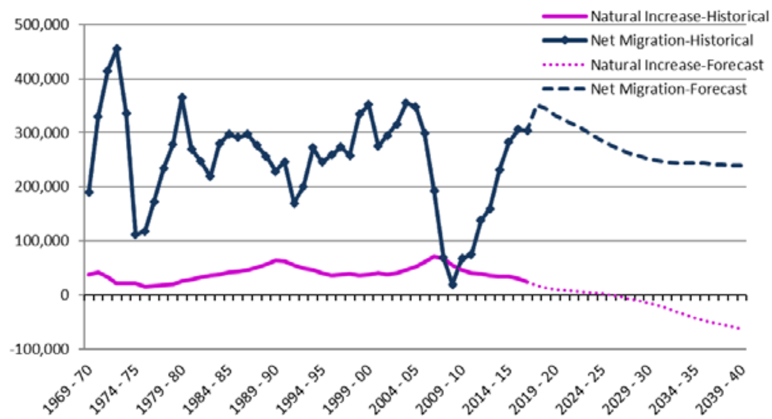
Population growth depends on two components: natural increase, which is the difference between births and deaths, and net migration, which is the difference between people moving into and out of the state. Typically, Florida's population growth depends mostly upon in-

[3] Based on counties with a population of at least 10,000 in 2000.

migration. This is evidenced by the fact that in 2017, just over one-third (36.0 percent) of Floridians were actually born in the state.

Between 2010 and 2018, net migration accounted for 86.7 percent of growth, while natural increase accounted for the remaining 13.3 percent. As shown below, during the Great Recession, net migration to the state slowed significantly. The low levels were largely due to national economic conditions, including weakened housing markets and other effects from the Great Recession that made it difficult for people to relocate.

Components of Population Change



As Florida moved away from the Great Recession, net migration rebounded, accounting for over 95 percent of the growth over the past year. Over the longer-term forecast horizon, net migration is likely to account for all of Florida's population growth, as natural increase is expected to turn negative (more deaths than births) during 2026.

Demographic Composition and Long-Term Trends

Florida's unique demographics will present challenging issues for the state's policy makers over the next three decades. The state is already seeing an increasingly diverse population in terms of race, ethnicity, and age.

Looking at race, Florida's population has become increasingly nonwhite. In the 1980 Census, 14.7 percent of the population was nonwhite; in 1990, 15.2 percent was nonwhite; and in 2000, 17.8 percent was nonwhite. Beginning with Census 2000, respondents were given the option of selecting more than one racial category. The percentage of White (alone) fell slightly from 78.0 percent to 75.0 percent between 2000 and 2010, while the percentages of Black or African American (alone) increased from 14.6 percent to 16.0 percent. A small but growing segment of the population, the percentage of Asian (alone) increased from 1.7 percent to 2.4 percent. One-year data for 2017 from the American Community Survey indicates that this shift is continuing with Black or African American (alone) increasing slightly to 16.2 percent and Asian (alone) increasing to 2.8 percent.

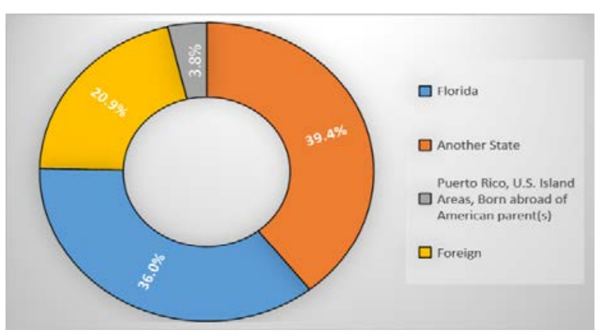
According to federal standards from the Office of Management and Budget and the Census Bureau, Hispanic origin refers to an ethnicity, not a race such as White or Black. In this regard, someone of Hispanic origin can be of any race. Nationally, Hispanic or Latinos represented 16.3 percent of the total population in 2010, up from 12.5 percent in 2000. By state, Hispanic or Latinos represented larger shares of the population in both California and Texas (tied at 37.6 percent) than in Florida (22.5 percent). However, the Hispanic or Latino population grew by 57.4 percent in Florida during this timeframe, faster than the United States (43.0 percent), Texas (41.8 percent), California (27.8 percent), and New York (19.2 percent). The 2017 American Community Survey indicated that Florida's Hispanic or Latino population continues to grow, representing 25.6 percent of Florida's total population. By 2030, 30.0 percent of Florida's population is forecast to be Hispanic.

Again based on the 2017 American Community Survey, 28.5 percent of Florida's Hispanic population indicated that they were of Cuban origin, while 21.0 percent were of Puerto Rican origin. By contrast, in the U.S., the majority of the Hispanic population was of Mexican origin (62.3 percent), while only 3.9 percent was of Cuban origin and 9.5 percent was of Puerto Rican origin. Approximately two-thirds of the nation's Hispanic population of Cuban origin lived in Florida, and most (65.5 percent) of Florida's Hispanic population of Cuban origin resided in Miami-Dade County.

The distribution of Florida's Hispanic or Latino population is widespread. In 2010, the county with the greatest percentage of Hispanic or Latino population was Miami-Dade (65.0 percent) while Baker had the smallest percentage (1.9 percent). The percent of Hispanic or Latino population increased in all but one (Sumter) of Florida's 67 counties between 2000 and 2010. Osceola County posted the largest gain in percentage, moving from 29.4 percent to 45.5 percent, largely the result of persons of Puerto Rican origin moving into the area. The 2013-2017 American Community Survey five-year estimates continue to show Miami-Dade as having Florida's largest concentration of Hispanic or Latino population.

Florida's diverse racial and ethnic population is also evident by the number of Floridians (age five or older) who speak a language other than English at home (almost 5.9 million). Of these Floridians, over 2.4 million spoke English less than "very well." In addition, in 2017, it was estimated that 20.9 percent of Florida's population was foreign born. Of Florida's foreign born, over half (55.2 percent) are naturalized U.S. citizens, and over half (57.1 percent) are of Hispanic or Latino origin.

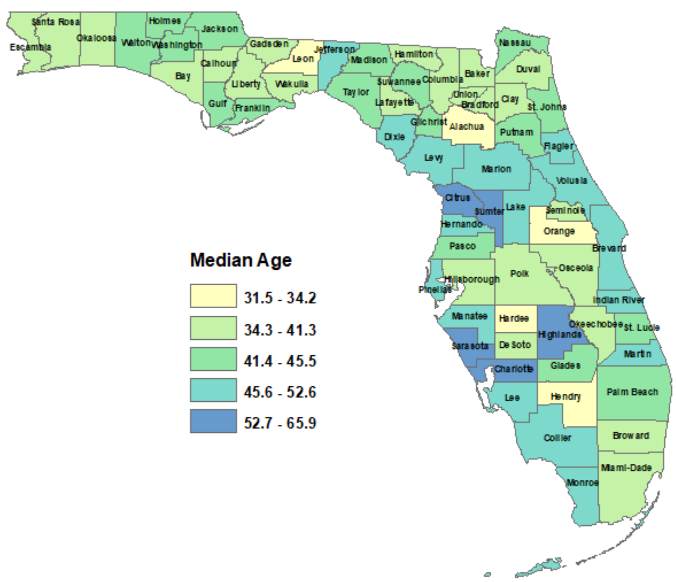
Florida Residents: Place of Birth (2017)



Florida’s population has also continued to age. The median age of the state has increased steadily from 31.2 in 1960, to 38.7 in 2000, to 40.7 in 2010. Nationally, in 2010, the median age increased to 37.2, up from 35.3 in 2000. As the Baby Boom population moves into retirement, the median age in both the United States and Florida will continue to increase. However, population aging has been more intense here than elsewhere. Based on the 2017 American Community Survey, the percentage of population aged 65 and older in Florida was 20.1 percent, the highest of any state, but Maine is close behind with 20.0 percent, followed by West Virginia with 19.3 percent. Overall, the 65 and older population represent 15.6 percent of the population in the nation.

Florida’s median age is estimated to have risen to 41.7 in 2018. The 2010 Census indicated that median ages varied across the state from a low of 29.6 in Leon County to a high of 62.7 in Sumter County. In 2018, it was estimated that there were seven Florida counties with a median age of 50 or older. Both Alachua and Leon counties had the lowest median age in the state at 31.5, while Sumter County had the highest median age at 65.9.

Median Age by County: 2018

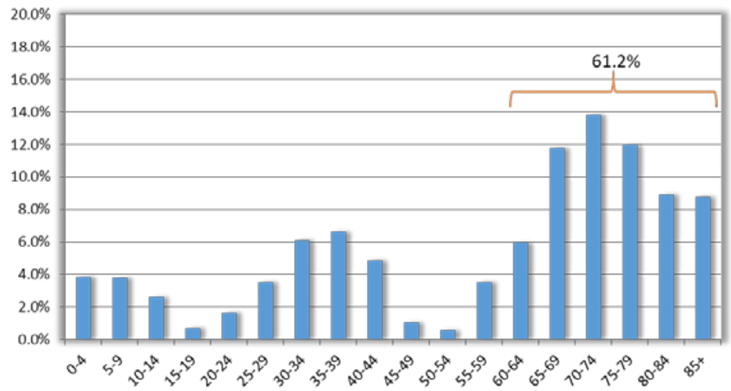


Population aged 65 and over is forecast to represent 26.0 percent of Florida’s population in 2030, compared to 20.1 percent in 2019. This shifting share of the population has consequences. In 2000, Florida’s prime working age population (ages 25-54) represented 41.5 percent of the total population. With the aging Baby Boom generation, this population likely represented just 37.2 percent of Florida’s total population in 2019 and is projected to represent only 35.8 percent by 2030.

As the ratio of workers to retirees tilts to fewer workers per retiree, labor force issues will become increasingly challenging. The relationship of the prime working-age population (ages 25-54) relative to the retiree population (age 65 and over) is expected to change from 1.8 in 2019 to 1.4 by 2030. To some degree, this shift will occur in all states, but Florida will experience it more intensely.

Between 2010 and 2030, as a result of net migration and natural increase, Florida is forecast to grow by 5.6 million persons. Growth by age group depends upon this overall growth and the aging of resident population, resulting in 61.2 percent of those gains in the older population (age 60 and older).

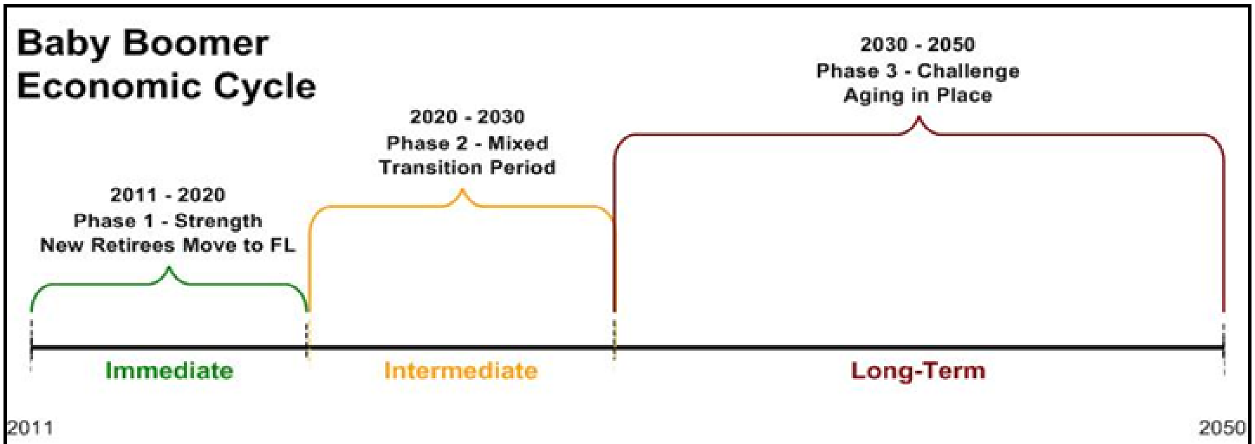
Growth by Age Group between April 1, 2010 and April 1, 2030



Summary

Florida's population growth slowed substantially as a result of the economic recession, mostly related to the recession's impact on job creation and the ability of people to migrate into the state. However, population growth appears to have remained relatively strong over the past few years, with levels and rates of growth above 300,000 and 1.5 percent, respectively. Growth is anticipated to remain fairly strong, but should slow slightly throughout the forecast horizon. While Florida will not return to its peak period of growth, averaging over 1,000 people per day, it is expected to average slightly over 900 persons per day between now and 2023.

Several demographic factors will present future challenges for the state's policy makers as the Baby Boom population continues to enter retirement age. Most importantly, Florida will need to prepare for a more diverse and aging population with its corresponding demands on services. The changes related to the aging population will have vastly different effects over time, with the positive benefits coming early and the challenges developing over time.



OVER THE SHORTER-TERM ... (between now and 2020)
The Baby Boomers retiring to Florida will generally be financially better off than the average retiree; most will come with assets (at least from the sale of their homes).

Many will buy new homes in Florida and then outfit them --- generating additional tax revenues, largely as a result new money coming in to Florida from outside the state (earned elsewhere). New infusion of dollars has the greatest multiplier effect.

They will also tend to be younger retirees, and therefore healthier and more active --- meaning their demand for consumer services will be higher, strengthening the economy, while their demand for government services will be at its minimum.

OVER THE LONGER-TERM ... (between now and 2030)
As the Baby Boomers retire, they will be leaving vacant more jobs than there are workers to fill them.

The ability to create new jobs will be constrained by the numbers of qualified workers available to fill those jobs.

Both of these factors will lead to increased demand for workers and upward pressure on wages as the skilled supply of workers fails to keep pace with the demand.

Inflated wages will hurt economic growth, as well as make government services more costly to provide—just as the Boomers increase their need for government-supported services.

The increased cost of government services (due to higher prices and larger caseloads) and suppressed economic growth will make budget gaps worsen (diminished revenues and higher costs for the same services and more services being demanded). This situation will be exacerbated by the fact that retirees tend to spend more on services and less on taxable goods.

Revenue Projections

Throughout the summer, the Revenue Estimating Conference met to finalize numbers for Fiscal Year 2018-19 and to develop new forecasts for the upcoming years. With the exceptions of Indian Gaming Revenues and Corporate Income Tax receipts, overall revenue projections continue to track closely to prior forecasts.

I. General Revenue Fund

A. Forecast Overview

The near-term National and Florida Economic Forecasts were weaker in several key respects compared to March; however, revenue collections ran above monthly estimates by a combined $507.2 million in Fiscal Year 2018-19. Nearly 76 percent of the gain was related to Corporate Income Tax receipts.

The new forecast reduces the March 2019 estimate by $451.6 million for Fiscal Year 2019-20 and by $416.1 million in Fiscal Year 2020-21, for a two-year reduction of $867.7 million. However, the prior General Revenue Financial Outlook Statement already took into account some of the adjustments, leaving a net positive forecast change on the Outlook of $201.2 million. These numbers affect the revenues available for the budget being crafted for Fiscal Year 2020-21.

The greatest losses recognized in the new forecast were previously known. First, Indian Gaming Revenue has been effectively removed from the state's official Outlooks since the Tribe ceased revenue sharing with the state after making its April 2019 payment. The losses range from $346.7 million in Fiscal Year 2019-20 to $360.5 million in Fiscal Year 2024-25. Second, the estimated combined effects of legislation passed during the 2018 and 2019 Sessions relating to the Corporate Income Tax offset the expected increased collections as a result of federal law changes by slightly more than $1.1 billion in Fiscal Year 2019-20 and by $704.5 million in Fiscal Year 2020-21.

Outside of the adjustments for Indian Gaming Revenue and Corporate Income Tax, the greatest changes influencing the estimates were the upward adjustment in the current year to Sales Tax and in both years to Insurance Taxes.

As a result of the changes described above, the revised Fiscal Year 2019-20 estimate falls below the prior year's collections by slightly more than $470 million (or -1.4 percent). The revised forecast for Fiscal Year 2020-21 has projected growth of slightly more than $1.4 billion (or 4.3 percent) over the revised Fiscal Year 2019-20 estimate.

B. Article V Fees & Transfers

Revenue collections for Article V Fees and Transfers during the 2018-19 fiscal year came in slightly above the estimates adopted by the Revenue Estimating Conference held on February 13,

2019. A major component, Foreclosure Filings, were 5.9 percent above the activity level forecasted by the prior conference, likely due to delayed activity from Hurricanes Irma and Michael returning more quickly than anticipated.

The final level of foreclosure filings in the last two years has been affected by both temporary court office closings and various private and public mortgage assistance programs available to homeowners who were in the path of the hurricanes. While much of the activity that was delayed as a result of Hurricanes Irma and Michael was restored during Fiscal Year 2018-19, not all of it has worked its way through. The Conference expects additional activity during Fiscal Year 2019-20 to account for the remaining catch-up of these delayed filings. Furthermore, it appears that foreclosure activity is nearing the end of the abnormal speed-up in foreclosure activity caused by the collapse of the housing market and the recession beginning in 2007. Thus, the new forecast of foreclosure filings shows the beginning of the slow return to more typical levels starting in Fiscal Year 2020-21. The following table shows the changes to forecasted filings:

Foreclosure Filings	February 2019 REC	August 2019 REC	Difference
2019-20	42,327	46,656	4,329
2020-21	40,854	49,900	9,046
2021-22	39,192	50,401	11,209
2022-23	38,291	50,901	12,610
2023-24	38,637	51,401	12,764
2024-25	--	51,901	--

Cumulatively, the Article V revisions result in positive changes to the overall forecast, with all years showing increases. The impact on specific funds, however, varies in both size and direction. For the major funds, the new forecast results in the following near-term changes:

- General Revenue
    - Fiscal Year 2019-20: $12.1 million (11.3 percent increase)
    - Fiscal Year 2020-21: $8.1 million (8.0 percent increase)

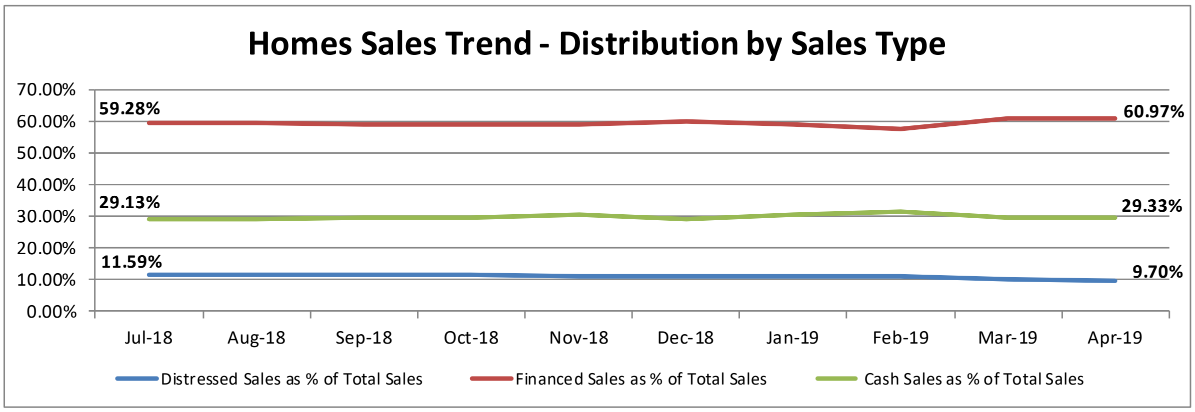
- State Courts Revenue Trust Fund
    - Fiscal Year 2019-20: $3.1 million (3.8 percent increase)
    - Fiscal Year 2020-21: $2.9 million (3.5 percent increase)

- Clerks of Court Trust Fund
    - Fiscal Year 2019-20: $0.0 million (unchanged)
    - Fiscal Year 2020-21: $0.0 million (unchanged)

- Clerks’ Fine and Forfeiture Funds
    - Fiscal Year 2019-20: $14.1 million (3.4 percent increase)
    - Fiscal Year 2020-21: $13.1 million (3.1percent increase)

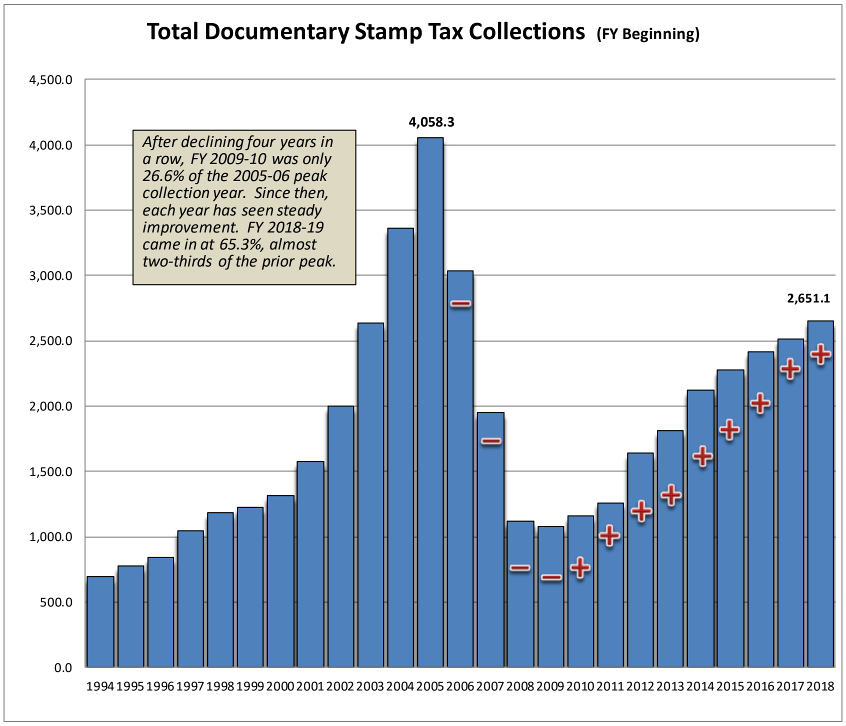
C. Documentary Stamp Tax

Even with a fully recovered existing home market, Documentary Stamp Tax collections were only 65.3 percent of their prior peak as the 2018-19 fiscal year ended. For the 2019-20 fiscal year, this percentage is expected to improve only modestly to 67.6 percent. This raises a question about the source of the continued drag. Part of the answer lies in the still subdued construction market; despite the strong double-digit growth in six of the last seven calendar years, the per capita level is still low by historic standards. However, another part of the answer lies in the distinction between deeds and notes in the tax base. While financed sales continue to gain as a percentage of all sales, ending April 2019 with a higher share than this segment had in April 2018 (60.97 percent versus 54.95 percent), the share for cash sales remains elevated. A cash sale results in a deed, it does not result in a note. This means that the feed-through to Documentary Tax Stamp taxes is muted.



Overall, documentary stamp tax collections in Fiscal Year 2019-20 are expected to reach $2.76 billion, with a growth rate weaker than Fiscal Year 2018-19 by more than one percentage point. Growth rates are expected to decline steadily from 4.1 percent in the current year to 3.0 percent annual growth at the end of the 10-year forecast period. The prior peak level of nearly $4.1 billion is not expected to be exceeded until Fiscal Year 2031-32 in the long-term outlook.

[SEE GRAPH ON FOLLOWING PAGE]



The table below shows both the new forecast for total collections from Documentary Stamp Tax and the constitutionally required distribution to the Land Acquisition Trust Fund (LATF). The new estimates for the LATF are higher than March due to the higher forecast for total collections.

Documentary Stamp Tax Collections
Long Term Forecast ($ Million)

Fiscal Year	Total Doc Stamps	Percent Change	Total to LATF	Debt Service	Remainder LATF
2019-20	**2,760.83**	**4.14%**	907.84	*158.21*	*749.63*
2020-21	**2,868.96**	**3.92%**	943.52	*158.03*	*785.49*
2021-22	**2,971.85**	**3.59%**	977.48	*136.66*	*840.82*
2022-23	**3,076.75**	**3.53%**	1,012.09	*125.69*	*886.40*
2023-24	**3,182.36**	**3.43%**	1,046.94	*105.54*	*941.40*
2024-25	**3,288.68**	**3.34%**	1,082.03	*105.60*	*976.43*
2025-26	**3,397.80**	**3.32%**	1,118.04	*82.20*	*1,035.84*
2026-27	**3,507.10**	**3.22%**	1,154.11	*61.81*	*1,092.30*
2027-28	**3,616.00**	**3.11%**	1,190.05	*44.37*	*1,145.68*
2028-29	**3,724.40**	**3.00%**	1,225.82	*24.82*	*1,201.00*
2029-30	**3,835.20**	**2.97%**	1,262.38	*6.93*	*1,255.45*
2030-31	3,949.77	2.99%	1,300.19	*6.93*	*1,293.26*
2031-32	4,068.26	3.00%	1,339.29	*6.93*	*1,332.36*
2032-33	4,190.31	3.00%	1,379.57	*3.43*	*1,376.14*
2033-34	4,316.02	3.00%	1,421.05	*3.43*	*1,417.62*
2034-35	4,445.50	3.00%	1,463.78	*3.43*	*1,460.35*
2035-36	4,578.86	3.00%	1,507.79	*3.43*	*1,504.36*
2036-37	4,716.23	3.00%	1,553.12	*3.43*	*1,549.69*
2037-38	4,857.22	3.00%	1,599.81	*3.43*	*1,596.38*
2038-39	5,003.45	3.00%	1,647.90	*3.43*	*1,644.47*

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (August 2019). The constitutional provisions requiring the set-aside of funds into the Land Acquisition Trust Fund expire July 1, 2035. The long-run forecast assumes the Legislature continues this treatment beyond that date.

D. Highway Safety Fees

Adopted July 24, 2019, the new forecast for Highway Safety Licenses and Fees was revised downward relative to the previous forecast adopted February 28, 2019. The revised estimates reflect actual revenue collections for the 2018-19 fiscal year and adjustments made for changes enacted during the 2019 Legislative Session, which have now been embedded in the old and new forecasts.

The fund distribution of Highway Safety Fees was also affected by legislative changes. During the 2019 Session, the General Revenue portion of base tag fees for Other Vehicles, Truck/Tractors, and For Hire Vehicles was redirected to the State Transportation Trust Fund. Senate Bill 7068, as passed by the 2019 Legislature, instructs that from the additional revenue received by State Transportation Trust Fund, the trust fund is to retain the first $45 million in Fiscal Year 2019-20 and the first $90 million in Fiscal Year 2020-21. The rest is to be transferred to the General Revenue Fund. The net result of these changes is to shift $45.0 million from General Revenue to the State Transportation Trust Fund in Fiscal Year 2019-20, $90.0 in Fiscal Year 2020-21, and an amount ranging from $132.5 million to $135.9 million thereafter.

Cumulatively, the revised estimates by category result in lower projections relative to the prior forecast for three of the major benefiting funds: the General Revenue Fund, Highway Safety Operating Trust Fund, and the State Transportation Trust Fund. The final revisions by fund are shown below:

- General Revenue
  - Fiscal Year 2019-20: -$10.7 million (-2.0 percent decrease)
  - Fiscal Year 2020-21: -$4.1 million (-0.9 percent decrease)

- Highway Safety Operating Trust Fund
  - Fiscal Year 2019-20: -$6.7 million (-1.5 percent decrease)
  - Fiscal Year 2020-21: -$6.7 million (-1.4 percent decrease)

- State Transportation Trust Fund
  - Fiscal Year 2019-20: -$10.3 million (-0.8 percent decrease)
  - Fiscal Year 2020-21: -$10.2 million (-0.8 percent decrease)

E. Indian Gaming Revenues

The Revenue Estimating Conference met on July 26, 2019, to adopt new estimates for Indian Gaming revenues. Since the Tribe ceased revenue sharing with the state after making its April 2019 payment, all anticipated revenues have been zeroed out through the remainder of the forecast.

To provide a baseline, the underlying net win forecast used to project revenue share payments has been updated to reflect the latest available information. In this regard, the net win for Fiscal Year 2018-19 has been coming in lower than expected and the forecast was reduced in all years. Total net win for Fiscal Year 2018-19 is now anticipated to grow only 1.80 percent over the prior fiscal year instead of the 2.93 percent rate estimated at the last Conference. Expectations for net win in Fiscal Year 2019-20 and the remainder of the forecast are one to two percent lower each year than previously projected. Growth in net win typically reflects a blended rate of population growth and total visitors to the state.

The projected -$7.2 million shown in Fiscal Year 2019-20 is related to a prior year state liability associated with a local distribution, and is shown separately on the General Revenue Financial Outlook Statement.

The following table compares the February 2019 and July 2019 forecasts, showing the changes in projected revenues by year.

Indian Gaming Revenues (Millions of $)									
	Receipts			Local Distribution			Net General Revenue		
	Feb 2019	Jul 2019	Difference	Feb 2019	Jul 2019	Difference	Feb 2019	Jul 2019	Difference
2018-19	324.6	257.9	-66.6	10.3	10.3	0.0	314.3	247.7	-66.6
2019-20	356.4	0.0	-356.4	9.7	7.2	-2.6	346.7	-7.2	-353.9
2020-21	347.8	0.0	-347.8	10.7	0.0	-10.7	337.1	0.0	-337.1
2021-22	355.8	0.0	-355.8	10.4	0.0	-10.4	345.3	0.0	-345.3
2022-23	363.6	0.0	-363.6	10.7	0.0	-10.7	353.0	0.0	-353.0
2023-24	371.4	0.0	-371.4	10.9	0.0	-10.9	360.5	0.0	-360.5
2024-25	379.1	0.0	-379.1	11.1	0.0	-11.1	367.9	0.0	-367.9

F. Tobacco Tax and Surcharge

The Revenue Estimating Conference revised the Tobacco Tax and Surcharge estimates for Cigarettes and Other Tobacco Products. For Fiscal Year 2018-19, combined cigarette tax and surcharge collections were $1 million under estimate, and other tobacco tax and surcharge estimates were $2.3 million over estimate.

Following three years of decline in cigarette sales, the Conference adopted a forecast that intensified the expected decline in the near-term relative to the prior forecast. The Conference decreased estimates for cigarette tax collections (after refunds) by $1.7 million in Fiscal Year 2019-20, $2.1 million in Fiscal Year 2020-21, and 2.3 million in Fiscal Year 2021-22. For the cigarette surcharge, the Conference decreased estimates by $5.2 million in Fiscal Year 2019-20, $6.1 million in Fiscal Year 2020-21, and $6.9 million in Fiscal Year 2021-22. The expected declining growth rates for Fiscal Years 2022-23 through 2023-24 remain relatively unchanged.

For Fiscal Year 2018-19, Other Tobacco Products tax and surcharge collections were over estimate by $2.3 million. The Conference adopted a forecast that increased growth in the tax base in the first years of the forecast, returning to stable growth in the later years. The new forecast (after refunds) increased combined collections by $1.3 million in Fiscal Year 2019-20 and $6.5 million in Fiscal Year 2020-21.

In May 2019, the Department of Business and Professional Regulation entered into a legal settlement agreement resolving a series of refund claims and related litigation on the taxation of other tobacco products. The payments and tax credits incorporated in this settlement will be an expected liability beginning in August 2019 and will continue through June 2021 pursuant to the settlement terms. For Conference purposes, that agreement is treated as current law, current administration. The settlement results in refund payments of $29.9 million to be paid in Fiscal Year 2019-20 and tax credits in the amounts of $2.4 million in Fiscal Year 2019-20 and $10.2 million in Fiscal Year 2020-21. This change had been anticipated in prior forecasts where estimates had been adjusted by similar amounts, but entirely though refunds.

The following tables summarize the changes in collections and distributions since the last forecast.

Tobacco Tax and Surcharge
Comparison of the March 2019 and August 2019 Forecasts (in millions)

COLLECTIONS						
	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Cigarette Tax						
February 2019	249.6	245.3	241	236.7	232.6	N/A
August 2019	247.9	243.2	238.7	234.5	230.4	226.3
Difference	-1.7	-2.1	-2.3	-2.2	-2.2	
Cigarette Surcharge						
February 2019	746.9	733.9	721	708.4	695.9	N/A
August 2019	741.7	727.8	714.1	701.6	689.3	677.2
Difference	-5.2	-6.1	-6.9	-6.8	-6.6	
OTP Tax						
February 2019	38.6	39.7	40.6	41.4	42.2	N/A
August 2019	38.6	37.5	41.5	42.6	43.6	44.7
Difference	0.0	-2.2	0.9	1.2	1.4	
OTP Surcharge						
February 2019	69.4	80.9	97.0	98.9	100.9	N/A
August 2019	70.7	89.6	99.3	101.7	104.3	106.9
Difference	1.3	8.7	2.3	2.8	3.4	

[SEE TABLE ON FOLLOWING PAGE]

DISTRIBUTIONS						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Health Care Trust Fund						
February 2019	749.1	748.5	752.5	742.6	733	N/A
August 2019	745.7	752	748.3	739	730.1	721.3
Difference	-3.4	3.5	-4.2	-3.6	-2.9	
General Revenue Service Charge						
February 2019	87.2	85.9	84.8	83.6	82.4	N/A
August 2019	86.5	84.9	84.2	83.1	81.9	80.9
Difference	-0.7	-1.0	-0.6	-0.5	-0.5	
General Revenue Excise Tax						
February 2019	136.3	133.7	131	128.4	126	N/A
August 2019	135.2	132.4	129.7	127.1	124.6	122.1
Difference	-1.1	-1.3	-1.3	-1.3	-1.4	
OTP General Revenue Tax						
February 2019	38.6	39.7	40.6	41.4	42.2	N/A
August 2019	38.6	37.5	41.5	42.6	43.6	44.7
Difference	0.0	-2.2	0.9	1.2	1.4	
Total GR Distributions						
February 2019	262.1	259.3	256.4	253.4	250.6	N/A
August 2019	260.3	254.8	255.4	252.8	250.1	247.7
Difference	-1.8	-4.5	-1	-0.6	-0.5	
All Other Funds						
February 2019	93.3	92	90.7	89.4	88	N/A
August 2019	92.9	91.3	89.9	88.6	87.4	86.1
Difference	-0.4	-0.7	-0.8	-0.8	-0.6	

II. Educational Enhancement Trust Fund, Lottery, and Slots

Dedicated to educational programs, the Educational Enhancement Trust Fund (EETF) contains revenues primarily derived from Lottery ticket sales and taxes on Slot Machine revenues. Because these sources are so different, they are estimated separately.

The Revenue Estimating Conference reviewed Lottery sales and transfers on August 8, 2019. Total ticket sales for Fiscal Year 2018-19 came in $132.6 million above the estimate, with 31.7 percent of the excess attributable to online games and 68.3 percent attributable to instant games. After taking account of all components, the transfer to the EETF was $60.8 million greater than expectations.

In response, the Conference increased the overall sales forecast by $100.1 million in Fiscal Year 2019-20 and by $155.3 million in Fiscal Year 2020-21. Increased sales in subsequent fiscal years begin a slow convergence to the prior forecast, but the differences between the two forecasts remain above $130 million per year. As a result, the final transfers to the EETF were increased by $10.0 million in Fiscal Year 2019-20, and by $7.9 to $17.0 million in the remaining fiscal years.

Additional details of the forecast and other changes are shown in the following tables.

Summary of Lottery Sales (Millions of $)				
		Feb 2019	**Aug 2019**	**Diff.**
Instant Sales	**2019-20**	5,057.5	5,203.7	146.2
	2020-21	5,153.1	5,359.4	206.3
	2021-22	5,236.4	5,436.9	200.5
	2022-23	5,311.9	5,512.4	200.5
	2023-24	5,387.1	5,585.2	198.1
	2024-25	N/A	5,655.4	
Terminal Sales	**2019-20**	2,054.7	2,008.6	-46.1
	2020-21	2,071.0	2,019.9	-51.1
	2021-22	2,091.3	2,035.4	-55.9
	2022-23	2,111.9	2,050.4	-61.5
	2023-24	2,133.1	2,065.1	-68.0
	2024-25	N/A	2,079.7	2,079.7
Total Game Sales	**2019-20**	7,112.2	7,212.3	100.1
	2020-21	7,224.1	7,379.3	155.3
	2021-22	7,327.7	7,472.4	144.7
	2022-23	7,423.9	7,562.7	138.8
	2023-24	7,520.2	7,650.3	130.2
	2024-25	N/A	7,735.1	7,735.1

Totals may not add due to rounding.

[SEE TABLE ON FOLLOWING PAGE]

Summary of Lottery Revenues to the EETF (Millions of $)				
		Feb 2019	**Aug 2019**	**Diff.**
EETF Receipts from Ticket Sales	**2019-20**	1,736.8	1,744.9	8.1
	2020-21	1,767.9	1,782.4	14.5
	2021-22	1,791.8	1,804.1	12.3
	2022-23	1,816.9	1,823.9	7.0
	2023-24	1,866.8	1,872.5	5.7
	2024-25	N/A	1,901.5	1,901.5
Other Income	**2019-20**	13.1	14.0	0.9
	2020-21	13.2	14.1	0.9
	2021-22	13.3	14.2	0.9
	2022-23	13.4	14.3	0.9
	2023-24	13.5	14.4	0.9
	2024-25	N/A	14.5	0.9
80% unclaimed prizes	**2019-20**	57.2	58.2	1.0
	2020-21	58.1	59.7	1.5
	2021-22	59.0	60.5	1.5
	2022-23	59.8	61.2	1.4
	2023-24	60.6	61.9	1.3
	2024-25	N/A	62.7	62.7
Distribution to EETF from Lottery Receipts	**2019-20**	1,807.1	1,817.1	10.0
	2020-21	1,839.2	1,856.2	17.0
	2021-22	1,864.2	1,878.8	14.6
	2022-23	1,890.0	1,899.4	9.4
	2023-24	1,940.9	1,948.8	7.9
	2024-25	N/A	1,978.7	1,978.7

Totals may not add due to rounding.

The Revenue Estimating Conference reviewed Slot Machine revenues on July 26, 2019. Tax collections for Fiscal Year 2018-19 were $1.5 million below estimate. After reviewing the year-over-year activity for each individual facility, overall revenue growth for Fiscal Year 2019-20 was decreased from 1.3 percent to 1.2 percent while out year growth rates remained unchanged. The forecast change resulted in a loss of $1.7 to $1.9 million in annual tax collections through Fiscal Year 2023-24.

This forecast does not include any impact from the expansion of the Seminole Hard Rock Casino in Hollywood, expected to be completed no sooner than fall of 2019. The introduction of new slot machines at this site is likely to decrease slot machine gaming activity at the pari-mutuel facilities in Broward and Miami-Dade counties to an extent that is presently unknown, lowering state revenues and associated transfers to the Educational Enhancement Trust Fund.

The details of the forecast and the changes are shown in the table on the following page.

Slot Machines Tax Collections (Millions of $)			
	Feb 2019	Aug 2019	Difference
2019-20	205.2	203.5	-1.7
2020-21	207.8	206.0	-1.8
2021-22	210.3	208.5	-1.8
2022-23	212.9	211.1	-1.8
2023-24	215.6	213.7	-1.9
2024-25	N/A	216.3	216.3

For Fiscal Year 2019-20, the EETF has a projected positive balance of $144.7 million after accounting for all available funds and anticipated expenditures. Excluding carry forward balances from prior years, revenues in the EETF are expected to grow over the prior year in Fiscal Years 2020-21, 2021-22, and 2022-23 by $43.4 million, $26.5 million, and $24.1 million, respectively.

III. State School Trust Fund and Unclaimed Property

Used exclusively to meet public school needs, the State School Trust Fund (SSTF) contains revenue primarily derived from unclaimed property (sometimes referred to as abandoned property). The projection of receipts from unclaimed property and the subsequent distribution into the SSTF were revised August 12, 2019, by the Revenue Estimating Conference.

The Conference reviewed Fiscal Year 2018-19 actuals. During that period, $535.5 million in receipts were received by the State of Florida, which was 13 percent over the prior estimate adopted in March. Total refunds were 6 percent below the March estimate at $316.8 million. This resulted in $218.8 million being transferred to the State School Trust Fund in Fiscal Year 2018-19.

The Conference revised the forecast for all fiscal years. Projected receipts were increased to $483.3 million in Fiscal Year 2019-20. This estimate is $6.4 million higher than the March estimate. In addition, the growth rates for Fiscal Year 2020-21 through Fiscal Year 2024-25 were set higher than the prior forecast. The Conference also revised estimated refunds. A new methodology was incorporated into the model to take account of expected refunds by cohort of receipt and over time. The result was an annual refund rate of around 65 percent throughout the five-year forecast. This is different than the prior forecast, which had an annual refund rate of approximately 70 percent.

As a result, the projected transfer to the SSTF in Fiscal Year 2019-20 was increased by $20.7 million to $131.2 million. The projected transfers for Fiscal Years 2020-21 through 2024-25 were also higher than the prior estimate.

The following table shows the differences from the previous estimate for the current and upcoming fiscal years.

SSTF Transfers (Millions of $)	Mar 2019	Aug 2019	Difference
2019-20 Unclaimed Property Receipts	476.9	483.3	6.4
2019-20Unclaimed Property Refunds	349.3	332.1	-17.2
2019-20 Transfer to State School Trust Fund	**110.5**	**131.2**	**20.7**
2020-21 Unclaimed Property Receipts	483.7	494.6	10.9
2020-21 Unclaimed Property Refunds	344.9	326.2	18.7
2020-21 Transfer to State School Trust Fund	**130.6**	**159.1**	**28.5**
NET DIFFERENCE			**49.2**

For Fiscal Year 2019-20, the State School Trust Fund has a projected positive balance of $111.0 million after accounting for all available funds and anticipated expenditures. Excluding carry forward balances from prior years, revenues in the SSTF are expected to grow over the prior year by $28.4 million for Fiscal Year 2020-21, by $3.9 million in Fiscal Year 2021-22, and by $8.9 million in Fiscal Year 2022-23.

IV. Tobacco Settlement Trust Fund

The Revenue Estimating Conference met on July 25, 2019, to adopt a new forecast of Tobacco Settlement payments for the 2019-20 through 2032-33 fiscal years.

Tobacco settlement payments accrue to the state from a legal settlement agreement made on August 25, 1997, in response to a lawsuit between the State of Florida and several major tobacco companies. An annual payment is due by December 31 of each year, and a profit adjustment payment is made following the end of the participating companies' fiscal years. Both payments continue in perpetuity.

On January 18, 2017, the State of Florida filed a Motion to enforce the Settlement Agreement in State of Florida, et. al., v. Am. Tobacco Co., R.J. Reynolds Tobacco Co., et. al., No. 95-1466 AH (Fla. 15th Cir. Ct.). On August 18, 2018, the Circuit Court entered a final judgment specifying the principal sum and interest due from R.J. Reynolds to the State of Florida for the period June 12, 2015, through April 30, 3018. While there is agreement as to the methodology and number, R.J. Reynolds has appealed the final decision regarding its liability. Given the area of agreement, the Conference has reversed its prior treatment of approximating the unpaid liability, and instead has projected continued unpaid liability based on R.J. Reynolds' actions after the final judgement was issued. Since the Circuit Court essentially agreed with the state and found that R.J. Reynolds should continue to make all payments under the tobacco settlement agreement as if there had been no transfer of brands to ITG, the Conference assumes that the state will ultimately prevail. While identified, no award has been incorporated into the forecast because the timing is unknown; however, the Conference expects the state will be fully compensated for its unpaid liability. Through April 2019, R.J. Reynolds owes the State of Florida $132.8 million in settlement-related payments, interest, and unpaid liability.

For estimated total liability, the new forecast was adjusted based on the National Economic Estimating Conference results from July 10, 2019, and an updated Consumer Price Index series was used in the calculation beginning in FY 2019-20. Other adjustments to the forecast since the

February 2019 Conference include the annual percent change in U.S. Cigarette Volume beginning in Fiscal Year 2019-20. In large part, the adjusted forecast for expected payments reflects the Conference's belief that R.J. Reynolds will continue to accrue unpaid liability each year until the litigation has ended.

In addition, the Conference package was revised beginning July 2019 to address the passage of the Federal Jobs Act, which created a new effective tax rate that is applied to Fiscal Year 2018-19 and going forward. In the packet, a Recalculated Tax-Adjusted Net Operating Base Profits column was added to reflect this change and the Fiscal Year 2018-19 actuals show a slight increase in the Florida Profit Adjustment Liability.

The table below shows the new projected amounts of settlement payments to the State of Florida (including the small annual payment from Liggett) and the change from the previous estimate.

	July 2019 Estimated Combined Payments Liability (Millions)	**Change From Previous Estimate (Millions)**
FY 2019-20	358.3	25.5
FY 2020-21	360.5	25.0
FY 2021-22	365.7	25.4
FY 2022-23	371.4	25.9
FY 2023-24	377.3	26.4
FY 2024-25	383.3	26.9

For a detailed discussion of issues affecting future trust fund receipts, see the discussion of litigation against the state included on page 32 in the "Significant Risks" section of the Outlook.

V. State Transportation Trust Fund and Transportation Revenue

The Revenue Estimating Conference met on August 2, 2019, to consider the forecast of revenues flowing into the State Transportation Trust Fund (STTF). Including the estimates for Fiscal Year 2019-20, overall revenues to the STTF during the work program period ending in Fiscal Year 2024-25 were reduced by $120.0 million (about -0.5 percent). The revised estimates reflect actual revenue collections for the 2018-19 fiscal year and adjustments made for changes enacted during the 2019 Legislative Session, which have now been embedded in the old and new forecasts.

For revenues from fuel taxes, the overall forecast was shaped by recent changes in all of the following: the actual consumption of motor fuel and other fuels (diesel, aviation and off-highway fuel); the projected fuel tax rates; technological advancements in fuel efficiency and the implementation of the Corporate Average Fuel Economy (CAFE) Standards; and aviation fuel refund activity. The projection for revenues from all types of fuel was decreased by $54.9 million (-0.3 percent) over the entire work program. Within the total for fuel-related taxes, the SCETS fuel tax saw the largest dollar decrease in the new forecast. These revenues were decreased by $44.4 million (-0.8 percent), primarily due to changing refund rates and lower fuel consumption. Revenues from the Highway Fuel Sales Tax and Natural Gas Fuel Tax were also decreased relative to the previous forecast. This decrease was partially offset by increases to Off-Highway Sales Tax, Aviation Fuel Tax and Fuel Use Tax.

Finally, the forecast for the Rental Car Surcharge was decreased by $6.4 million (-0.7 percent). Although Fiscal Year 2018-19 final receipts were virtually indistinguishable from the previous forecast, the new forecast was adjusted slightly downward to account for an overall reduction in the forecast for tourism.

The forecasts for motor vehicle license and registration-related fees were previously adopted by the Highway Safety Licenses and Fees Conference held July 24, 2019. In this work program period, receipts to the STTF from motor vehicle related licenses and fees were reduced by $58.0 million (-0.7 percent) over the entire work program. Motor Vehicle Licenses are down by $0.6 million, Initial Registrations are down $49.3 million, Title Fees are down $9.4 million, and Motor Carrier Compliance Penalties are down by $0.5 million over the work program period.

VI. Other Revenue Sources that Primarily Support Education

A. Ad Valorem Assessments (Property Tax Roll)

Estimates of the statewide property tax roll are primarily used in the appropriations process to approximate the Required Local Effort (RLE) millage rate. This is the rate local school districts must levy in order to participate in the Florida Education Finance Program. The 2019 certified school taxable value came in at $2,169.72 billion or one percent higher than forecast. This gain was, in part, due to new construction which came in higher across the board. The new projection for 2020 is $2,291.12 billion. The new estimate is $121.40 billion or 5.6 percent higher than the 2019 actual number, and $17.65 billion more than the previous estimate for 2020 of $2,273.47 billion adopted in March 2019. At 96 percent, the value of one mil is projected to be $2,199.48 million. As a result, the shape of the new forecast was essentially unchanged from the March forecast, with only modest adjustments to the projected growth rates.

County (non-school) taxable value is lower than school taxable value due to the greater number of exemptions available to property owners. In recent years, the Revenue Estimating Conference has been forecasting county taxable value separately from school taxable value. County taxable value on January 1, 2019, came in at $1,994.93 billion (only 0.74 percent higher than March estimate). The new projection for 2020 is $2,120.65 billion. On an annual basis, this represents an increase of $125.72 billion or a 6.30 percent increase from the 2019 actual. It is $16.31 billion more than the previous estimate of $2,104.34 billion for 2020 adopted in March 2019.

The Conference also discussed the 2019 losses to the eight counties most affected by Hurricane Michael (Bay, Calhoun, Franklin, Gadsden, Gulf, Jackson, Liberty, and Washington). Ultimately, the Conference decided to make discrete adjustments only to Bay and Gulf counties. In total, $229.5 million and $47.6 million were added, respectively, to the model-generated county and school taxable value estimates for these two counties in 2020 due to their expected recovery efforts.

July 1, 2019 Certified School Taxable Value

(billions of dollars)	Actual July 1, 2019 Certified School Taxable Value	March 2019 Estimate of July 1, 2020 Certified School Taxable Value	August 2019 Estimate of July 1, 2020 Certified School Taxable Value	Change in Estimates (August 2019 vs March 2019)	Change from 2019 Actual	% Change from 2019 Actual
School Taxable Value	2,169.72	2,273.47	2,291.12	17.65	121.40	5.60%
Real Property	2,039.27	2,136.77	2,156.76	19.98	117.48	5.76%
Personal Property	128.59	134.92	132.45	-2.47	3.86	3.00%
Centrally Assessed Property	1.85	1.78	1.92	0.14	0.06	3.50%
Value of one mill at 96 percent	2.08	2.18	2.20	0.02	0.12	5.60%

**Total school taxable value includes Value Adjustment Board changes and other tax roll adjustments. Components do not add up to the total.*

January 1, 2020 County Taxable Value

(billions of dollars)	Actual January 1, 2019 County Taxable Value	March 2019 Estimate of January 1, 2020 County Taxable Value	August 2019 Estimate of January 1, 2020 County Taxable Value	Change in Estimates (August 2019 vs March 2019)	Change from 2019 Actual	% Change from 2019 Actual
County Taxable Value	1,994.93	2,104.34	2,120.65	16.31	125.72	6.30%
Real Property	1,864.48	1,967.65	1,986.29	18.64	121.80	6.53%
Personal Property	128.59	134.92	132.45	-2.47	3.86	3.00%
Centrally Assessed Property	1.85	1.78	1.92	0.14	0.06	3.50%

**Total county taxable value includes Value Adjustment Board changes and other tax roll adjustments. Components do not add up to the total.*

Certified School Taxable Value Growth Rates

Year	March 2019	August 2019
2019	5.60%	6.68%
2020	5.85%	5.60%
2021	5.41%	5.73%
2022	5.59%	5.82%
2023	5.42%	5.54%
2024	5.31%	5.37%
2025	N/A	5.16%

B. Gross Receipts Tax and Communications Services Tax

The Revenue Estimating Conference met on July 31, 2019, to adopt a new forecast for the Gross Receipts Tax and the State Sales Tax on Communications Services. For Fiscal Year 2019-20, projected collections for the Gross Receipts Tax (derived from the tax on electricity, gas and communications) were increased $8.78 million and for the State Sales Tax on Communications Services, projections were decreased $27.69 million from the previous estimates. Compared to the March conference results, the new forecasts for the Gross Receipts Tax were greater for the first six years but with the difference declining, reaching approximately zero in Fiscal Year 2025-26, and continuing to decline thereafter. The pattern is due to positive and declining differences in the forecasts of taxes on utilities and negative and increasing differences in the forecasts of Communications Services Tax. The changes in the Gross Receipts Tax feed directly into the dollars available for PECO appropriations. The highlights are shown below.

	Gross Receipts Tax – All Sources ($ in millions)			Communications Services Tax – State Sales Tax Component* ($ in millions)		
Fiscal Year	***July Estimate***	***Diff from March Forecast***	***Growth Rate Forecast***	***July Estimate***	***Diff from March Forecast***	***Growth Rate Forecast***
2019-20	1,157.64	8.78	0.76%	603.07	-27.69	-0.72%
2020-21	1,165.14	5.92	0.65%	603.09	-29.15	0.00%
2021-22	1,174.38	4.66	0.79%	603.35	-30.71	0.04%
2022-23	1,187.90	4.73	1.15%	605.50	-32.47	0.36%
2023-24	1,202.38	4.01	1.22%	607.03	-34.15	0.25%
2024-25	1,216.66	1.07	1.19%	609.73	-35.81	0.44%

**The CST State Tax Component Includes Direct-to-Home Satellite*

C. Public Education Capital Outlay and Debt Service (PECO) Trust Fund

Funded by the Gross Receipts Tax, the PECO program provides funding for educational facilities construction and fixed capital outlay needs for school districts, the Florida College System, the State University System, and other public education programs. The Revenue Estimating Conference met to adopt new estimates on August 7, 2019.

The August 2019 PECO forecast was updated to include actual revenues and expenditures through July 2019, the August 2019 Gross Receipts Tax revenue forecast, a revised debt service schedule, adjusted expected project disbursements, and updated interest rates.

The tables below show the estimated amount available for appropriation to the PECO program under two different scenarios. The first scenario shows maximum cash appropriations assuming no new bonding. The second scenario shows the maximum bonding capacity.

[SEE TABLES ON FOLLOWING PAGE]

Maximum Possible PECO Trust Fund Appropriation—No Bonding

$ in millions	**Mar 2019 REC No Bonding**	**Aug 2019 REC No Bonding**	**Difference**
FY 19-20 Actual Appropriation	280.4	279.4	(1.0)
Bonds	--	--	--
Cash	280.4	279.4	(1.0)
FY 20-21 Cash Available	317.2	353.4	36.2
FY 21-22 Cash Available	328.0	341.4	13.4
FY 22-23 Cash Available	384.5	394.6	10.1
FY 23-24 Cash Available	480.1	488.6	8.5
FY 24-25 Cash Available	573.3	577.3	4.0

Totals may not add due to rounding.

Maximum Possible PECO Trust Fund Appropriation—With Maximum Bonding

$ in millions		**Mar 2019 REC Maximum Bonding**	**Aug 2019 REC Maximum Bonding**	**Difference**
FY 19-20	Actual Appropriation	2,774.3	279.4	(2,494.9)
	Bonds	2,611.4	--	(2,611.4)
	Cash	162.9	279.4	116.5
FY 20-21	Maximum Available	197.2	3,129.4	2,932.2
	Bonds	--	2,917.2	2,917.2
	Cash	197.2	212.2	15.0
FY 21-22	Maximum Available	284.3	327.5	43.2
	Bonds	112.6	137.5	24.9
	Cash	171.7	190.0	18.3
FY 22-23	Maximum Available	824.6	709.8	(114.8)
	Bonds	649.1	519.6	(129.5)
	Cash	175.5	190.2	14.7
FY 23-24	Maximum Available	1,625.9	1,576.2	(49.7)
	Bonds	1,420.7	1,373.9	(46.8)
	Cash	205.2	202.3	(2.9)
FY 24-25	Maximum Available	1,313.5	1,274.7	(38.8)
	Bonds	1,088.3	1,055.7	(32.6)
	Cash	225.2	219.0	(6.2)

Totals may not add due to rounding.

Florida Debt Analysis

As authorized by the State Constitution and statutes, Florida issues bonds to finance a variety of facilities and infrastructure needs. Total state direct debt outstanding as of June 30, 2018, was $21.0 billion, a $1.6 billion decrease from the prior fiscal year.

Florida law requires an ongoing analysis of the state's debt position. This requirement enables lawmakers to consider the impact of future bond issuances during the decision-making process. If the state's debt service payments are too high relative to its expected revenues, any new debt financings could negatively impact the state's credit rating and its borrowing costs. As a component of this analysis, Florida law designates a benchmark debt ratio, calculated as the annual debt service as a percentage of available revenues, and establishes a six percent target as well as a seven percent maximum cap. To exceed the target, the Legislature must determine that additional debt is in the best interest of the state. To exceed the cap, the Legislature must make a declaration of critical state emergency.

The Legislative Office of Economic and Demographic Research has extracted highlights from the *2018 Debt Report* prepared by the Division of Bond Finance that are the most meaningful to the issues addressed in the Outlook.[4] Florida's peer group and national median comparisons have been updated by the Division of Bond Finance to reflect more current information. The Division will release the *2019 Debt Report* no later than December 15, 2019, as required by section 215.98, Florida Statutes.

Overview of the State's Credit Ratings

The state continues to be rated triple-A by all three rating agencies: Fitch, Moody's, and Standard and Poor's ("S&P"). In their reports, the rating agencies recognized the state's conservative fiscal management, budgeting practices, and adequate reserves as credit strengths. In the future, rating agencies will continue to monitor Florida's economic environment and the state's ability to maintain adequate reserves, a structural budget balance, and pension funding levels.

Direct Debt Outstanding

Total state direct debt outstanding was $21.0 billion as of June 30, 2018; approximately $1.6 billion less than the previous year-end. Net tax-supported debt for programs supported by state tax revenues or tax-like revenues totaled $17.5 billion, and self-supporting debt, representing debt secured by revenues generated from operating bond-financed facilities, totaled $3.5 billion.

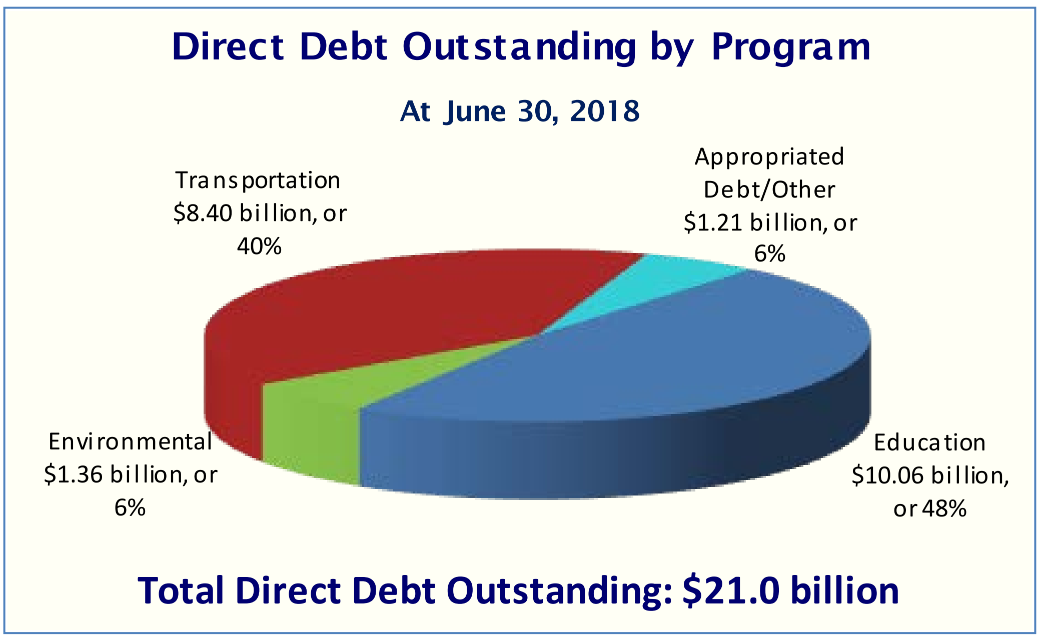
Collectively, educational facilities are the largest state investment financed with bonds with $10.1 billion or 48 percent of the debt outstanding, of which $7.8 billion is composed of Public

[4] The complete 2018 report, covering the period June 30, 2017, to June 30, 2018, can be found at the following link: https://www.sbafla.com/bondfinance/Home/Debt-Overview

Education Capital Outlay (PECO) bonds. There is currently no outstanding authority to issue additional debt for education projects.

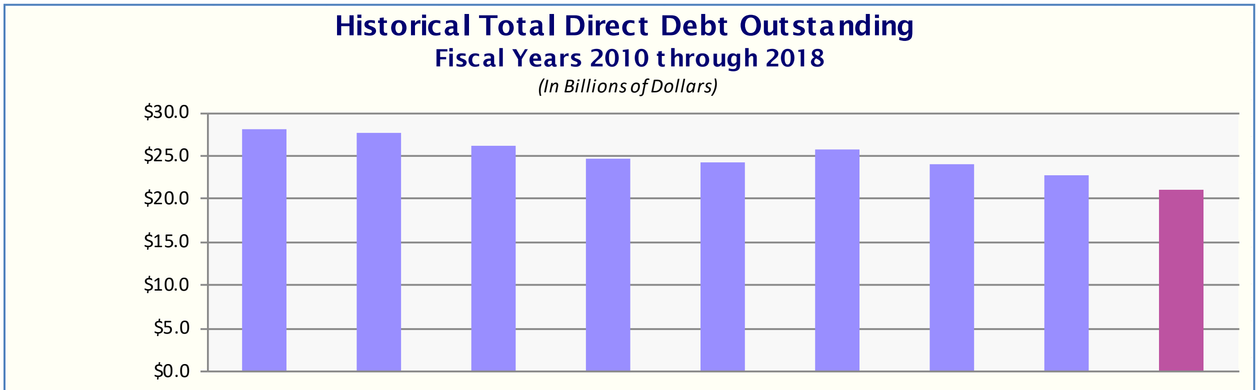
Transportation infrastructure is the second largest infrastructure investment funded with debt at $8.4 billion or 40 percent of total debt outstanding. Transportation infrastructure debt has increased from $6.7 billion, or 27 percent of total direct debt, in Fiscal Year 2012-13 to $8.4 billion, or 40 percent of total direct debt, in Fiscal Year 2017-18. When including self-supporting debt of the Florida Turnpike, the Department of Transportation's Adopted Work Program includes more than $5.9 billion of additional debt to fund transportation projects throughout the state over the next five years. This additional leverage represents an increase of more than 70 percent from current debt-financed transportation infrastructure and an increase of 28 percent of the state's total direct debt outstanding. Total Work Program leverage has increased $4.9 billion, or almost 500 percent, from approximately $1.0 billion in Fiscal Year 2010-11 to $5.9 billion in Fiscal Year 2017-18.

Environmental program bonding is the third largest component of state debt, with $1.1 billion of bonds outstanding for Florida Forever, Everglades Restoration, and Inland Protection programs. There is currently no outstanding authority to issue additional debt for environmental projects.



Decrease in Direct Debt

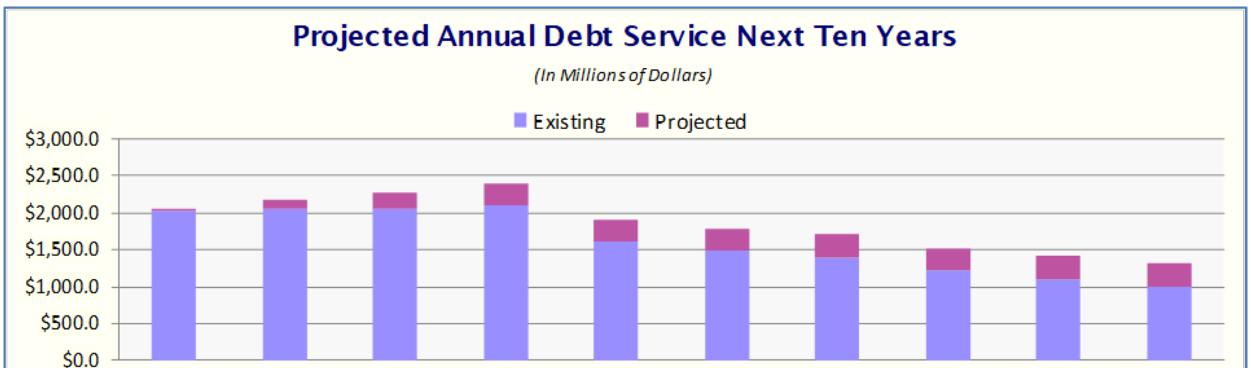
Total state direct debt decreased approximately $1.6 billion to $21.0 billion in Fiscal Year 2017-18. Debt has decreased by $7.2 billion, or 26 percent, from a peak of $28.2 billion in Fiscal Year 2009-10 to $21.0 billion in Fiscal Year 2017-18, reversing a long-term trend of increasing debt.



	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Outstanding	$28.2	$27.7	$26.2	$24.6	$24.2	$25.7	$24.1	$22.7	$21.0
Annual Change	1.8	(0.5)	(1.4)	(1.6)	(0.4)	1.5	(1.6)	(1.4)	(1.6)
% Change	6.7%	(1.7%)	(5.2%)	(6.2%)	(1.5%)	6.2%	(6.3%)	(6.0%)	(7.3%)

Estimated Annual Debt Service Requirements

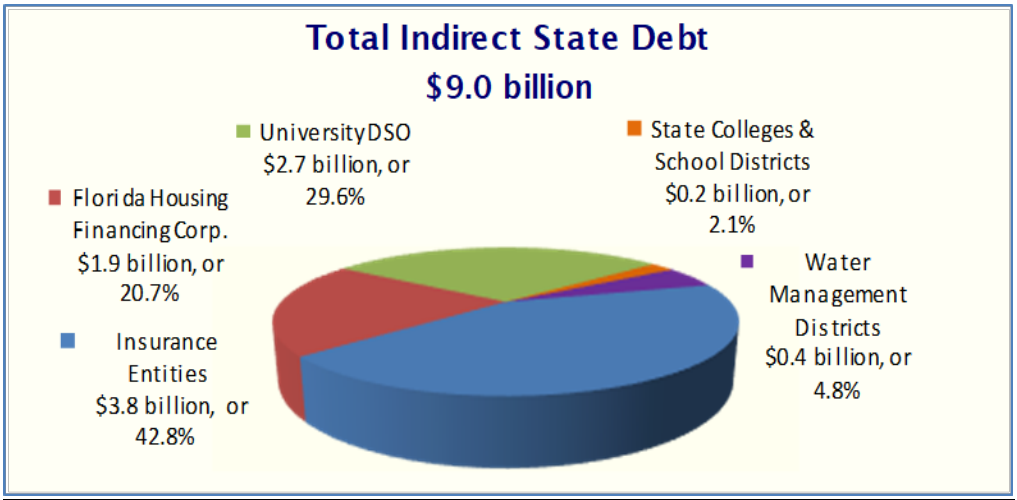
Annual debt service for net tax-supported debt was projected to be approximately $2.1 billion in Fiscal Year 2018-19 and is projected to continue to increase through Fiscal Year 2021-22 to $2.4 billion before starting to decline. Debt service payments on existing outstanding debt total $16.1 billion over the next ten years, with principal and interest payments of $11.3 billion and $4.7 billion, respectively.



	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Existing	$ 2,023.0	$ 2,045.8	$ 2,049.2	$ 2,102.6	$ 1,622.1	$ 1,493.0	$ 1,396.0	$ 1,210.8	$ 1,110.2	$ 1,007.8
Projected	37.2	125.6	221.6	289.8	292.2	300.7	306.9	306.9	306.8	306.8
Total	$ 2,060.2	$ 2,171.4	$ 2,270.9	$ 2,392.5	$ 1,914.3	$ 1,793.7	$ 1,702.8	$ 1,517.6	$ 1,417.0	$ 1,314.7

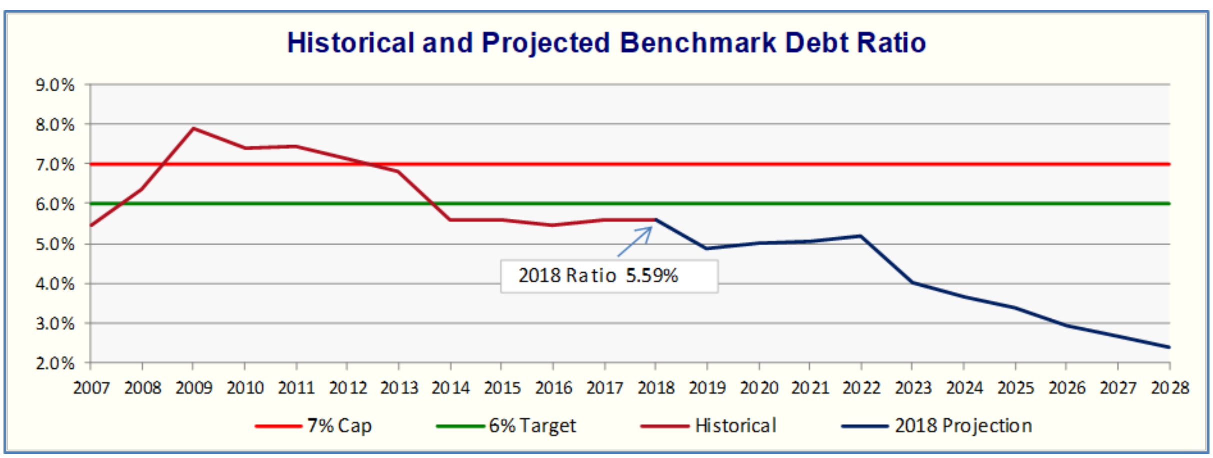
Indirect Debt Outstanding

Indirect state debt outstanding as of June 30, 2018, was approximately $9.0 billion, $1.2 billion less than the previous year-end. Indirect debt is either not secured by traditional state revenues or is an obligation of a legal entity other than the state. Borrowings by insurance-related entities such as Citizens Property Insurance Corporation (Citizens) and the Florida Hurricane Catastrophe Fund Finance Corporation (CAT Fund) comprise 42.8 percent of indirect debt and are increasingly emphasized in the state's overall credit analysis due to the potential economic and financial consequences of hurricanes. Other categories of indirect debt are State University Direct Support Organizations (29.6 percent), the Florida Housing Finance Corporation (20.7 percent), and other (6.9 percent). Indirect debt is excluded from state debt ratios and the debt affordability analysis.



Debt Ratio

The state's benchmark debt ratio of debt service to revenues available to pay debt service was 5.59 percent for Fiscal Year 2017-18. The benchmark debt ratio is expected to remain below the 6 percent policy target through Fiscal Year 2027-28. The projected benchmark debt ratio could increase if revenues do not grow as anticipated or additional debt is authorized.



Benchmark Debt Ratio Projection

	Actual 2017	Actual 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
2018 Projection	5.59%	**5.59%**	4.88%	5.01%	5.07%	5.19%	4.04%	3.67%	3.40%	2.93%	2.65%	2.39%

The state's ranking among the eleven-state peer group has improved over the past ten years. A comparison of debt ratios to national and peer group averages provided below indicates that Florida's net tax-supported debt service as a percentage of revenues is higher than the national and peer group averages, but lower than the national and peer group averages across all other metrics.

Debt Ratios
2018 Comparison of Florida to Peer Group and National Medians

	Net Tax-Supported Debt Service as a % of Revenues	Net Tax-Supported Debt Per Capita	Net Tax-Supported Debt as a % of Personal Income	Net Tax-Supported Debt as a % of GDP
Florida	5.59%	$843	1.74%	1.77%
Peer Group Mean	5.27%	$1,679	3.01%	2.62%
National Median	4.10%	$1,068	2.20%	2.06%

Key Budget Driver Worksheet – Critical Needs

Long-Range Financial Outlook Issues Summary FY 2020-21 through FY 2022-23	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23	
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF
Critical Needs (Includes Mandatory Increases Based on Estimating Conferences and Other Essential Needs)						
PRE K - 12 EDUCATION						
1 Maintain Current Budget - Florida Education Finance Program	(259.8)	259.8	(23.2)	23.2	(26.3)	26.3
2 Increase Budget - Florida Education Finance Program	368.0	0.0	397.7	0.0	373.2	0.0
3 Enrollment Growth - Voluntary Prekindergarten Education Program	4.6	0.0	(2.2)	0.0	(1.0)	0.0
HIGHER EDUCATION						
4 Workload and Enrollment - Bright Futures and Children and Spouses of Deceased/Disabled Veterans	0.7	23.1	0.7	(21.6)	0.7	(18.6)
5 Educational Enhancement Trust Fund Adjustment	(49.5)	49.5	(27.8)	27.8	(25.2)	25.2
HUMAN SERVICES						
6 Medicaid Program	114.5	570.0	509.1	331.6	301.2	(914.2)
7 Kidcare Program	81.3	(9.6)	36.0	37.9	16.6	51.5
8 Temporary Assistance for Needy Families Cash Assistance	(5.8)	0.0	0.0	0.0	0.0	0.0
9 Tobacco Awareness Education Program	0.0	1.4	0.0	1.6	0.0	1.7
TRANSPORTATION AND ECONOMIC DEVELOPMENT						
10 State Match for Federal Emergency Management Agency Funding - State Disaster Funding (Declared Disasters)	280.9	0.0	254.4	0.0	138.1	0.0
GENERAL GOVERNMENT						
11 Non-Florida Retirement System Pensions and Benefits	0.1	0.0	0.1	0.0	0.1	0.0
12 Fiscally Constrained Counties - Property Tax	31.4	0.0	33.3	0.0	35.1	0.0
ADMINISTERED FUNDS AND STATEWIDE ISSUES						
13 Risk Management Insurance	0.0	0.0	0.6	0.4	12.8	7.3
14 Division of Administrative Hearings Assessments	(0.3)	0.4	0.0	0.0	0.0	0.0
15 Increases in Employer-Paid Benefits for State Employees	130.5	50.4	175.3	81.5	183.3	87.1
Subtotal Critical Needs	**696.6**	**944.9**	**1,353.9**	**482.4**	**1,008.7**	**(733.8)**

Key Budget Driver Worksheet – Other High Priority Needs

Long-Range Financial Outlook Issues Summary FY 2020-21 through FY 2022-23	**Fiscal Year 2020-21**		**Fiscal Year 2021-22**		**Fiscal Year 2022-23**	
	Total GR	**Total Major TF**	**Total GR**	**Total Major TF**	**Total GR**	**Total Major TF**
Other High Priority Needs (Includes Other Historically Funded Issues)						
PRE K - 12 EDUCATION						
16 Workload and Enrollment - Other Pre K-12 Programs	25.8	0.0	25.8	0.0	25.8	0.0
HIGHER EDUCATION						
17 Maintain Current Budget - Higher Education	0.5	0.0	0.0	0.0	0.0	0.0
18 Workload - District Workforce	6.2	0.0	6.2	0.0	6.2	0.0
19 Workload - Florida Colleges	9.4	0.0	9.4	0.0	9.4	0.0
20 Workload - State Universities	132.8	0.0	132.8	0.0	132.8	0.0
21 Workload and Adjustments - Other Higher Education Programs	48.3	0.0	48.7	0.0	48.7	0.0
EDUCATION FIXED CAPITAL OUTLAY						
22 Education Fixed Capital Outlay	21.0	0.0	33.0	0.0	0.0	0.0
HUMAN SERVICES						
23 Medicaid Services	40.1	67.4	40.1	67.4	40.1	67.4
24 Children and Family Services	64.2	81.6	64.2	81.6	64.2	81.6
25 Health Services	1.6	53.9	1.6	53.9	1.6	53.9
26 Developmental Disabilities	22.4	30.1	22.4	30.1	22.4	30.1
27 Veterans' Services	1.3	11.4	1.3	2.1	1.3	1.4
28 Elderly Services	5.8	0.1	5.8	0.1	5.8	0.1
29 Human Services Information Technology/Infrastructure	7.3	44.6	7.2	42.1	7.0	41.7
CRIMINAL JUSTICE						
30 Justice Administration Entities	6.9	0.0	6.9	0.0	6.9	0.0
31 Department of Corrections - Inmate Care	66.3	0.0	65.1	0.0	65.1	0.0
32 Department of Juvenile Justice Programs	8.1	0.0	8.1	0.0	8.1	0.0
33 Other Criminal and Civil Justice Programs and Operations	17.6	1.5	17.6	1.5	17.6	1.5
JUDICIAL BRANCH						
34 Judicial Branch	2.6	0.0	2.6	0.0	2.6	0.0

Continued on the following page.

Long-Range Financial Outlook Issues Summary FY 2020-21 through FY 2022-23		Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23	
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF
Other High Priority Needs (Includes Other Historically Funded Issues)							
TRANSPORTATION AND ECONOMIC DEVELOPMENT							
35	Department of Transportation Adopted Work Program (Fiscal Years 2020-2023)	0.0	8,816.0	0.0	8,804.7	0.0	8,718.8
36	Economic Development and Workforce Programs	108.8	0.0	108.8	0.0	108.8	0.0
37	National Guard Armories and Military Affairs Priorities	4.4	0.0	2.4	0.0	2.4	0.0
38	Library, Cultural, Historical, and Election Priorities	38.5	0.0	36.7	0.0	38.5	0.0
NATURAL RESOURCES							
39	Water and Land Conservation	99.1	206.8	99.1	210.4	99.1	210.4
40	Other Agricultural and Environmental Programs	178.1	7.7	178.6	7.7	174.1	7.7
GENERAL GOVERNMENT							
41	Other General Government Priorities	4.2	20.4	37.1	21.2	14.3	22.0
42	State Building Pool - General Repairs and Maintenance	61.3	14.1	26.6	14.1	26.6	14.1
ADMINISTERED FUNDS AND STATEWIDE ISSUES							
43	State Employee Pay Issues	52.5	34.0	52.5	34.0	52.5	34.0
44	Maintenance, Repairs, and Capital Improvements - Statewide Buildings - Critical	20.4	16.7	20.4	16.7	20.4	16.7
	Subtotal Other High Priority Needs	**1,055.3**	**9,406.4**	**1,060.8**	**9,387.7**	**1,002.1**	**9,301.4**
	Total Tier 1 - Critical Needs	**696.6**	**944.9**	**1,353.9**	**482.4**	**1,008.7**	**(733.8)**
	Total - Other High Priority Needs	**1,055.3**	**9,406.4**	**1,060.8**	**9,387.7**	**1,002.1**	**9,301.4**
	Total Tier 2 - Critical Needs Plus Other High Priority Needs	**1,751.9**	**10,351.3**	**2,414.7**	**9,870.1**	**2,010.7**	**8,567.6**

Key Budget Drivers

Grouped by policy area, a specific analysis is provided for each of the key budget drivers. The numbering convention used below matches the numbers applied to each of the drivers on the Key Budget Driver Worksheet. As on the Worksheet, Critical Needs are discussed first. They are followed by the Other High Priority Needs.

Critical Needs

Pre K-12 Education (Drivers #1 - #3)

1. Maintain Current Budget – Florida Education Finance Program

The Florida Education Finance Program (FEFP) is the state's formula to allocate funds appropriated to school districts for K-12 public school operations. The FEFP implements the constitutional requirement for a uniform system of free public education and is an allocation model based on student enrollment in educational programs. To ensure equalized funding per student, the FEFP is composed of state and local funds and takes into account various factors such as the individual educational needs of students, the local property tax base, the costs of educational programs, district cost differentials, and sparsity of student population.

State FEFP revenues are derived from the following three fund sources:

- The General Revenue Fund - comprises several state taxes and selected fees; the state's sales tax is the primary source of General Revenue.

- The Educational Enhancement Trust Fund (EETF) - comprises net proceeds from lottery ticket sales and slot machine revenues; the EETF is appropriated for both the public K-12 and higher education systems.

- The State School Trust Fund (SSTF) - comprises revenue from unclaimed property that has escheated to the state; the SSTF is appropriated exclusively for the public K-12 education system.

Local FEFP revenues are generated from property taxes levied by Florida's 67 school districts. To participate in the state allocation of FEFP funds, a school district must levy the millage rate set for its Required Local Effort (RLE) from property taxes. The Legislature sets the aggregate RLE amount in the General Appropriations Act. Each school district's share of this amount is based on the school district's certified property tax valuations, and each school district's required millage rate as established by the Commissioner of Education. In addition to the RLE millage, each school district is authorized to levy a nonvoted current operating discretionary millage. The Legislature annually prescribes in the General Appropriations Act the maximum amount of millage a district may levy through this means, which for Fiscal Year 2019-20 is 0.748 mills. All school districts levy the full 0.748 mills.

Revenue Estimating Conferences project the funds available for the SSTF and the EETF, which are used to offset the need for General Revenue in the public K-12 and higher education systems (see Driver #5 for additional details on EETF adjustments). This year, those conferences were held in July and August 2019.

Consistent with recent practice, for Fiscal Year 2020-21, the Outlook assumes a one year only fund shift from General Revenue to the trust funds to use the available SSTF and EETF funds, less a reserve amount. For Fiscal Year 2020-21, $181.7 million in nonrecurring funds ($106.2 million from the SSTF and $75.5 million from the EETF) and $78.1 million in recurring funds ($43.5 million from the SSTF and $34.6 million from the EETF) are available to fund shift from General Revenue to trust funds within the K-12 system. Future increases in the SSTF and EETF estimates reduce the need for recurring General Revenue by $23.2 million in Fiscal Year 2021-22 and by $26.3 million in Fiscal Year 2022-23.

2. Increase Budget – Florida Education Finance Program

General Revenue is provided as Critical Needs funding for the Florida Education Finance Program (FEFP) to:

- Fund projected enrollment growth,
- Increase the total funds per full-time-equivalent (FTE) student, and
- Increase the Required Local Effort (RLE) by the value of new construction only.

Enrollment growth for the three forecast years is based on estimates from the July 2019 Education Estimating Conference. For Fiscal Year 2020-21, the projected enrollment growth is an additional 22,415 FTE above the appropriated level in Fiscal Year 2019-20. Over the three-year forecast period, enrollment for funding purposes is estimated to increase in total by 66,053 FTE. In addition, the total funds per FTE student are increased by 2.02 percent annually over the forecast period to reflect historical funding trends; more specifically, a three-year average of percentage increases in funds appropriated per FTE (excluding Florida Retirement System adjustments). The table below shows the total funds needed to pay for projected enrollment growth and to increase the total funds per FTE student by the three-year average.

Florida Education Finance Program	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Total FTE Students	2,847,819.21	2,870,234.61	2,894,226.58	2,913,872.52
FTE Student Enrollment Growth		22,415.40	23,991.97	19,645.94
Enrollment Growth Funding		$169.1 million	$187.9 million	$157.0 million
Total Funds per FTE Student Increased by Three-Year Average		$7,831.94	$7,990.15	$8,151.55
Total Funds per FTE Student Increase Funding		$445.1 million	$457.9 million	$470.3 million
Grand Total of Funding Needed		**$614.2 million**	**$645.8 million**	**$627.3 million**

State funding projections for this FEFP Driver are based on increasing the RLE by the value of new construction only and maintaining the Fiscal Year 2019-20 nonvoted discretionary millage of 0.748 mills throughout the three-year forecast period. The tax rolls for Fiscal Years 2020-21 through 2022-23, as projected by the August 2019 Revenue Estimating Conference, provide increased taxable value. As a result, the forecast includes increases in property tax revenue associated with new construction for public schools, as well as the full value increase for the nonvoted discretionary millage. These upward changes are offset by a commensurate reduction in state funds as shown in the table below.

Ad Valorem Revenue	**Fiscal Year 2020-21**	**Fiscal Year 2021-22**	**Fiscal Year 2022-23**
RLE New Construction Increase Only	$159.1 million	$153.7 million	$152.8 million
Nonvoted Discretionary Millage Funds Increase	$87.2 million	$94.3 million	$101.3 million
Total Local Funds Increase	$246.2 million	$248.0 million	$254.1 million
State Funding Offset for Total Local Funds Increase	($246.2) million	($248.0) million	($254.1) million

Note: totals may not add due to rounding.

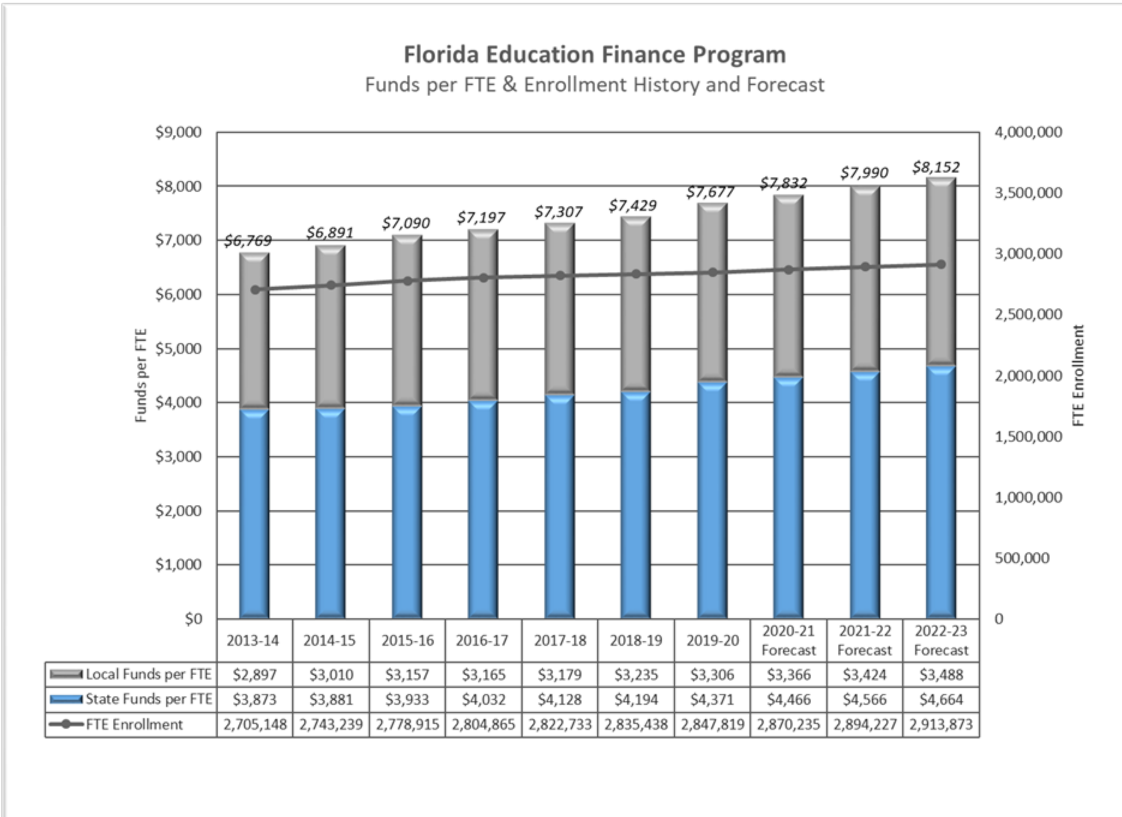
The table below shows the amount of state funds needed to fund Driver #2, which includes the projected enrollment growth, the increase in the total funds per FTE student by 2.02 percent annually, and increases in discretionary millage funding and the RLE. Specifically, a total of $368.0 million, $397.7 million, and $373.2 million in recurring General Revenue is provided for the FEFP for Fiscal Years 2020-21, 2021-22, and 2022-23, respectively.

Budget Driver #2 Impact on State Funds	**Fiscal Year 2020-21**	**Fiscal Year 2021-22**	**Fiscal Year 2022-23**
Enrollment Growth + Total Funds per FTE Student Increased by Three-Year Average	$614.2 million	$645.8 million	$627.3 million
State Funding Offset for Total Local Funds Increase	($246.2) million	($248.0) million	($254.1) million
FEFP State Funds Needed in the Outlook	**$368.0 million**	**$397.7 million**	**$373.2 million**

Note: totals may not add due to rounding.

The following graph displays enrollment and the amount of state and local funds per student, both historically and in the forecasted years after taking into account the Critical Needs for the FEFP. Over the three-year forecast period, the set of changes contemplated in this driver cause a shift to a higher relative share of state funds.

[SEE GRAPH ON FOLLOWING PAGE]

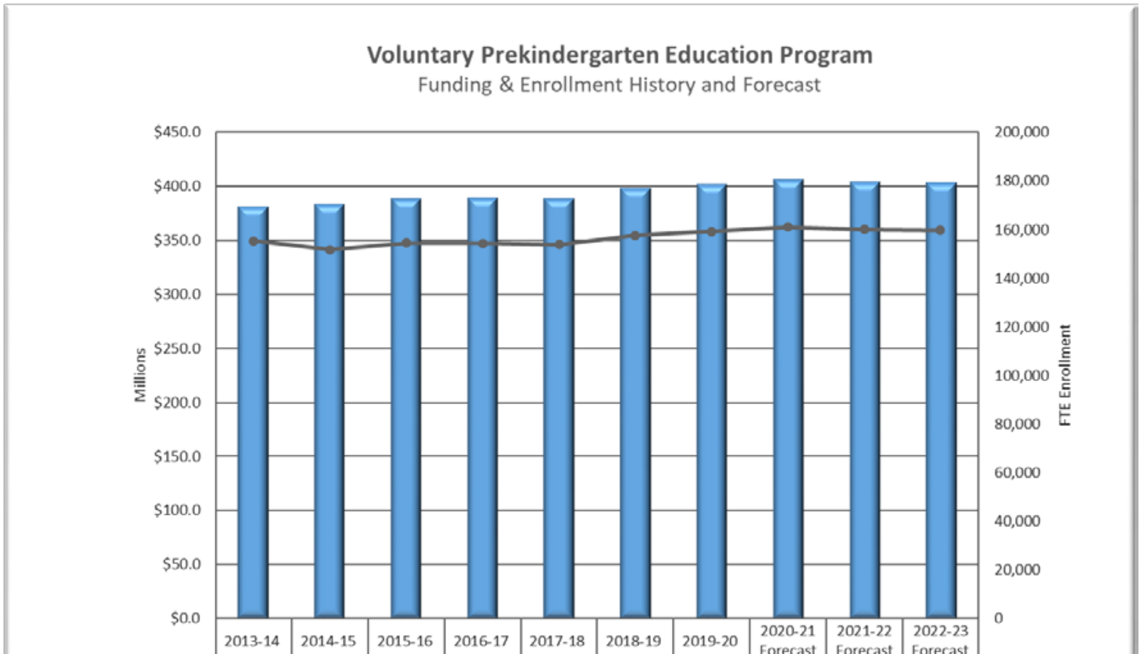


3. Enrollment Growth – Voluntary Prekindergarten Education Program

The Voluntary Prekindergarten Education (VPK) program is a free prekindergarten education program established by the Legislature in 2004 pursuant to a new requirement in the Florida Constitution. Enrollment is voluntary, and the program is offered by public schools and private providers to eligible Florida resident four-year-old or five-year-old children. Effectiveness of the program is determined by a kindergarten screening that assesses the readiness of each child upon entry to kindergarten. Each early learning coalition receives funds appropriated for the VPK program by assigning either a summer or regular school year base student allocation to the number of FTE students forecasted to be served in that region. This amount is then adjusted by a cost differential and a four percent administrative factor.

Critical Needs funding from state funds is provided for enrollment increases in the VPK program, as determined by the August 2019 Early Learning Programs Estimating Conference. Enrollment changes are estimated to cost $4.6 million in Fiscal Year 2020-21 based on a projected increase of 1,799 FTE over the prior year's appropriated level, a reduction of approximately $2.2 million for 871 fewer FTE in Fiscal Year 2021-22, and a reduction of nearly $1.0 million for 372 fewer FTE in Fiscal Year 2022-23. Total enrollment growth over the three-year forecast period is estimated to be 556 FTE for funding purposes.

Funding per student for each of the forecast years is maintained at the Fiscal Year 2019-20 base student allocation (BSA) amount of $2,437 for the school year program and $2,080 for the summer program, as well as the four percent add-on for administrative and other program costs.

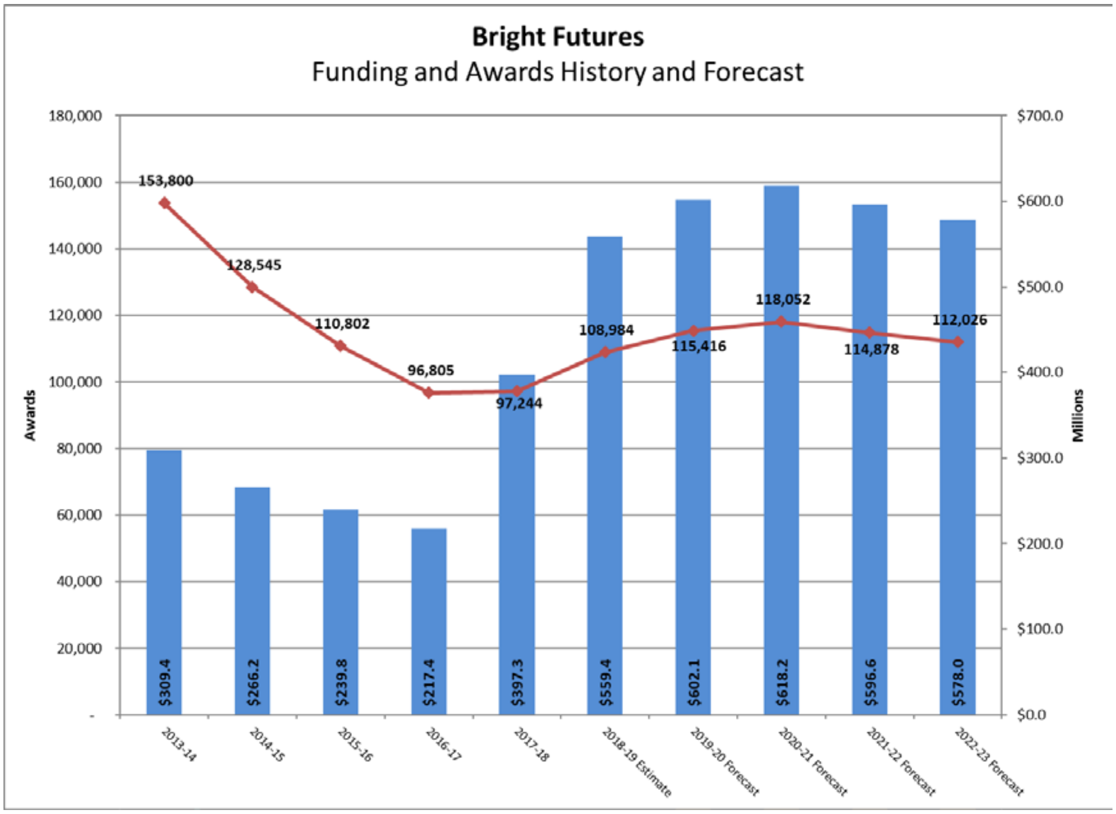


	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
State Funds ($M)	$381.5	$383.7	$388.8	$389.9	$389.2	$398.4	$402.3	$406.9	$404.6	$403.7
FTE Enrollment	155,311	151,742	154,424	154,271	153,783	157,659	159,141	160,940	160,069	159,697

Higher Education (Drivers #4 & #5)

4. Workload and Enrollment – Bright Futures and Children and Spouses of Deceased/ Disabled Veterans

Bright Futures – The Bright Futures Scholarship program provides merit-based college scholarships to students who achieve certain academic levels in high school. Critical Needs funding for the Bright Futures program is based on the number of eligible recipients projected by the August 2019 Student Financial Aid Estimating Conference through Fiscal Year 2022-23. The forecast projects 3,390 fewer students eligible for Bright Futures over the three-year period, with 2,636 additional eligible students in Fiscal Year 2020-21; 3,174 fewer eligible students in Fiscal Year 2021-22; and 2,852 fewer eligible students in Fiscal Year 2022-23. These changes in eligible enrollment result in an increase in EETF funding needed for the program of $23.1 million in Fiscal Year 2020-21, with decreases of $21.6 million in Fiscal Year 2021-22, and $18.6 million in Fiscal Year 2022-23. The forecast reflects changes made to the Bright Futures program during the 2019 Legislative Session.



<u>Children and Spouses of Deceased/Disabled Veterans</u> – The Children and Spouses of Deceased/Disabled Veterans (CSDDV) Scholarship program provides scholarships for dependent children or unremarried spouses of Florida veterans or service members who died as a result of service-connected injuries, diseases, or disabilities sustained while on active duty or who have been certified by the Florida Department of Veterans' Affairs as having service-connected 100 percent permanent and total disabilities. An additional 451 students are projected to be eligible for funding over the next three years. The anticipated number of CSDDV eligible recipients results in an increase in recurring General Revenue funding of $0.7 million each year for Fiscal Years 2020-21, 2021-22, and 2022-23. The funding levels are based on the latest enrollment projections adopted by the August 2019 Student Financial Aid Estimating Conference.

5. Educational Enhancement Trust Fund Adjustment

The Long-Range Financial Outlook anticipates changes in Educational Enhancement Trust Fund (EETF) revenues and budget requirements for funding the Bright Futures program (Driver #4) in each year of the plan. The amount of nonrecurring EETF available for Fiscal Year 2020-21, after maintaining approximately a $62.3 million reserve balance, was utilized in the FEFP as a one year only fund shift with General Revenue (GR) totaling $75.5 million (see Driver #1 for additional details). Due to increases in EETF revenues in each year of the plan, the following fund shifts from GR to EETF are available. In Fiscal Year 2020-21, $84.1 million is available to be shifted from GR to EETF ($49.5 million in Higher Education and $34.6 million is in Pre K-12 Education (included in Driver #1). In Fiscal Year 2021-22, $47.3 million is available to be shifted from GR to EETF ($27.8 million in Higher Education and approximately $19.4 million in

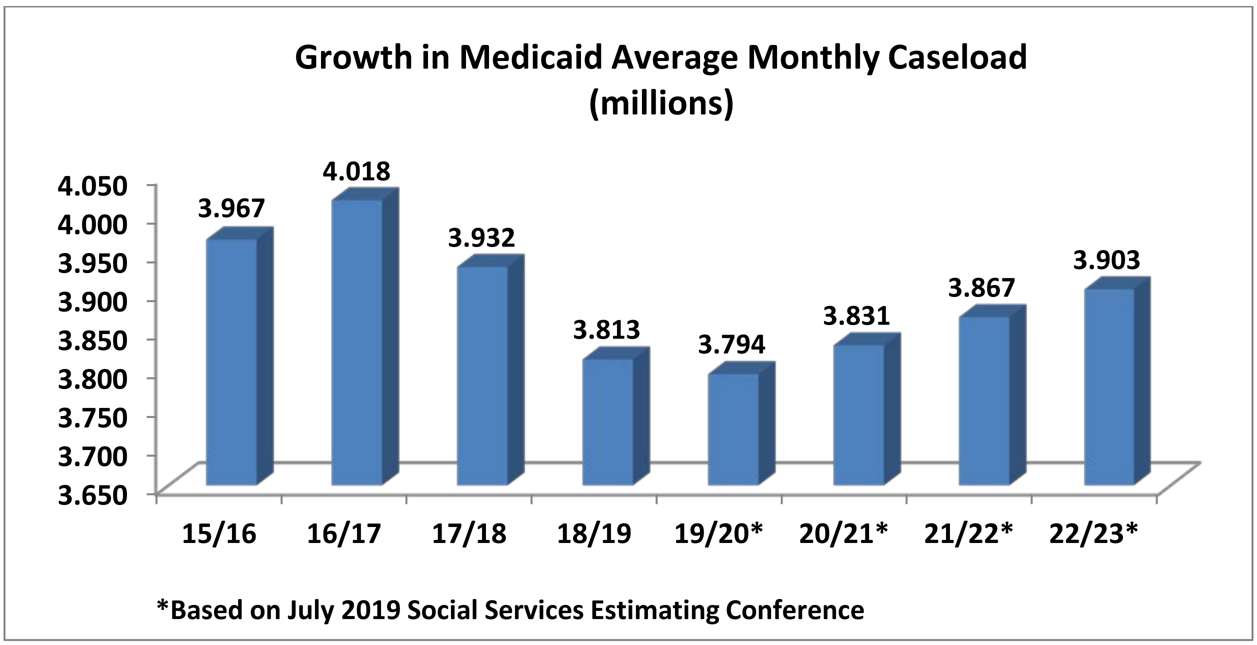
Pre K-12 Education). In Fiscal Year 2022-23, $42.8 million ($25.2 million in Higher Education and $17.6 million in Pre K-12) is available to be shifted from GR to EETF.

Human Services (Drivers #6 - #9)

6. Medicaid Program

The Medicaid program (Title XIX of the Social Security Act) provides health care coverage to certain persons who qualify as low-income children, elderly, disabled, or families with dependent children. Medicaid is a federal and state matching program. It is the largest single program in the state budget, representing 31.3 percent of the total state budget, and is also the largest source of federal funding for the state.

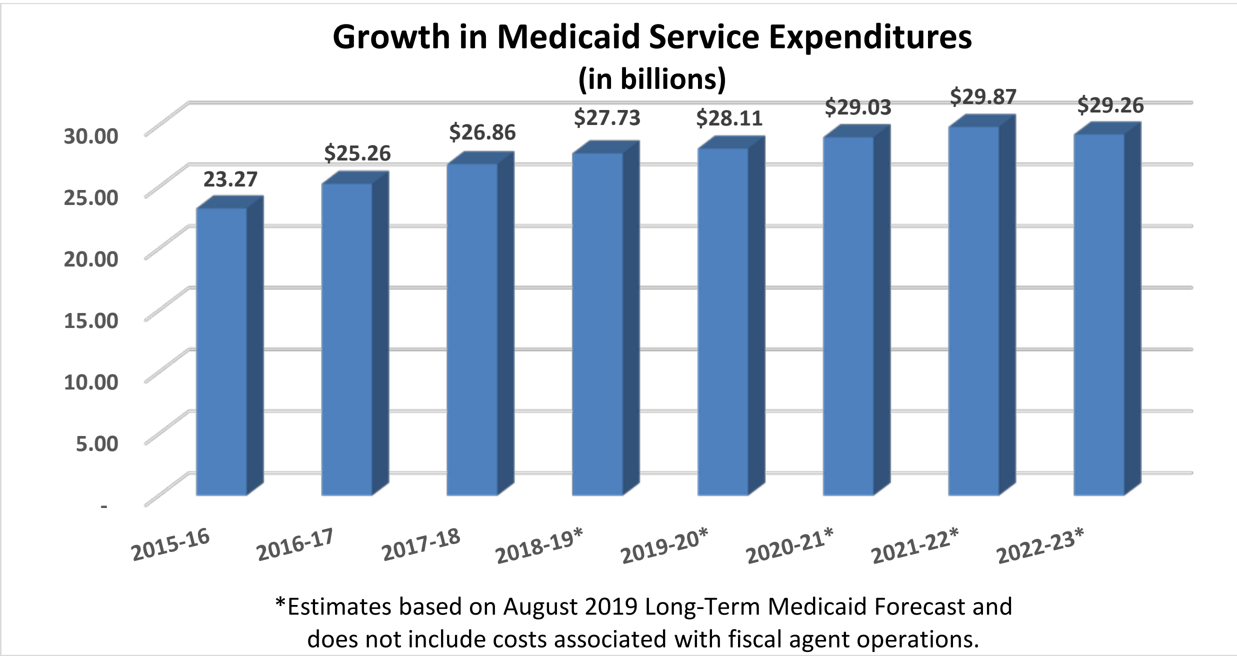
Caseload – In Fiscal Year 2019-20, Medicaid enrollment is expected to decrease by 18,973 to 3.79 million beneficiaries, a 0.50 percent decrease from Fiscal Year 2018-19. Enrollment is projected to increase by less than one percent in each of the forecast years as illustrated in the following graph and table.



Medicaid Caseload Estimates

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Caseload	3,793,795	3,830,858	3,867,192	3,902,993
Increase		37,063	36,334	35,801
Percent		0.98%	0.95%	0.93%

Expenditures – In Fiscal Year 2019-20, Medicaid service expenditures are expected to reach $28.1 billion. Total expenditures are expected to increase to $29 billion in Fiscal Year 2020-21, a 3.3 percent increase from the previous fiscal year. In Fiscal Year 2021-22, Medicaid service expenditures are expected to increase to $29.9 billion, a 2.9 percent increase, and expenditures of $29.3 billion are expected for Fiscal Year 2022-23, a decrease of 2.1 percent from Fiscal Year 2021-22.



Medicaid Expenditure Estimates for General Revenue*
(dollars in millions)

	Appropriation Base**	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
FMAP Rate* **	61.32%	61.63%	61.82%	62.04%
Expenditures				
General Revenue	**$6,956.7	$7,067.2	$7,573.8	$7,872.2
Increase		$110.5	$506.6	$298.4
Percent		1.59%	7.17%	3.94%

* Estimate based on August 2019 Social Services Estimating Conference and does not include $3,964,759 in state matching funds in other departments for Fiscal Year 2020-21, $2,430,015 in Fiscal Year 2021-22, and $2,813,700 for Fiscal Year 2022-23.
** Reflects the Fiscal Year 2019-20 recurring appropriation plus annualizations.
*** Reflects the State Fiscal Year real-time FMAP blend agreed upon at the August 2019 Social Services Estimating Conference.

Total Medicaid expenditures for Fiscal Year 2020-21 are expected to increase by $915 million, and the Outlook includes an increase in recurring General Revenue funds for Medicaid expenditures of $110.5 million to meet the total need. The Outlook also includes increases of recurring General Revenue of $506.6 million in Fiscal Year 2021-22 and $298.4 million in Fiscal Year 2022-23. When the Medicaid state matching funds that are budgeted in other Health and

Human Services departments are included, the recurring General Revenue increases total $114.5 million in Fiscal Year 2020-21, $509.1 million in Fiscal Year 2021-22, and $301.2 million in Fiscal Year 2022-23.

Major policy assumptions and projections for Critical Needs related to Medicaid expenditures for the forecast period were derived from the Social Services Estimating Conference that met in August 2019. The estimated costs for caseload, service utilization, Federal Medical Assistance Percentage (FMAP), and medical inflation are projected based on historical trends and other forecasting methodologies.

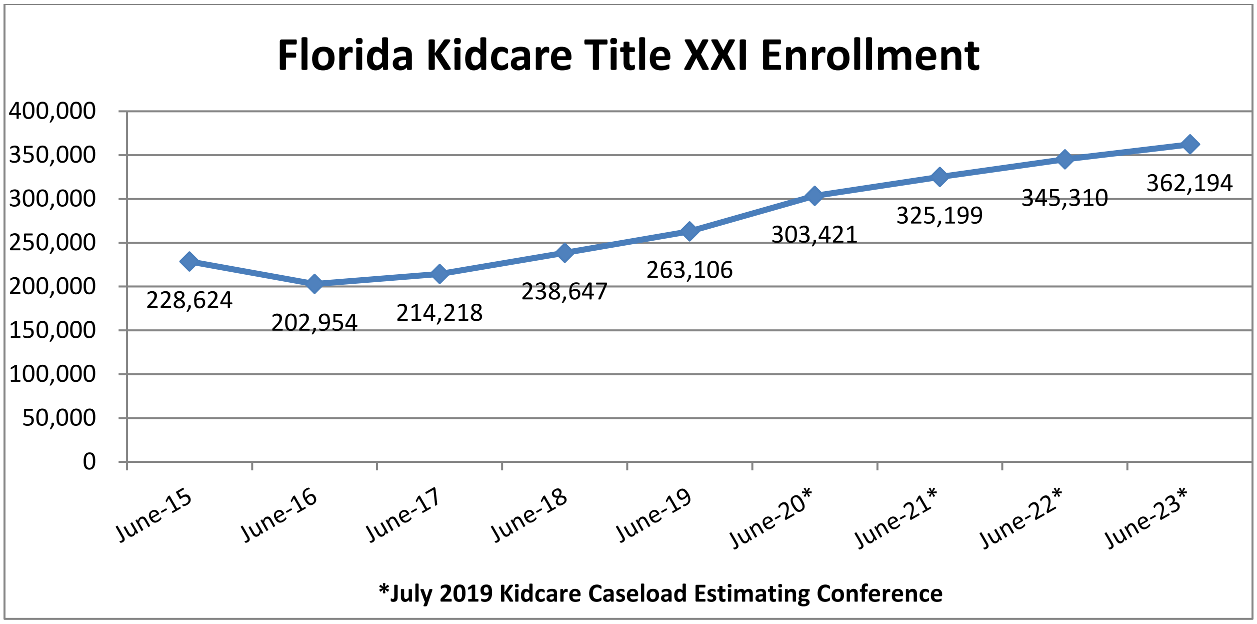
7. Kidcare Program

The federal Children's Health Insurance Program (CHIP – Title XXI of the Social Security Act) has been implemented in Florida as the Kidcare program, which provides health insurance primarily targeted to uninsured, low-income children under age 19 whose family income is at or below 200 percent of the Family Poverty Level (FPL). In 2019, 200 percent of FPL is $51,500 for a family of four. The CHIP is a federal and state matching program. The required state financial participation for Florida is 15.47 percent for Fiscal Year 2019-20, generating a federal share of 84.53 percent for each dollar spent. The Title XXI caseload as of June 2019 was 239,057. There were 24,049 additional children enrolled in the program who are non-Title XXI eligible, for a total program enrollment of 263,106.

The Patient Protection and Affordable Care Act (PPACA) provides that, effective October 1, 2015, through September 30, 2019, the FMAP for children enrolled in the Kidcare program is increased by 23 percentage points but will not exceed 100 percent. On January 22, 2018, Congress passed a six-year extension of CHIP funding. The Healthy Kids Act (H.R. 195, Division C) provides federal funding for CHIP through September 30, 2023 and provides an 11.5 percentage point increase to the regular CHIP Enhanced FMAP for October 1, 2019 through September 2020. Therefore, beginning in Fiscal Year 2019-20, the Kidcare FMAP will decrease to an estimated 84.53 percent for that year, accompanied by a corresponding increase in state expenditures. The weighted Kidcare FMAP will continue to decrease to 76.02 percent in Fiscal Year 2020-21; slightly decrease to 73.28 percent in Fiscal Year 2021-22; and increase to 73.43 percent in Fiscal Year 2022-23. A weighted FMAP is used because the months of the state fiscal year do not comport with the months of federal fiscal year.

The following graph reflects caseload numbers as of June 30 of each year, while the expenditures shown in the table reflect estimates adopted by the SSEC.

[SEE GRAPH ON FOLLOWING PAGE]



Kidcare Program Estimates
(dollars in millions)

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 22-23
Caseload	303,421	325,199	345,310	362,194
Increase		21,778	20,111	16,884
Percent		7.18%	6.18%	4.89%

	Appropriation Base*	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Expenditures				
FMAP Rate**	87.30%	76.02%	73.28%	73.43%
General Revenue	$73.32	$154.66	$190.64	$207.27
Increase/(Decrease)		$81.34	$35.98	$16.63
Percent		110.94%	23.26%	8.72%

* Reflects the Fiscal Year 2019-20 recurring appropriation plus annualizations.
** Weighted FMAP

The Outlook includes an increase in recurring General Revenue funds for Kidcare expenditures of $81.3 million in Fiscal Year 2020-21, an increase of $36.0 million in Fiscal Year 2021-22, and an increase of $16.6 million in Fiscal Year 2022-23.

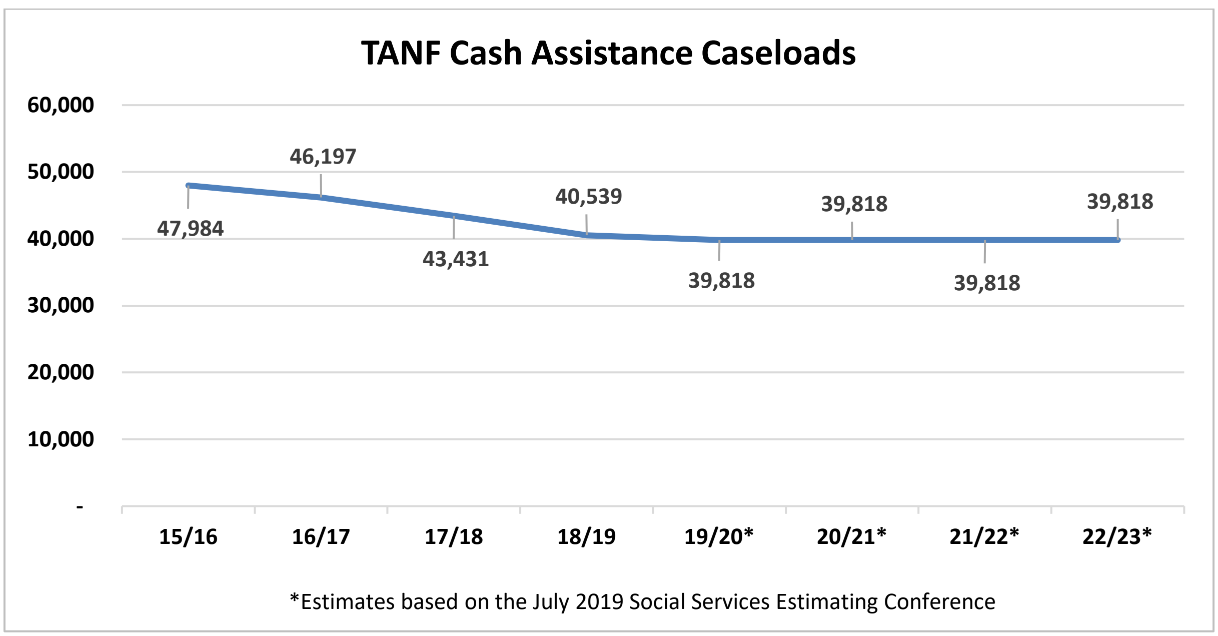
Major policy assumptions and projections for Critical Needs related to Kidcare expenditures for the forecast period were derived from the Social Services Estimating Conference that met in July 2019. The estimated costs for caseload, utilization, FMAP, and medical inflation are projected based on historical trends and other forecasting methodologies.

8. Temporary Assistance for Needy Families Cash Assistance

The Temporary Assistance for Needy Families (TANF) block grant program is designed to help needy families achieve self-sufficiency by providing assistance and work opportunities. One of the benefits offered is cash assistance to persons or families meeting certain income eligibility requirements. Florida's federal block grant allotment was $560.5 million for Fiscal Year 2019-20. Last reauthorized in the Deficit Reduction Act of 2005 (P.L. 109-171), TANF expired in 2010 and has since been renewed through a series of short-term extensions. On July 5, 2019, the President signed H.R. 2940, which extends TANF funding through September 30, 2019, and partially funds Fiscal Year 2019-20. It is expected that the next reauthorization, or extension, will fully fund Fiscal Year 2019-20.

The Outlook includes a decrease of $5.8 million in recurring General Revenue funds in Fiscal Year 2020-21 for TANF cash assistance expenditures. The Outlook does not contemplate further adjustments past Fiscal Year 2020-21 as the Social Services Estimating Conference (SSEC) does not project a change in TANF caseloads beyond the upcoming fiscal year.

Chapter 2018-103, Laws of Florida, created the Guardianship Assistance Program to accompany the existing Relative Caregiver Program and TANF Child-only Program as guardianship options available to provide financial assistance to eligible caregivers. The Guardianship Assistance Program took effect July 1, 2019. Individuals currently receiving subsidies under the Relative and Nonrelative Caregiver Programs will continue in these programs, while new caregivers will be able to select from the Relative or Nonrelative Caregiver Programs, or the Guardianship Assistance Program. It is currently unknown which option prospective caregivers will choose, given each program has specific requirements and offers different levels of support. Future Social Services Estimating Conference (SSEC) forecasts will need to consider these programmatic and law changes once they are fully implemented.



TANF Cash Assistance Estimates
(dollars in millions)

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Caseload	39,818	39,818	39,818	39,818
Increase/(Decrease)		0	0	0
Percent Change		0%	0%	0%

	Appropriation Base*	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Total Program Expenditures	$132.0	$126.2	$126.2	$126.2
Increase/(Decrease)		($5.8)	$0	$0
Percent Change		(4.4%)	0%	0%

*Reflects the Fiscal Year 2019-20 recurring appropriation.
Source: July 2019 SSEC

9. Tobacco Awareness Education Program

Since 2007, the Florida Constitution has required the Florida Legislature to annually fund a comprehensive, statewide tobacco education and prevention program. The program uses tobacco settlement money primarily to target youth and other at-risk Floridians. The annual funding requirement is 15 percent of the 2005 Tobacco Settlement payments to Florida, adjusted annually for inflation using the Consumer Price Index. The Department of Health is required to operate the Comprehensive Statewide Tobacco Education and Use Prevention Program.

Tobacco Education and Use Prevention Program Estimates
(dollars in millions)

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Expenditures	$72.1	$73.5	$75.1	$76.7
Increase		$1.4	$1.6	$1.7
Percent		1.9%	2.2%	2.2%

Note: Totals may not add due to rounding.

Major policy assumptions and projections for the forecast period are described below:

- **National Economic Estimating Conference** – The estimated tobacco expenditures from the August 2019 Revenue Estimating Conference are adjusted by applying the Consumer Price Index from the July 2019 National Economic Estimating Conference.

Transportation and Economic Development (Driver #10)

10. State Match for Federal Emergency Management Agency Funding – State Disaster Funding (Declared Disasters)

When a federally declared disaster occurs, the federal government provides funds in the form of reimbursements and grants to repair damage and protect areas from future potential disasters. Florida is generally required to provide up to 25 percent of the total cost of the grant as state match. Depending on the size and severity of the event, however, the federal government may approve a cost share adjustment that reduces Florida's share below the 25 percent threshold or even waive the match requirement altogether in rare circumstances. Accordingly, state matching funds for federally declared disasters vary significantly from one event to the next. The amount of General Revenue funds required in any given year is dependent on the number and severity of prior disasters, the federally required percentage of state match, and the timing of the required match. Based on the most recent quarterly estimate from the Division of Emergency Management, the Outlook includes $280.9 million of nonrecurring General Revenue funds in Fiscal Year 2020-21, $254.4 million in Fiscal Year 2021-22, and $138.1 million in Fiscal Year 2022-23 to meet the outstanding state obligation for all open federally declared disasters.

The Outlook does not include calculated estimates for natural disasters yet to occur or for which damage assessments have not been conducted as of the date this Outlook was prepared. Damage assessments and claims processing through the Division of Emergency Management can span several fiscal years. Due to the volatility of natural disasters, in terms of both frequency and severity, it is not possible to estimate the costs to the state for these future events.

General Government (Drivers #11 & #12)

11. Non-Florida Retirement System Pensions and Benefits

In addition to the Florida Retirement System (FRS), the Department of Management Services (DMS) is responsible for administering non-FRS pension and benefit programs, such as those for the Florida National Guard and disabled justices and judges. The funding adjustments included in the Outlook are related to the Florida National Guard and are based upon changes to the federal military pay scales, cost-of-living adjustments to federal retirement benefits, and growth in the number of participants. The Outlook includes funds for the non-FRS pension and benefit programs based on estimates provided by the DMS, Division of Retirement, as follows: an increase of $0.1 million in recurring General Revenue for Fiscal Year 2020-21, an increase of $0.1 million in recurring General Revenue for Fiscal Year 2021-22, and an additional $0.1 million in recurring General Revenue for Fiscal Year 2022-23.

12. Fiscally Constrained Counties – Property Tax

Section 218.12, Florida Statutes, directs the Legislature to provide funds to fiscally constrained counties to offset reductions in ad valorem tax revenue that result from the constitutional amendment approved in the Special Election held in January 2008. In addition, section 218.125, Florida Statutes, provides a distribution to fiscally constrained counties to offset the constitutional amendment approved in November 2008 authorizing an ad valorem tax exemption for real property dedicated in perpetuity for conservation purposes. The Outlook includes funds for fiscally constrained counties based on the Revenue Estimating Conference held in August 2019; $31.4 million in nonrecurring General Revenue for Fiscal Year 2020-21; $33.3 million for Fiscal Year 2021-22; and $35.1 million for Fiscal Year 2022-23.

Administered Funds and Statewide Issues (Drivers #13 - #15)

13. Risk Management Insurance

The Outlook includes funds for the state's Risk Management Insurance Program. The program is administered by the Department of Financial Services and provides workers' compensation, general liability, federal civil rights, auto liability, off-duty law enforcement vehicle property damage, and property insurance coverage to state agencies. The state is self-insured for these types of coverage, and agencies are assessed premiums on an annual basis for the coverage. The Outlook uses data available from the Self-Insurance Estimating Conference held in August 2019 to estimate costs and determine General Revenue and trust fund allocations to the various agencies. In Fiscal Year 2019-20, the Legislature provided $5.1 million in recurring funds and $21.0 million in nonrecurring funds from the General Revenue Fund and $2.9 million in recurring trust funds to resolve the expected shortfall in the Risk Management Trust Fund that resulted from Hurricane Michael and the subsequent insurance claims. The Legislature also provided, in the Fiscal Year 2019-20 General Appropriations Act, an additional $35 million for Fiscal Year 2018-19 hurricane claims.

Additional funds are needed in the second and third year of the Outlook for projected deficits. To address the deficits in the trust fund, the Outlook includes $0.6 million in nonrecurring General Revenue and $0.4 million from nonrecurring trust funds for Fiscal Year 2021-22 and $12.8 million in nonrecurring General Revenue and $7.3 million from nonrecurring trust funds for Fiscal Year 2022-23.

14. Division of Administrative Hearings Assessments

The Outlook includes funds to support the operations of the Division of Administrative Hearings. The division resolves disputes brought by individuals and groups such as state agencies and contracted entities for hearing by an administrative law judge. The division's funding is derived through assessments to state agencies and other entities for services based on the prior year's hearing hours. The hours vary from year to year, and each agency has different funding sources. Agencies pay assessments with trust funds, General Revenue, or a blend of both trust funds and General Revenue. Based on actual hearing hours utilized by agencies in Fiscal Year 2018-19, a decrease of $0.3 million of recurring General Revenue and an increase of $0.4 million of recurring trust funds are included in the Outlook for Fiscal Year 2020-21.

15. Increases in Employer-Paid Benefits for State Employees

Health Insurance – Total expenses associated with the state employee health insurance program are expected to increase by $226.7 million in Fiscal Year 2020-21, $262.7 million in Fiscal Year 2021-22, and $264.7 million in Fiscal Year 2022-23. Historically, when the Legislature appropriates additional funds to maintain the solvency of the program, approximately 59 percent of employer-funded premium increases are funded from the General Revenue Fund and 41 percent from various trust funds.

The increases in expenses are based on assumptions that the health insurance program will experience a 4.3 percent average annual increase in Health Maintenance Organization (HMO) premium payments, a 6.9 percent average annual growth in HMO medical claims, a 10.6 percent average annual growth in HMO pharmacy claims, a 6.9 percent average annual growth in Preferred Provider Organization (PPO) medical claims, and a 10.8 percent average annual growth in PPO pharmacy claims.

On the revenue side of the state employee health insurance program, the Outlook assumes the additional medical and pharmacy costs will be covered through premium increases paid by the employing agencies. Generally, these costs have been funded through this mechanism.
In order to meet expenses and maintain a positive balance in the State Employees' Group Health Insurance Trust Fund at the end of the three-year period, the Outlook assumes a 7.0 percent annual increase in employer-paid premium contributions on December 1, 2020, December 1, 2021, and December 1, 2022. Under these assumptions, state contributions are expected to increase by $56.3 million from the General Revenue Fund and $39.0 million from trust funds in Fiscal Year 2020-21, $101.1 million from the General Revenue Fund and $70.1 million from trust funds in Fiscal Year 2021-22, and $109.1 million from the General Revenue Fund and $75.7 million from trust funds in Fiscal Year 2022-23. No changes to the benefits offered under the insurance program or to employee-paid premium contributions are assumed in the Outlook.

Florida Retirement System (FRS) – Since Fiscal Year 2013-14, the Legislature has provided full funding for the normal cost and amortization of unfunded actuarial liabilities of the FRS. As a result, if the assumptions used during the FRS Annual Actuarial Valuation are achieved and remain unchanged and no additional benefits are enacted, no additional expenditures would be needed. The results of the 2019 FRS Actuarial Assumptions Conference and the 2018-19 Annual Actuarial Valuation are not available in preparation of this Outlook. Therefore, the Outlook assumes a three-year average of the increase in appropriations needed to fully fund the actuarially calculated contribution rates. The three-year average increase of $74.2 million from the General Revenue Fund and $11.4 million from trust funds is due in large part to changes in the assumed investment rate of return for the FRS. The assumed rate was lowered five basis points in 2016, ten basis points in 2017, and another ten basis points in 2018.

Conference	2013	2014	2015	2016	2017	2018
Investment Return Assumption	7.75%	7.65%	7.65%	7.60%	7.50%	7.40%
Basis Point Change from Prior Year		10.0	0.0	5.0	10.0	10.0

Other High Priority Needs

Pre K-12 Education (Driver #16)

16. Workload and Enrollment – Other Pre K-12 Programs

Other High Priority Needs funding is provided for the Florida School for the Deaf and the Blind. The school is a fully accredited state public school located in St. Augustine for approximately 1,000 PreK through grade 12 deaf/hard of hearing, blind/visually impaired, and special needs students who are either residential, day, or out-reach students. Funds are provided based on a three-year average increase of appropriations for school operations in the amount of $920,426 of recurring General Revenue for each of the three forecast years.

In addition, Other High Priority Needs funding is provided for the Gardiner Scholarship Program. The Gardiner Scholarship Program allows parents to personalize the education of their children with unique abilities by enabling them to use the funds for a combination of services and programs. These may include tuition and fees, therapy, curriculum, technology, and college savings accounts. Funds are provided based on the three-year average increase of appropriations for scholarships in the amount of $24.9 million of recurring General Revenue for each of the three forecast years.

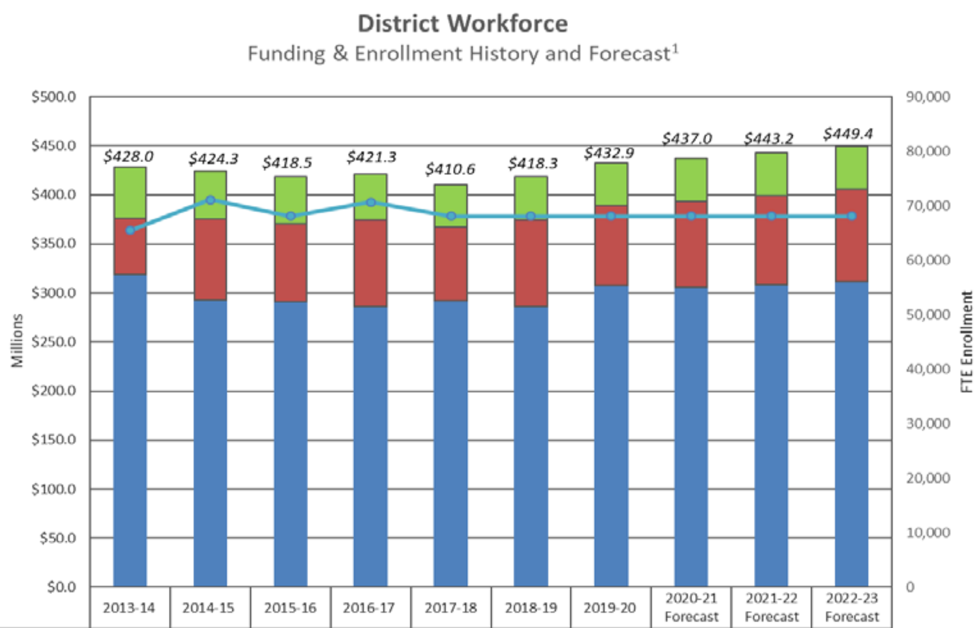
Higher Education (Drivers #17 - #21)

17. Maintain Current Budget – Higher Education

In order to maintain the Fiscal Year 2019-20 budget, Other High Priority Needs funding includes $0.5 million in recurring General Revenue to restore a nonrecurring appropriation made in Fiscal Year 2019-20 for general operating funds appropriated for Workforce Development programs at school district technical centers using a statewide equity-based funding model.

18. Workload – District Workforce

Other High Priority Needs funding includes increases for school district workforce education programs based on the three-year average increase of appropriations of $6.2 million for each forecasted year of the Outlook. For each fiscal year included in the three-year average calculation, the appropriation change excludes appropriations for projects as defined in Joint Rule 2. The following chart provides historical funding and enrollment data for district workforce and funding projections for the 2020-21, 2021-22, and 2022-23 fiscal years. Tuition revenue projections and enrollment are held constant over the three-year forecast period.



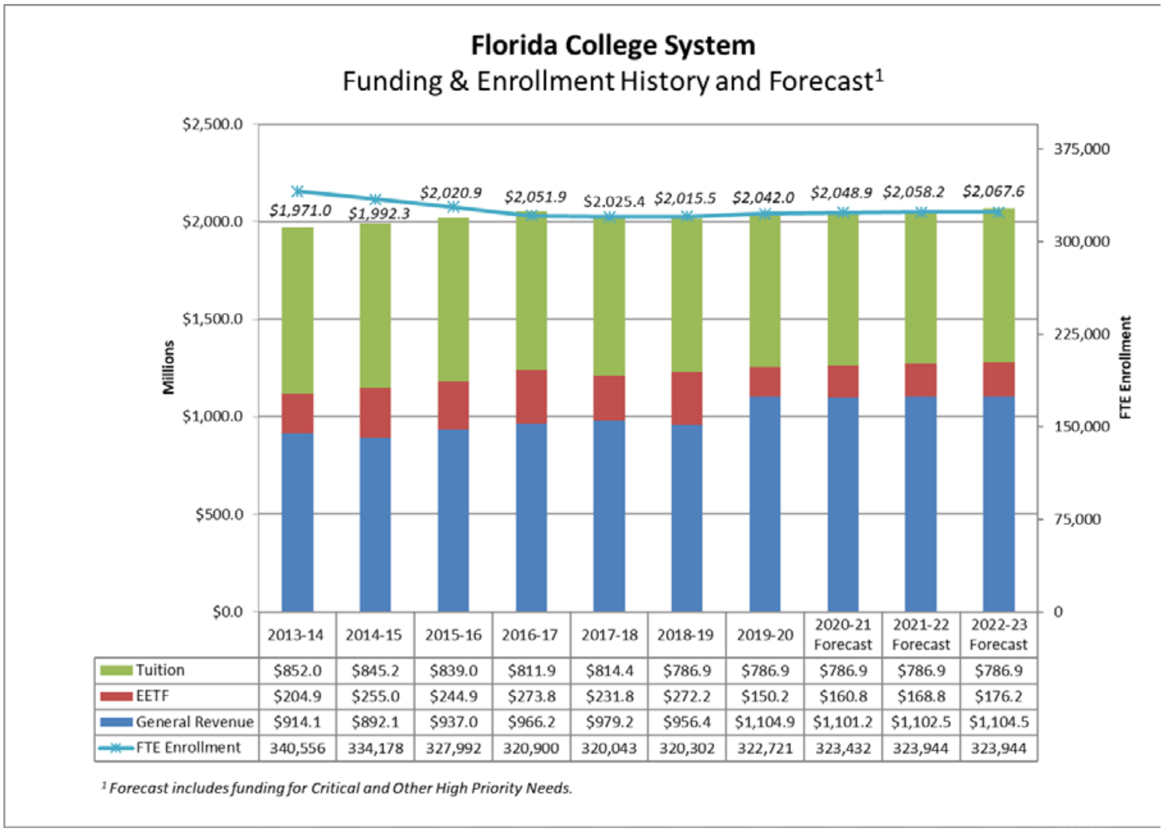
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Tuition	$51.5	$48.9	$48.3	$46.7	$43.4	$43.8	$43.9	$43.9	$43.9	$43.9
EETF	$57.4	$82.4	$79.2	$88.5	$74.9	$88.0	$81.4	$87.3	$90.6	$93.7
General Revenue	$319.1	$293.0	$291.0	$286.1	$292.3	$286.5	$307.6	$305.8	$308.7	$311.8
FTE Enrollment	65,462	71,120	68,084	70,693	68,105	68,105	68,105	68,105	68,105	68,105

[1] Forecast includes funding for Critical and Other High Priority Needs.
Federal funding is not included. In 2019-20, $118.1 million in federal funds was appropriated in the Workforce Development budget; however, these funds are distributed between District Technical Centers and Florida College System institutions.

19. Workload – Florida Colleges

Other High Priority Needs funding includes increases for Florida colleges of $9.4 million recurring General Revenue for each year of the Outlook based on the three-year average increase of appropriations. The calculated average appropriation does not include Florida Retirement System adjustments, which are accounted for as a separate driver in the Outlook. In addition, for each fiscal year included in the three-year average, the appropriation change excludes appropriations for projects as defined in Joint Rule 2. The following chart provides historical funding and enrollment data for Florida colleges and funding projections for the 2020-21, 2021-22, and 2022-23 fiscal years. The enrollment for Fiscal Year 2018-19 reflects the actual enrollment adopted by the August 2019 Education Estimating Conference. For the subsequent fiscal years displayed in the chart, the enrollments reflect system-wide enrollment projections as adopted by the conference. Tuition revenue projections are held constant over the three-year forecast period.

[SEE GRAPH ON FOLLOWING PAGE]



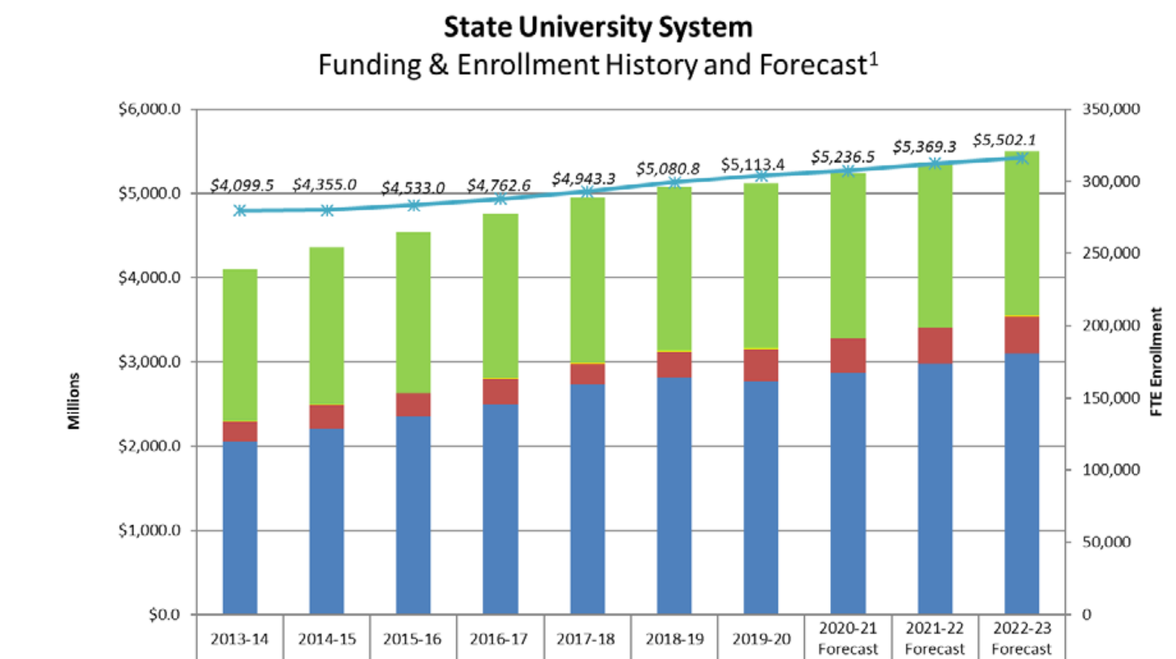
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Tuition	$852.0	$845.2	$839.0	$811.9	$814.4	$786.9	$786.9	$786.9	$786.9	$786.9
EETF	$204.9	$255.0	$244.9	$273.8	$231.8	$272.2	$150.2	$160.8	$168.8	$176.2
General Revenue	$914.1	$892.1	$937.0	$966.2	$979.2	$956.4	$1,104.9	$1,101.2	$1,102.5	$1,104.5
FTE Enrollment	340,556	334,178	327,992	320,900	320,043	320,302	322,721	323,432	323,944	323,944

[1] *Forecast includes funding for Critical and Other High Priority Needs.*

20. Workload – State Universities

Other High Priority Needs funding includes workload increases for the State University System (SUS) of $132.8 million recurring General Revenue for each year of the Outlook, based on the three-year average increase of appropriations. This average increase consists of an approximately $130.7 million workload increase for Education and General activities, a $1.8 million workload increase for the Institute of Food and Agricultural Sciences (IFAS) at the University of Florida, and a $0.3 million workload increase for the Florida Postsecondary Comprehensive Transition Program (FPCTP). The FPCTP was enacted in 2016 (chapter 2016-2, Laws of Florida), and it expands and enhances postsecondary education opportunities for individuals with unique abilities, including scholarships for eligible students. Administration and statewide coordination of information regarding programs and services for students is provided by the Florida Center for Students with Unique Abilities at the University of Central Florida.

The calculated average increase of appropriations does not include Florida Retirement System adjustments, which are accounted for as a separate driver in the Outlook. In addition, for each fiscal year included in the three-year average, the appropriation change excludes appropriations for projects as defined in Joint Rule 2. The three-year average increase of appropriations includes only the incremental increases related to new funding issues for each of the three prior fiscal years. The following chart provides historical funding and enrollment data for the State University System, and funding projections for the 2020-21, 2021-22, and 2022-23 fiscal years. The enrollment projections are provided by the Board of Governors, and the estimated tuition revenues are held constant over the three-year forecast period.



	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Tuition	$1,802.6	$1,861.2	$1,902.3	$1,957.5	$1,957.5	$1,957.5	$1,957.5	$1,957.5	$1,957.5	$1,957.5
Phosphate TF	$5.1	$5.1	$5.1	$5.1	$5.1	$5.1	$5.2	$5.2	$5.2	$5.2
EETF	$234.8	$284.8	$273.6	$304.4	$257.6	$302.6	$381.3	$409.2	$424.8	$439.0
General Revenue	$2,057.0	$2,203.9	$2,352.0	$2,495.6	$2,723.1	$2,815.6	$2,769.4	$2,864.6	$2,981.8	$3,100.4
FTE Enrollment	279,742	279,893	283,385	287,753	292,740	299,390	303,890	307,390	312,290	316,200

[1] Forecast includes funding for Critical and Other High Priority Needs.

21. Workload and Adjustments – Other Higher Education Programs

Other High Priority Needs funding includes General Revenue increases for merit and need-based student financial assistance, and other tuition assistance programs for students attending Florida's public and private colleges and universities. The plan includes combined annual increases of $48.3 million, $48.7 million, and $48.7 million, respectively for the 2020-21, 2021-22, and 2022-23 fiscal years for these programs. Specific program increases are detailed below.

Florida Student Access Grant (FSAG) – The plan includes annual General Revenue increases of $40.3 million for the FSAG program, which is a state-funded need-based financial assistance program for students attending public or private postsecondary institutions in Florida. These funding increases are based on the three-year average appropriation increase for the program.

Effective Access to Student Education (EASE) and Access to Better Learning (ABLE) Grants – These programs provide tuition assistance to students attending eligible private postsecondary institutions. An additional 2,510 students are projected to be eligible for funding over the next three years, with 543 additional students eligible in Fiscal Year 2020-21, 910 additional students in Fiscal Year 2021-22, and 1,057 additional students in Fiscal Year 2022-23. The additional tuition assistance scholarships to students results in an increase in recurring General Revenue funding of approximately $1.5 million in Fiscal Year 2020-21, $2.6 million in Fiscal Year 2021-22, and $3.0 million in Fiscal Year 2022-23. The funding levels are based on the latest enrollment projections adopted by the August 2019 Student Financial Aid Estimating Conference.

Benacquisto Scholarship Program – The Benacquisto Scholarship program is a merit scholarship program for high school graduates who earn recognition as a National Merit or National Achievement Scholar and choose to attend a Florida postsecondary institution. The scholarship is equal to the cost of attendance (including tuition and fees, room and board, and other expenses) at a Florida public postsecondary educational institution, less the combined amount of the student's Bright Futures Scholarship and National Merit Scholarship or National Achievement Scholarship.

An additional 889 students are projected to be eligible for funding over the next three years, with 300 additional students eligible in Fiscal Year 2020-21, 307 additional students in Fiscal Year 2021-22, and 282 additional students in Fiscal Year 2022-23. The additional Benacquisto Scholars results in an increase in recurring General Revenue funding of $6.4 million in Fiscal Year 2020-21, $5.8 million in Fiscal Year 2021-22, and $5.4 million in Fiscal Year 2022-23. The funding levels are based on the latest enrollment projections adopted by the August 2019 Student Financial Aid Estimating Conference.

Education Fixed Capital Outlay (Driver #22)

22. Education Fixed Capital Outlay

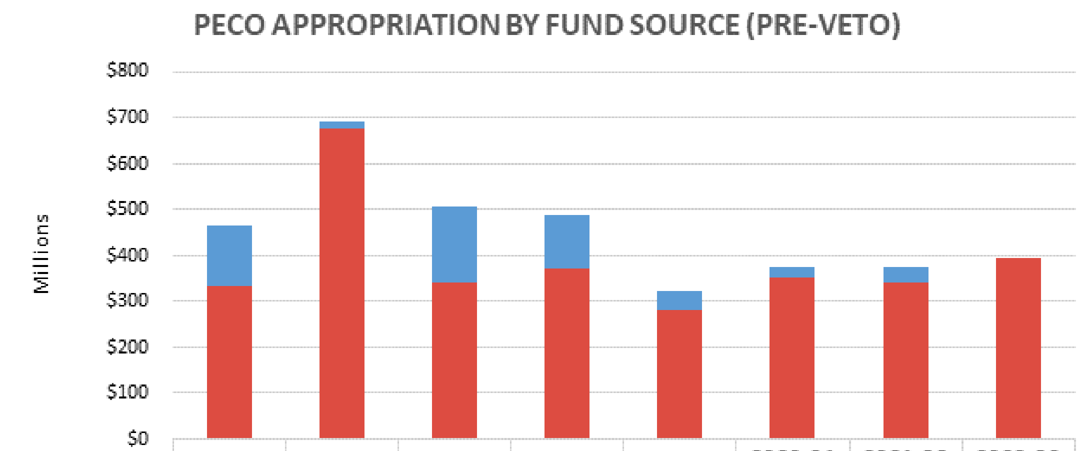
The Public Education Capital Outlay and Debt Service (PECO) Trust Fund is established in the Florida Constitution to fund public education capital outlay projects. Revenues to the PECO Trust Fund are derived from Gross Receipts Tax collections. In recent years, additional state funds from the General Revenue Fund and the Educational Enhancement Trust Fund have been appropriated to supplement the PECO Trust Fund in order to provide the desired level of funding for education fixed capital outlay projects.

The August 2019 PECO estimate provides for two funding scenarios, one that maximizes bonding and one that does not include bonding. The following table shows the maximum possible PECO appropriation for each scenario.

FISCAL YEAR	WITH BONDING	NO BONDING
2020-21	$3,129.4 million	$353.4 million
2021-22	$327.5 million	$341.4 million
2022-23	$709.8 million	$394.6 million

Given that the Legislature has authorized bonding only one time in the past nine years, this Outlook assumes that non-bonded PECO Trust Fund revenue will be supplemented by General Revenue funding to produce a total annual appropriation that is similar to the levels appropriated in the most recent three years.

Estimates of the amounts of General Revenue needed during each year of the forecast period are based on a three-year average of appropriations funded by the Legislature, excluding projects that would have been defined as appropriations projects pursuant to Joint Rule 2. This average is compared to the August 2019 estimate of PECO cash available for appropriation during the three years of the forecast. As a result, the Outlook assumes additional nonrecurring General Revenue of $21.0 million in Fiscal Year 2020-21 and $33.0 million in Fiscal Year 2021-22. In Fiscal Year 2022-23, the available PECO cash is expected to exceed the three-year average appropriations level, thus no additional General Revenue is provided in the third year of the Outlook.



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast
Total	$466	$694	$507	$487	$322	$374	$374	$395
GR/Other	$132	$15	$165	$115	$42	$21	$33	$0
PECO TF	$334	$679	$342	$372	$280	$353	$341	$395

Note: Actual appropriations are shown for 2013-14 through 2019-20 and include projects defined as appropriations projects pursuant to Joint Rule 2.

While the Outlook assumes an overall level of PECO funding over the three-year forecast period, no assumptions are made about the allocation of funds to particular projects or across delivery systems. Under the requirements of section 1013.62, Florida Statutes, the Legislature must choose each year between state and local funding of charter school capital outlay. If the state appropriation for charter school capital outlay does not meet the funding threshold specified in law (i.e., the Fiscal Year 2018-19 per full time equivalent level of $145.2 million adjusted by changes in the CPI and the estimated number of charter school students for the applicable fiscal year), school districts will be required to share a portion of their local capital outlay revenue from the discretionary 1.5 millage levy authorized in section 1011.71(2), Florida Statutes, with charter schools. In Fiscal Year 2019-20, the Legislature funded charter school capital outlay from state dollars and appropriated $158.2 million from the PECO Trust Fund. As of August 2019, the required level of funding for charter school capital outlay in Fiscal Year 2020-21 is estimated to be approximately $171.2 million.

The 2018 Long-Range Financial Outlook identified a Significant Risk related to projects that have received prior PECO appropriations but remain unfinished. During the 2019 Session, the Legislature enacted legislation which may modify the state funding needed to meet the unfunded obligation remaining from unfinished PECO projects. Chapter 2019-103, Laws of Florida, authorizes universities and colleges to use carry forward funds to complete previously funded PECO projects. If universities and colleges choose to use their carry forward funds in this manner, the number of previously funded projects which are incomplete could decrease. The law also modifies the criteria the State Board of Education and Board of Governors will use to rank PECO projects for funding recommendation to the Legislature. The criteria may have the effect of limiting the number of new projects recommended for PECO funding.

Human Services (Drivers #23 - #29)

23. Medicaid Services

The Outlook includes additional funding for Medicaid Waiver slots for the elderly and for Medicaid provider rate increases based on three-year averages. These Other High Priority Needs provide the Agency for Health Care Administration and the Department of Elder Affairs with $40.1 million ($34.2 million nonrecurring) in General Revenue funds each year for Fiscal Years 2020-21, 2021-22, and 2022-23.

24. Children and Family Services

The Outlook uses three-year averages of appropriations to determine the funding needs for the anticipated growth of the following: maintenance adoption subsidies; Community-Based Care (CBC) lead agencies that provide child welfare services; child abuse investigations conducted by the department and/or sheriffs' offices; children's legal services; foster care room and board rates; state mental health treatment facility needs and operating contracts; services for domestic violence victims; substance abuse prevention; and mental health services administered through community-based providers; and funding needs resulting from recent federal changes.

Since 2006, the state has operated under a federal Title IV-E Demonstration Waiver, which allowed for more relaxed restrictions and funding for a broader range of child welfare services than provided through traditional federal Title IV-E funds (the primary source of funding for foster care). The federal Department of Health and Human Services announced the expiration of all demonstration waivers by September 30, 2019. Since traditional, pre-waiver requirements limit federal reimbursement to room and board and case management services, and then only for children who meet eligibility requirements, a return to traditional IV-E requirements results in a significant loss of federal funds for the state. In Fiscal Year 2018-19, the Legislature began to implement certain department initiatives to increase claiming opportunities and align with nationally recognized child welfare practices. The forecast for the Other High Priority Needs for Children and Family Services considers the impact to child welfare services resulting from the expiration of the waiver by averaging mitigation initiatives funded during the past two years; specifically, the newly created Guardianship Assistance Program, the extension of services to age 21 for older youth who enter the foster care system, technology enhancements for improving administrative claiming opportunities, and an appropriation of state funds to offset the projected loss in federal earnings.

In addition to the expiration of the waiver, federal requirements for child welfare services are changing due to the enactment of the Family First Prevention Services Act (FFPSA), approved by Congress as part of the 2018 Bipartisan Budget Act. The landmark legislation brings about sweeping changes to states' child welfare policies. Before the passage of the new law, states could use Title IV-E funds for children only after they entered foster care. In an effort to prevent children's entry into foster care, the law provides that Title IV-E funds may only be applied towards substance abuse and mental health services, in-home parenting classes and other prevention and treatment services. As the law encourages states to reduce reliance on group and residential treatment homes for foster children and to prioritize family-based care, federal reimbursement is limited to the first 14 days of the child's stay. The results of an April 2019 department survey of the state's residential group care providers shows 123 facilities, out of a total of 148 respondents (or 83 percent), report that the average length of stay is over 30 days.

The FFPSA provides that states may receive Title IV-E reimbursement for evidence-based programs and services that keep children at home with their families rather than being placed in foster care. The FFPSA allows states the option to delay implementation for up to two years. Florida opted to begin October 2021, delaying the impact of the federal law until state Fiscal Year 2021-22. The forecast does not consider the impact to foster care services that may result from the passage of the FFPSA.

These Other High Priority Needs increase General Revenue funds for the Department of Children and Families by $64.2 million ($25.8 million nonrecurring) for Fiscal Year 2020-21, Fiscal Year 2021-22, and Fiscal Year 2022-23.

25. Health Services

The Outlook includes additional funding for the Early Steps program, the Office of Medical Marijuana Use, the Newborn Screening program, biomedical research, HIV/AIDS programs, epidemiology, and lab maintenance based on three-year averages of appropriations. All of these programs are described below:

- The Early Steps program is Florida's early intervention system that offers support services to families and caregivers with infants and toddlers with significant delays or a condition likely to result in a developmental delay.
- The Office of Medical Marijuana Use is the state's regulatory office charged with adopting and implementing the rules for medical marijuana including licensure of dispensaries and registering qualified patients and caregivers.
- The Newborn Screening program screens all newborns born in this state for metabolic, hereditary, and congenital disorders known to result in significant impairment of health or intellect.
- The biomedical research funding addresses several statewide initiatives through grant opportunities and supplemental funding. These programs include the James and Esther King Biomedical Research Program, Bankhead-Coley Cancer Research Program, Ed and Ethel Moore Alzheimer's Disease Research Program, and the Live Like Bella Pediatric Cancer Research Initiative.

- HIV/AIDS programs include the federally funded Ryan White HIV/AIDS Program, Housing Opportunities for Persons with AIDS, AIDS Drug Rebates, and the AIDS Drug Assistance Program.
- Epidemiology includes programs related to investigations and outbreak control of Zika, West Nile Virus, Dengue Fever, Measles, Meningitis, and other diseases; research on the long-term health effects of exposure to blue green algae and red tide; and research on the public health significance of pulmonary nontuberculosis mycobacterial (PNTM) disease.
- Lab Maintenance and Repair includes construction projects at the Orlando Health Physics Lab and the Jacksonville Public Health Laboratory.

These Other High Priority Needs increase General Revenue funds for the Department of Health by $1.6 million ($0.02 million nonrecurring) each year for Fiscal Years 2020-21, 2021-22, and 2022-23.

26. Developmental Disabilities

The Outlook uses three-year averages of appropriations to determine the funding needs for reducing the waitlist for Developmental Disabilities Waiver services provided by the Agency for Persons with Disabilities, additional administrative resources to manage growth in Waiver services, the agency's supported employment and internship programs, and rate increases for Medicaid Waiver providers. These Other High Priority Needs increase General Revenue funds for the Agency for Persons with Disabilities by $22.4 million ($11.3 million nonrecurring) each year for Fiscal Years 2020-21, 2021-22, and 2022-23.

The Agency for Persons with Disabilities may pose a risk to the forecast due to a projected $39.4 million General Revenue deficit from Fiscal Year 2018-19 in the Home and Community Based Services Category that is not included in the calculation of Other High Priority Needs. Section 393.0661, Florida Statutes, requires iBudget waiver expenditures to be limited to the funds appropriated by the Legislature. If at any time an analysis by the Agency for Persons with Disabilities indicates that the cost of services is expected to exceed the amount appropriated, the agency is required to submit a corrective action plan to the Legislature and the Executive Office of the Governor to adjust fees, reimbursement rates, lengths of stay, number of visits, number of services, or limit enrollment, or make any other adjustment to remain within the amount appropriated. The corrective action plan received by the Legislature in July 2019 did not address any of these requirements.

27. Veterans' Services

The Outlook includes funding for Florida is for Veterans, Inc., for the Entrepreneurship Program designed to connect business leaders with veterans seeking to become entrepreneurs, and the Veterans Workforce Training Grant Program which provides funding for educational programs to businesses hiring and training veterans. The Outlook also provides funding for veterans' home resident equipment, including furniture, medical equipment, recreational equipment, and handicap transport vans. These Other High Priority Needs are based on three-year averages of appropriations and increase funds for the Department of Veterans' Affairs by $1.3 million of nonrecurring General Revenue and $1.4 million from trust funds each year for Fiscal Years 2020-21, 2021-22, and 2022-23.

The Outlook also includes funding for initial staffing operations at two new state veterans' nursing homes. According to the Florida Department of Veterans' Affairs, a new state veterans' nursing home is fully occupied and operational two years after opening. The two new homes are expected to open March and April 2020 and therefore require funding for staffing and operations through the Outlook period. The Outlook includes an increase of $3.9 million in trust fund authority in Fiscal Year 2020-21 and $0.5 million in Fiscal Year 2020-21 for the Lake Baldwin State Veterans' Nursing Home in Orange County. The Outlook also includes $6.1 million in trust fund authority in Fiscal Year 2020-21 and approximately $0.3 million in Fiscal Year 2021-22 for the Ardie Copas State Veterans' Nursing Home in St. Lucie County.

28. Elderly Services

The Outlook includes funding for reducing the waitlist for the Community Care for the Elderly program and the Home Care for the Elderly program within the Department of Elder Affairs and to provide respite services for the department's Alzheimer's clients based on the three-year appropriations averages. Additionally, the Outlook includes funding for Public Guardianship services and Aging Resource Centers to assist the elderly. These Other High Priority Needs increase funds for the Department of Elder Affairs by $5.8 million of recurring General Revenue and $0.1 million from trust funds each year for Fiscal Years 2020-21, 2021-22, and 2022-23.

29. Human Services Information Technology/Infrastructure

The Outlook includes funding for Other High Priority Needs for human services information technology and infrastructure. The funding addresses the costs for the completion of the Agency for Persons with Disabilities' Client Data Management System, the Department of Veterans' Affairs computer replacement program and security enhancements, the Florida Medicaid Management Information System (FMMIS) transition, facility regulation issues in the Agency for Health Care Administration, restoration of nonrecurring funds for cloud conversion for the Department of Children and Families' Florida Safe Families Network (FSFN), Child Welfare Information Technology, Substance Abuse and Mental Health technology, and continuation of the Enterprise Client Information and Tracking System (eCIRTS) Project in the Department of Elder Affairs.

The Outlook includes $7.3 million of General Revenue funds ($7.0 million nonrecurring) for Fiscal Year 2020-21; $7.2 million of General Revenue funds ($7.1 million of nonrecurring) for Fiscal Year 2021-22; and $7.0 million of General Revenue funds ($6.8 million nonrecurring) for Fiscal Year 2022-23. In addition, the Outlook includes increases in trust fund authority of $44.6 million in Fiscal Year 2020-21, $42.1 million in Fiscal Year 2021-22, and $41.7 million in Fiscal Year 2022-23.

Criminal Justice (Drivers #30 - #33)

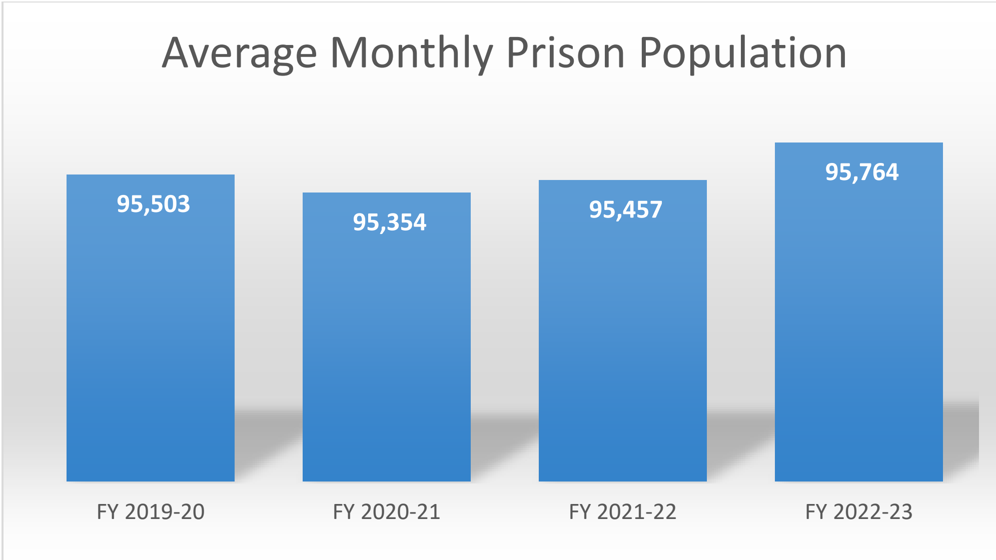
30. Justice Administration Entities

Due Process and Conflict Case Costs – The Justice Administrative Commission is responsible for administering funds provided for due process and conflict case costs for the judicial system totaling over $101.4 million in Fiscal Year 2018-19. These costs include court-appointed attorneys' fees in criminal conflict, child dependency and civil conflict cases, attorney payments over the flat fees established for those cases, legal representation for dependent children with special needs, registry attorneys for post-conviction capital collateral cases, and due process costs for state attorneys and public defenders. Due process costs include court reporting and interpreting services, expert witness fees, and costs associated with medical/mental health evaluations. In recent years, several of these categories of expenditures have exceeded the original appropriations provided, and the Legislature has consistently addressed the shortfalls. In order to provide sufficient funding for projected expenditures, the Outlook includes an increase of approximately $3.9 million in recurring General Revenue each year based on the average increase in funding in the impacted categories over the last two fiscal years.

Criminal Conflict and Civil Regional Counsels – The Justice Administrative Commission is also responsible for administering funds provided for the five Criminal Conflict and Civil Regional Counsels totaling $48.8 million in Fiscal Year 2018-19. These costs include workload, due process costs, and other critical operating needs. In order to provide sufficient funding, the Outlook includes an increase of $3.1 million in recurring General Revenue each year based on the average appropriations, including supplemental appropriations, over the last three fiscal years.

31. Department of Corrections – Inmate Care

The Criminal Justice Estimating Conference (CJEC) provides various estimates related to Florida's prison population. Averaging the estimated number of prisoners for each month produces an average monthly prison population for the year. This metric shows that Florida's prison population will increase by approximately 0.3 percent over the next three fiscal years, from 95,503 in Fiscal Year 2019-20 to 95,764 in Fiscal Year 2022-23. Although the CJEC is expecting slight growth over the next three fiscal years, the projected prison population in Fiscal Year 2022-23 remains below the level that was used to develop the Fiscal Year 2019-20 appropriation, which was 96,069. Thus, no workload driver is included in this year's Outlook.



Source: Criminal Justice Estimating Conference (July 23, 2019)

However, the Outlook does include Other High Priority Needs funding to support the department's requirement to provide comprehensive health care services to the inmates in its custody. Health care services, including mental health services, must at least meet the level of care available to individuals in the community. There are four cost components to this driver: Disability Rights Florida (DRF), Inc. – Inmates with Mobility, Hearing, and Vision Disabilities; DRF, Inc. – Inmate Mental Health Treatment; Treatment of Inmates Infected with Hepatitis C Virus; and General Pharmaceutical Drugs – Compliance with Standards of Care.

<u>Disability Rights Florida, Inc., Inmates with Mobility, Hearing, and Vision Disabilities</u> – The Florida Department of Corrections (FDC) entered into a settlement agreement with Disability Rights Florida, Inc., (DRF) to end a lawsuit relating to the accommodations for inmates with mobility, hearing, and vision disabilities. Under the settlement, inmates with a mobility disability will be placed in prisons that comply with the Americans with Disabilities Act (ADA) standards. The FDC will provide inmates with hearing disabilities increased access to interpreters, hearing aids, and video remote interpreting. Inmates with vision disabilities will receive probing canes and other accommodations to enable them to participate in FDC services and programs. Finally, inmates who need services will be evaluated when they enter the correctional system and reevaluated annually. The Outlook includes an increase of $1.2 million in nonrecurring General Revenue in Fiscal Year 2020-21. At this time, it is not anticipated that additional funding will be needed for Fiscal Years 2021-22 or 2022-23.

<u>Disability Rights Florida, Inc., Inmate Mental Health Treatment</u> – The Florida Department of Corrections entered into a settlement agreement with Disability Rights Florida, Inc., to end a lawsuit relating to the accommodations and care for inmates with mental health treatment needs that are housed in the department's correctional facilities. Services provided to inmates must meet or exceed the level of care available to individuals in the community. As a result, the department must adopt new treatment protocols for inmates as those protocols change in the community. Under the settlement, the department will house inmates with mental health treatment needs in prisons that can provide a constitutional level of mental health treatment

services. Retrofitting facilities and increased staffing in existing facilities has resulted in improved care. New funding will be used to continue improvements to meet treatment standards of care. The Outlook includes an increase of $28.8 million in General Revenue ($6.6 million nonrecurring) each year based on a three-year average of prior funding.

Treatment of Inmates Infected with the Hepatitis C Virus – The 11th U.S. District Court released an order directing the Florida Department of Corrections (FDC) to test all inmates for the Hepatitis C Virus (HCV) and to treat all infected inmates with direct-acting antiviral (DAA) medication, including inmates in all stages of the disease but beginning with those inmates in later stages of the disease. DAA treatments are far more effective at treating and curing HCV and are the current standard of care, but are also expensive at upwards of $30,000 per inmate treated. As the inmate population is tested, the number of inmates requiring treatment is also increasing. The Outlook includes an increase of $28.1 million in recurring General Revenue for each year based on a three-year funding average.

General Pharmaceutical Drugs, Compliance with Standards of Care – The Department of Corrections must adopt new treatment protocols for inmates as those protocols change in the community. New drugs are being continually developed to treat illnesses. The cost of the newer pharmaceuticals, such as biologicals (a vaccine or drug derived from biological sources), HIV, and flu vaccines, is greater than older drugs. In addition, the cost of maintenance drugs, including insulin and thyroid medications, has increased. The Outlook includes an increase of $8.2 million in recurring General Revenue each year based on a two-year funding average for general pharmaceutical drugs.

The following table summarizes the fiscal impact of the Inmate Care driver:

Fiscal Year	**FY 2020-21**		**FY 2021-22**		**FY 2022-23**	
Inmate Care Issue (in millions)	**Recur**	**NonRec**	**Recur**	**NonRec**	**Recur**	**NonRec**
DRF, Inc., Inmates with Disabilities		1.2				
DRF, Inc., Inmate Mental Health Treatment	22.2	6.6	22.2	6.6	22.2	6.6
Inmates Infected with Hepatitis C	28.1		28.1		28.1	
General Pharmaceutical Drugs	8.2		8.2		8.2	
Total	**58.5**	**7.8**	**58.5**	**6.6**	**58.5**	**6.6**

32. Juvenile Justice Programs

Residential Commitment Programs – The Department of Juvenile Justice utilizes residential commitment beds to meet the supervision, counseling, and rehabilitative treatment needs of adjudicated youth in the juvenile justice system. Having a sufficient number of beds will ensure youth receive necessary services and do not spend additional time in detention waiting for a vacant commitment bed. As of July 2019, there were 167 youth adjudicated to residential commitment programs, but waiting for an assignment to a residential facility. The average length of time between adjudication and commitment placement for youth on the waiting list is 33 days. In accordance with chapter 2017-164, Laws of Florida, youth awaiting placement in residential facilities are assigned to secure detention, pending availability of a bed. Placing these youth in the appropriate residential programs ensures they begin their treatment as soon as possible. The Outlook includes an increase of $7.0 million in recurring General Revenue each year for these residential commitment beds and evidence-based services based on the average increase for these programs over the last three fiscal years.

<u>Community Supervision</u> – Every youth under the age of 18 charged with a crime in Florida is referred to the Department of Juvenile Justice. A referral is similar to an arrest in the adult criminal justice system. The department provides a recommendation to the state attorney and the court regarding appropriate sanctions and services for the youth. When making a recommendation, the department has several options that allow the youth to remain in his or her home community, such as diversion or court supervision. Youth on probation or conditional release may be ordered by the court, or referred by the department to various day treatment programs while they are under supervision. The Outlook includes an increase of $1.1 million in recurring General Revenue each year for community supervision services based on the average increase for these programs over the last three fiscal years.

33. Other Criminal and Civil Justice Programs and Operations

<u>Florida Department of Corrections Education and Training Programs</u> – One goal of the Department of Corrections is to implement rehabilitative programs that support a continuum of services for inmates and offenders, resulting in a successful transition into the community upon release. The Outlook includes an increase of $1.2 million in recurring General Revenue each year for these needs based on the average funding over the last three years.

<u>Safety and Security Cameras</u> – The Department of Corrections and the Department of Juvenile Justice use cameras to improve the safety and security of the inmates and juveniles in custody, as well as the safety of the communities where inmates and juveniles are housed. The Outlook includes an increase of $1.0 million in General Revenue ($0.8 million nonrecurring) each year based upon the average funding over the last two years.

<u>Motor Vehicles</u> – The mission of criminal and civil justice agencies requires a serviceable motor vehicle fleet in order to perform critical agency tasks. The Outlook includes $2.2 million in General Revenue ($1.2 million in nonrecurring) and $1.5 million in nonrecurring trust fund authority each year based on the average funding over the last three years.

<u>Information Technology Investments</u> – Information technology is an integral part of every agency in state government. The criminal and civil justice entities have undertaken large multi-year technology projects in recent years; for example, the Department of Law Enforcement's Sexual Predator Database, FIBRS, and Data Transparency projects. Similarly, the Department of Legal Affairs is in the process of an agency-wide technology modernization project. The Outlook includes $13.2 million in General Revenue ($12.7 million in nonrecurring) each year based on the average funding over the last three years.

Judicial Branch (Driver #34)

34. Judicial Branch

The State Courts System is in the Judicial Branch of government. Constitutionally, Florida's unified court system is managed by the Chief Justice of the Supreme Court who is the chief administrative officer of the judicial system. The Chief Justice of the Supreme Court administers the funding for the branch through its administrative arm, the Office of the State Courts Administrator, and the various budget commissions appointed by the Court.

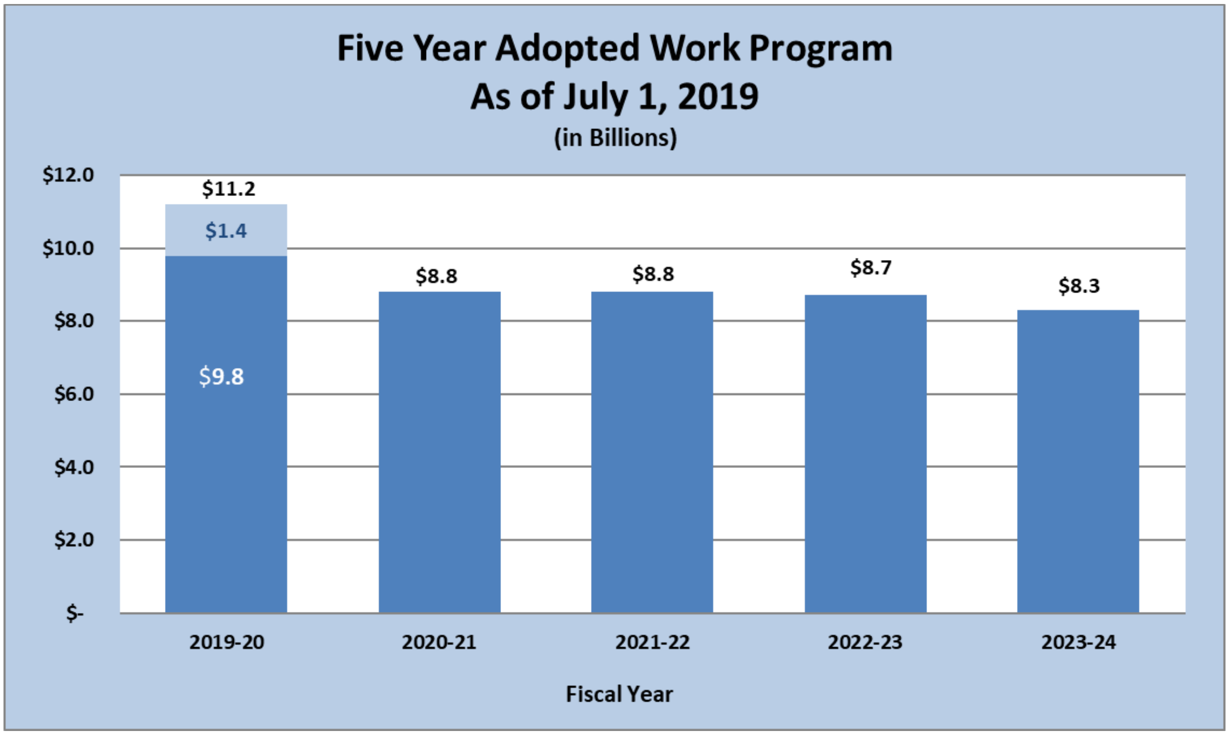
Problem-solving courts are diversionary courts that use evidence-based practices to reduce recidivism for better societal outcomes. These types of courts, such as drug courts, mental health courts, veterans' courts, early childhood courts, and others have become a fundamental method of case management and disposition in Florida. Beginning in Fiscal Year 2018-19, the Legislature charged the Trial Court Budget Commission with managing funding for problem-solving court operations. The Outlook includes an increase of $2.6 million in recurring General Revenue each year based upon a two-year funding average.

Transportation and Economic Development (Drivers #35 - #38)

35. Department of Transportation Adopted Work Program (Fiscal Years 2020-2023)

The Department of Transportation develops a Work Program, which is the department's list of transportation projects planned for the following five years. It is supported by a balanced five-year financial outlook with a three-year cash forecast of receipts and expenditures. Funding to support the Work Program comes from a variety of trust fund sources, including federal, state, and local funds, bond proceeds, toll collections, and other miscellaneous receipts. Current funding projections for each year of the Adopted Five Year Work Program are based on estimates from the Revenue Estimating Conferences held in March 2019 for Transportation Revenue and Documentary Stamp Tax Collections. Changes in project commitments and revenue estimates after July 1, 2019, will be programmed into the Tentative Work Program in January 2020 for legislative consideration.

[SEE GRAPH ON FOLLOWING PAGE]



**Fiscal Year 2019-20 includes $1.4 billion in anticipated roll forward budget from Fiscal Year 2018-19. Each year, a portion of the prior year's budget rolls forward and is added to the current year appropriation. This amount averages approximately $1.4 billion annually.*

Based on the current Adopted Work Program, the Outlook includes $8.8 billion in trust fund spending authority for Fiscal Year 2020-21, $8.8 billion for Fiscal Year 2021-22, and $8.7 billion for Fiscal Year 2022-23.

36. Economic Development and Workforce Programs

The Department of Economic Opportunity is the state's single economic development agency whose purpose is to implement economic development policy. Enterprise Florida, Inc., a not-for-profit corporation created by Florida law to promote economic diversification and improvements in Florida's business climate and infrastructure, works closely with the department. Economic development activities include: marketing the state as business friendly, providing financial incentives to attract and grow business, offering grants and loans for low-income and rural areas, and funding innovation and research activities and workforce training. In addition, the state has structured some programs to promote specific industries that have a large impact on Florida's economy such as the space and defense industries. These focused efforts include funding for operational and business development for Space Florida and military base protection and defense industry related grant funding to protect and expand the defense industry. Because the amount of future nonrecurring appropriations cannot be predicted, the Outlook relies on three-year appropriations averages. This version includes a total of $108.8 million of nonrecurring General Revenue funds for economic development and workforce programs for each year of the Outlook.

Chapter 2017-233, Laws of Florida, created the Job Growth Grant Fund to provide grants for projects in public infrastructure or workforce training that promote economic opportunity, as well as to provide infrastructure funding to accelerate the rehabilitation of the Herbert Hoover Dike. The law defines a public infrastructure project as a project that promotes economic recovery in a specific region, economic diversification, or economic enhancement in a targeted industry by funding land acquisition and fixed capital expenditures for facilities. The law defines a workforce training project as a project that supports a program at a state college or technical center that provides participants with transferable, sustainable workforce skills applicable to many employers. The Job Growth Grant Fund differs from traditional economic development programs in that funds are prohibited from exclusively benefiting a single business. Of the $108.8 million in the Outlook for economic development and workforce programs, $78.3 million is based on the three-year appropriations average for this program.

The Outlook further contains a three-year appropriations average for the following traditional economic development programs.

> Qualified Targeted Industry Tax Refund - Provides a cash award equivalent to certain paid taxes for an approved business based on the number of new jobs created.
>
> High-Impact Business Performance Grant - Provides a cash grant to a business project in a designated high-impact industry that makes large capital investments within Florida.
>
> Brownfield Redevelopment Tax Refund *and* Bonus Refund - Provides a cash award for each job that an eligible business creates in a brownfield area under rehabilitation.

The average costs associated with these programs are based on payments to be made to businesses that meet the performance requirements of previously awarded contracts entered into by the department with the businesses participating in the programs. Outside of these programs and the Job Growth Grant Fund, the Outlook does not contemplate any new funding for economic development programs.

37. National Guard Armories and Military Affairs Priorities

The Legislature provided $116.4 million of General Revenue funds between Fiscal Years 2003-04 and 2017-18 to support the renovation of Florida’s aging armories. As funding for the Armory Renovation Priority List was completed, the Legislature began providing annual nonrecurring General Revenue funds for ongoing maintenance and repairs to Florida armories in Fiscal Year 2015-16. Based upon three-year appropriations averages, the Outlook includes $1.0 million for armory maintenance and repair efforts each year, and further contains $2.0 million of nonrecurring General Revenue funding for Fiscal Year 2020-21 to complete the final year of a four-year security enhancement plan. The Legislature has provided $2.0 million in Fiscal Years 2016-17, 2017-18, and 2019-20 in support of the requested security enhancements.

The Department of Military Affairs receives funding for two statutorily-created Florida National Guard community support programs that target at-risk youth and young adults; the Outlook includes $1.2 million of nonrecurring General Revenue each year based on the three-year appropriations average for these programs. The About Face program began in 1997 and is held at local National Guard Armories throughout the state. This program provides life skills and drug awareness training, including mentoring assistance to youth between the ages of 13 and 17. The Forward March program began in 1999 and provides job readiness services for Florida Work and Gain Economic Self-Sufficiency (WAGES) program participants. This is a life skills training program in which clients participate in an activity-based curriculum designed for participants to practice life skills in a real life setting. Participants must meet eligibility requirements for both programs.

Section 250.34, Florida Statutes, provides for medical attention, necessary hospitalization, and pay for troops who become injured while on state active duty, and specifies that the Department of Financial Services, Division of Risk Management, processes benefits to certain severely injured or disabled troops who have claims past one year from the date of injury or disability. In January of each year, the Division of Risk Management provides the Department of Military Affairs with an invoice for payments and associated legal costs made during the prior calendar year for this purpose. The Outlook includes nearly $0.2 million each year based on the three-year appropriations average for these claims.

38. Library, Cultural, Historical, and Election Priorities

The Outlook includes nonrecurring General Revenue funds for certain Department of State programs based on a three-year average of appropriations. Collectively, the Outlook includes approximately $38.5 million of nonrecurring General Revenue funds for these programs in Fiscal Year 2020-21, $36.7 million in Fiscal Year 2021-22, and $38.5 million in Fiscal Year 2022-23.

The Division of Library and Information Services administers grant programs to support the establishment, expansion, and improvement of library service in Florida. Historically, the program obtaining the most additional funding from the Legislature is the State Aid to Libraries category, which encourages local governments to establish and continue development of free library service to all residents of Florida. The Outlook includes $5.2 million annually for State Aid to Libraries based on a three-year appropriations average of total General Revenue funding for this program. Additionally, in order to receive the Library Services and Technology Act federal grant funds, the state is required to meet its maintenance of effort (MOE) funding of $21.4 million. The Outlook’s $5.2 million, which is nonrecurring, in addition to the $17.3 million in recurring funding that already exists for State Aid to Libraries, will allow the state to meet the MOE. The Outlook also includes $0.3 million based on the three-year average of appropriations for Public Library Construction Grants to encourage the growth of public libraries.

The Division of Cultural Affairs administers four types of grant programs: Cultural and Museum Grants, Specific Cultural Project Grants, Cultural Endowment Grants, and Cultural Facility Grants. Cultural and Museum and Specific Cultural Project grants provide funding for science museums, youth and children’s museums, historical museums, local arts agencies, state service organizations, and organizations that have cultural program activities. Cultural Endowment grants create an endowment matching fund program to provide operating resources to not-for-profit Florida corporations in good standing with the Florida Division of Corporations.

In addition, Cultural Facility grants provide state support for the acquisition, renovation, and construction of cultural facilities such as performing art centers and museums. The three-year average of appropriations for cultural/museum and facility grants is approximately $21.6 million.

The Division of Historical Resources administers two grant programs that assist in the identification, excavation, protection, and rehabilitation of historic and archaeological sites; provide public information and museum exhibits on the history of Florida; and encourage preservation in smaller cities and rural areas. The three-year average of appropriations for these two historic grant programs is approximately $7.3 million.

The Division of Elections administers the Florida Election Code, chapters 97 through 106, Florida Statutes, which regulates all state and county elections. Portions of the election code also pertain to municipalities and special districts in the state and to federal elections. Elections are conducted in Florida almost every week of the year by county supervisors of elections or city clerks. Major state and county elections are held in even-numbered years. The division is required by law to pay for the costs of special elections; the costs of statewide litigation relating to elections lawsuits; and the cost to advertise constitutional amendments. These costs are considered in developing the Outlook. The three-year appropriations average funding is $0.2 million for statewide litigation issues and $2.1 million for special elections reimbursements. The Outlook also includes an average of $1.8 million for advertising constitutional amendments in even-numbered election years, based upon the average funding in the two most recent general election years.

Natural Resources (Drivers #39 & #40)

39. Water and Land Conservation

Article X, section 28 of the Florida Constitution requires that starting on July 1, 2015, for 20 years, 33 percent of the net revenues derived for the existing excise tax on documents must be deposited into the Land Acquisition Trust Fund (LATF).

Article X, section 28 of the Florida Constitution also requires that funds in the LATF be expended only for the following purposes:

1) As provided by law, to finance or refinance: the acquisition and improvement of land, water areas, and related property interests, including conservation easements, and resources for conservation lands including wetlands, forests, and fish and wildlife habitat; wildlife management areas; lands that protect water resources and drinking water sources, including lands protecting the water quality and quantity of rivers, lakes, streams, springsheds, and lands providing recharge for groundwater and aquifer systems; lands in the Everglades Agricultural Area (EAA) and the Everglades Protection Area, as defined in article II, section 7(b); beaches and shores; outdoor recreation lands, including recreational trails, parks, and urban open space; rural landscapes; working farms and ranches; historic or geologic sites; together

with management, restoration of natural systems, and the enhancement of public access or recreational enjoyment of conservation lands.

2) To pay the debt service on bonds issued pursuant to article VII, section 11(e).

The 2015 Legislature amended section 201.15, Florida Statutes, (section 9, chapter 2015-229, Laws of Florida), to provide the 33 percent distribution to the LATF required by the Florida Constitution. Based on the August 2019 Revenue Estimating Conference, the revenue to be distributed to the LATF over the three years of the Outlook is estimated to be $943.5 million for Fiscal Year 2020-21, $977.5 million for Fiscal Year 2021-22, and $1,012.1 million for Fiscal Year 2022-23 (see pages 57-58 for a more detailed discussion). The Outlook assumes a reserve within the LATF similar to reserves established for the General Revenue Fund and other trust funds.

The 2015 Legislature in chapter 2015-229, Laws of Florida, also eliminated the distributions to other environmental trust funds whose purposes were consistent with the constitutional amendment. These trust funds include the Conservation and Recreation Lands Trust Fund, Conservation and Recreation Lands Program Trust Fund, Ecosystem Management and Restoration Trust Fund, General Inspection Trust Fund, Invasive Plant Control Trust Fund, State Game Trust Fund, Water Management Lands Trust Fund, and Water Quality Assurance Trust Fund. In the Fiscal Year 2015-16 General Appropriations Act, the Legislature also shifted appropriations from those trust funds to the LATF where appropriate and consistent with the constitutional amendment.

In 2016, the Legislature passed House Bill 989 (chapter 2016-201, Laws of Florida), which designated that a portion of funds deposited into the LATF be appropriated for Everglades restoration projects. The provision requires that a minimum of the lesser of 25 percent or $200 million from the LATF be appropriated for Everglades restoration projects, which implement the Comprehensive Everglades Restoration Plan (CERP), including the Central Everglades Planning Project, the Long-Term Plan, and the Northern Everglades and Estuaries Protection Program. The legislation also requires that a minimum of the lesser of 7.6 percent or $50 million be appropriated annually for spring restoration, protection, and management projects. Finally, the legislation requires that $5 million be appropriated annually through the 2025-26 fiscal year for projects dedicated to the restoration of Lake Apopka.

In 2017, the Legislature passed Senate Bill 10 (chapter 2017-10, Laws of Florida), which appropriates, beginning in Fiscal Year 2018-19, $64 million to the EAA reservoir project, which is known as Component G of the Comprehensive Everglades Restoration Plan and is located in the Everglades Agricultural Area. Any funds remaining in a fiscal year from that project are made available for Phase II of the C-51 reservoir project or the Everglades restoration projects passed in chapter 2016-201, Laws of Florida, in addition to the lesser of $200 million or 25 percent of LATF already available for Everglades restoration projects.

Components of water and land conservation include, but are not limited to: the Florida Forever Program; Everglades restoration; springs protection, restoration, and preservation; Lake Apopka restoration; and land management. Each of these areas is discussed below. Where the estimates exceed the amounts available from the LATF for the various water and land conservation programs, the Outlook assumes that the LATF projected shortfall will be supplemented by General Revenue based on legislative appropriations in prior years.

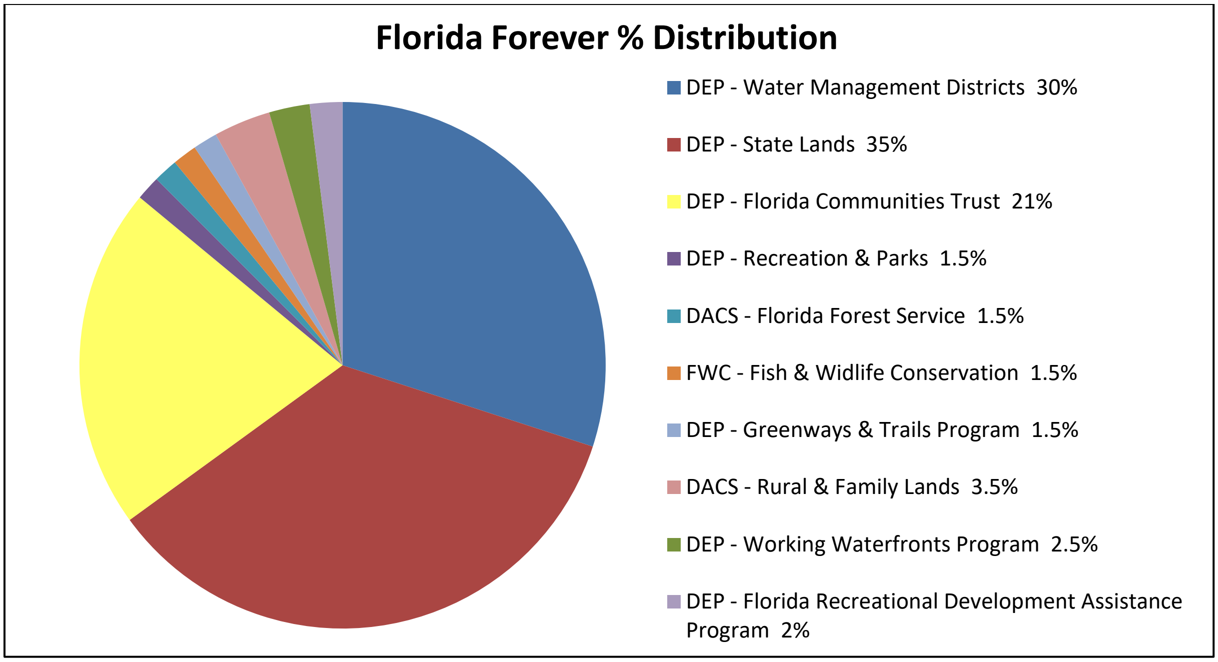
As noted in the Significant Risks section of the Outlook, there is pending litigation that warrants specific mention. A case seeks determination that the state has violated the 2014 Water and Land Conservation constitutional amendment that sets aside 33 percent of excise tax on documents for water and land conservation. From the funds set aside pursuant to this amendment since 2015, the Legislature has appropriated $4.2 billion for water and land conservation efforts. The trial judge has issued an order declaring unconstitutional certain appropriations for 2015 and 2016 totaling $426.4 million. Furthermore, the judge's order states that funds identified in the constitutional amendment:

> *"must be expended, if at all, to acquire conservation lands or other conservation property interests, as defined by that provision, that the State of Florida did not own on the effective date of that amendment and thereafter, to improve, manage, restore natural systems thereon, and enhance public access or enjoyment of those conservation lands."*

This ruling is currently on appeal. Oral argument was held July 16, 2019, and an opinion has not been issued. If the original ruling is upheld and the funds are restricted to the purchase of new conservation lands and maintenance thereof, many appropriations within the Department of Environmental Protection, Department of Agriculture and Consumer Services, Department of State, and the Fish and Wildlife Conservation Commission will be affected going forward. Additionally, it is unclear what remedy, if any, would have to be taken to address Fiscal Years 2015-16 through 2019-20.

<u>Florida Forever Program</u> – In 1998, voters amended the Florida Constitution by ratifying a constitutional amendment that re-authorized bonds for land acquisition. The 1999 Legislature responded by creating the 10-year $3.0 billion Florida Forever program to acquire and manage land for conservation. In 2008, this program was extended. Funds appropriated to the Florida Forever program are distributed as authorized in section 259.105, Florida Statutes, to various agencies and programs. The statutory distribution is displayed in the following graph.

[SEE GRAPH ON FOLLOWING PAGE]



Previously, the state's land acquisition programs have been funded by bonds authorized by the Legislature and secured by a pledge of documentary stamp tax revenue or by appropriations of moneys from the General Revenue Fund or trust fund cash balances; however, the Legislature has not authorized a new series of bonds since Fiscal Year 2008-09. The debt service required for environmental bonds decreased by $230.6 million in Fiscal Year 2013-14 because certain environmental bonds (Preservation 2000) had been retired. The bonding capacity for the Florida Forever program is statutorily limited to total annual debt service of no more than $300.0 million. The annual debt service for outstanding Florida Forever bonds is approximately $134.9 million in Fiscal Year 2019-20 and declines thereafter. The existing bonds will all be retired by the end of Fiscal Year 2028-29.

The 2016 Legislature amended section 259.105, Florida Statutes, to require that at least $5 million of the 35 percent of the funds distributed to the Department of Environmental Protection under the Florida Forever program be allocated for land acquisition within the Florida Keys Area of Critical State Concern. This distribution continues through the 2026-27 fiscal year.

The graph on the following page represents the historical funding levels for Florida Forever. As Documentary Stamp Tax revenues declined during the collapse of the housing market and the Great Recession, the Legislature limited the distribution of funds to conservation lands within State Lands, Rural and Family Lands, Stan Mayfield Working Waterfronts, and local parks funding assistance programs. Based on a three-year appropriations average, the Outlook includes the historical distributions for acquisition of conservation lands and the following programs:

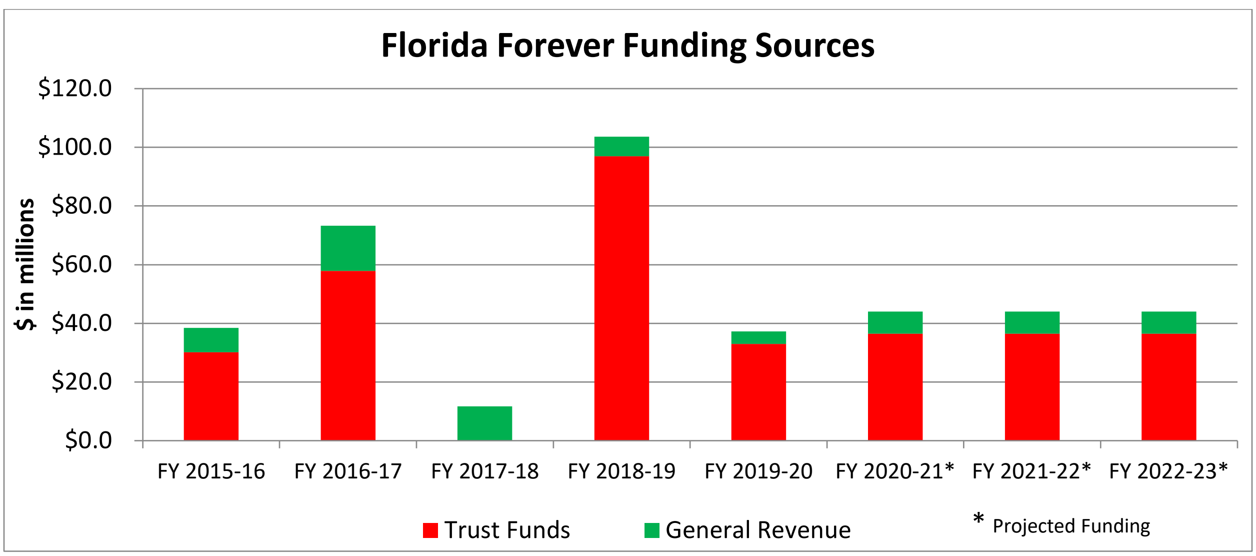
> *Rural and Family Lands* – This program was created in 2001 as an agricultural land preservation program. Section 259.105(3), Florida Statutes, provides a distribution of Florida Forever bond proceeds or cash of 3.5 percent for the program. Rural and Family Lands is designed to protect agricultural lands through the acquisition of permanent land conservation easements while allowing agricultural operations to continue.

Florida Recreational Development Assistance Program – The Florida Recreation Development Assistance Program (FRDAP) is a competitive grant program that receives a Florida Forever distribution of 2.0 percent. The FRDAP provides grants to local governments for the acquisition or development of land for public outdoor recreation use or to construct or renovate recreation trails. Applications are reviewed and ranked by the Department of Environmental Protection on an annual basis.

Florida Communities Trust – Florida Communities Trust (FCT) is a local land acquisition grant program that receives a Florida Forever distribution of 21.0 percent. FCT provides funding to local governments and eligible nonprofit organizations to acquire lands for parks, open space, and greenways.

Stan Mayfield Working Waterfronts – The Stan Mayfield Working Waterfronts Florida Forever grant program receives a Florida Forever distribution of 2.5 percent. The program provides funding to acquire land for the restoration and preservation of working waterfronts directly used for seafood harvesting and aquaculture, including piers, wharves, docks, or other facilities operated to provide waterfront access to licensed commercial fishermen, aquaculturists, or business entities.

Because it is unknown whether the Legislature will authorize additional bonding, the Outlook assumes a three-year average of appropriations of nonrecurring General Revenue of $7.5 million and $36.5 million from state trust funds for each year of the Outlook.



<u>Everglades Restoration</u> – The Florida Everglades, the "River of Grass," is a mosaic of sawgrass marshes, freshwater ponds, prairies, and forested uplands that supports a rich plant and wildlife community. The Everglades once covered almost 11,000 square miles of South Florida. Because of efforts to drain the marshland for flood control, agriculture, and development, the Everglades today is half the size it was a century ago.

To restore and protect the greater Everglades ecosystem, the Florida Legislature established the State of Florida's responsibilities in a series of statutes under the Florida Water Resources Act (chapter 373, Florida Statutes). In addition to authorizing the South Florida Water Management District (SFWMD) to serve as the local sponsor for the majority of restoration efforts, the Legislature directed the roles and responsibilities of both the Department of Environmental Protection and SFWMD for plans authorized through the Everglades Forever Act, the Comprehensive Everglades Restoration Plan, the Northern Everglades and Estuaries Protection Program, and the Everglades Restoration Investment Act.

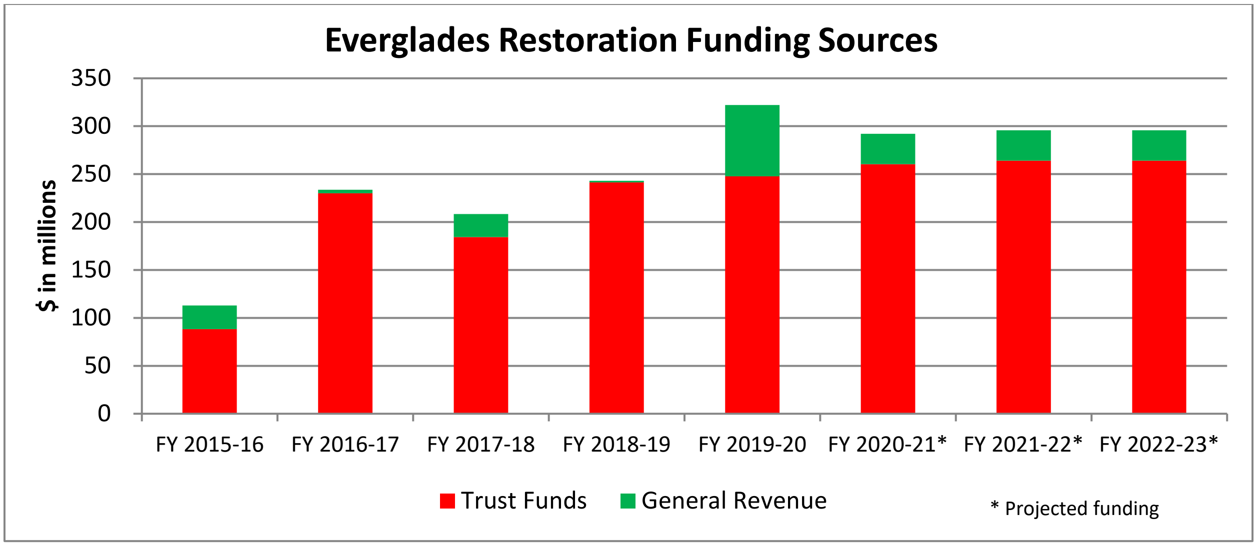
The Comprehensive Everglades Restoration Program (CERP) is a large, comprehensive, long-term 50-50 partnership with the federal government to restore the Everglades. The plan, originally approved by the 2000 federal Water Resources Development Act, includes more than 60 projects that will take more than 30 years to complete and will cost an estimated $16.4 billion. In 2000, the Legislature passed the Everglades Restoration Investment Act, which provided the framework for the state to fund its share of the partnership, through cash or bonds to finance or refinance the cost of acquisition and improvement of land and water areas necessary for implementing CERP. In 2007 and 2008, the Legislature expanded the use of the Save Our Everglades Trust Fund and bonds issued for Everglades Restoration to include the Lake Okeechobee Watershed Protection Plan, the River Watershed Protection Plans, and the Keys Wastewater Plan.

In 2007, the Legislature enacted the Northern Everglades and Estuaries Protection Act (NEEPA) to restore and protect Lake Okeechobee and its downstream estuaries, the Caloosahatchee and St. Lucie River watersheds. The Outlook includes funding for nutrient reduction and water retention projects at the basin, sub-basin, and farm levels in the Lake Okeechobee watershed.

In 2012, the Department of Environmental Protection and SFWMD, in consultation with U.S. Environmental Protection Agency, developed a technical plan to meet water quality standards, which includes additional stormwater treatment areas and storage reservoirs at a cost of $880 million over a 13-year period. A total of $500.7 million in funds will be provided by SFWMD with the balance to be provided by the state. The 2013 Legislature appropriated $32 million on a recurring basis to support the implementation of the technical water quality plan.

Excluding the recurring funding for the technical water quality plan initiated in the 2013-14 fiscal year, the Legislature has appropriated General Revenue and trust funds for Everglades Restoration projects as shown in the following graph. The annual debt service for outstanding bonds is approximately $23.3 million for Fiscal Year 2019-20 and declines thereafter. Based on the requirements of chapters 2016-201 and 2017-10, Laws of Florida, the Outlook assumes additional funding from state trust funds of $131.2 million for Fiscal Year 2020-21, $134.8 million for Fiscal Year 2021-22, and $134.8 million for Fiscal Year 2022-23 for Everglades restoration projects. The Outlook also assumes a three-year average of $31.7 million in nonrecurring General Revenue funds for each year of the Outlook.

[SEE GRAPH ON FOLLOWING PAGE]



Springs Protection – Florida is home to one of the largest concentrations of freshwater springs in the world. The Florida Springs Initiative is a comprehensive, coordinated program to improve spring water quality and flow through improved research, monitoring, education, landowner assistance, and conservation. Based on the requirement in section 375.041, Florida Statutes, the Legislature appropriated $50 million of recurring funds from the LATF for Fiscal Year 2016-17. Therefore, no additional funds are included in the Outlook for Fiscal Years 2020-21 through 2022-23 for spring restoration, protection, and management projects.

Lake Apopka – Lake Apopka, the fourth-largest lake in Florida, was once a world-class bass fishery. Over many decades, impacts to the lake have led to its designation as Florida's most polluted large lake. The St. John's River Water Management District (SJRWMD) and its partners have been working to reduce the total phosphorus and other solids in the water to improve water quality and to restore wildlife habitat and wetlands. Based on the requirement in section 375.041, Florida Statutes, the Outlook assumes funding of $5.0 million each year from the LATF for Fiscal Years 2020-21 through 2022-23.

St. Johns River/Keystone Heights Lake Region – The Keystone Heights Lake Region in southern Clay County contains numerous lakes that have struggled to maintain healthy water levels. Since Fiscal Year 2017-18, the Legislature has provided funding to help restore and protect these lakes and the St. Johns River and its tributaries. The Outlook assumes a three-year average of appropriations of $12.4 million from nonrecurring General Revenue funds for each year of the Outlook.

Land Management – More than 5.6 million acres of conservation and recreation lands in Florida[5] are managed by three primary state agencies: the Department of Agriculture and Consumer Services, the Department of Environmental Protection, and the Fish and Wildlife Conservation Commission. These agencies provide recreational opportunities, preserve the state's forestry resources, provide wildlife and habitat protection, and provide law enforcement for all of Florida's residents and visitors. Land management plans are developed, adopted, and reviewed

[5] Florida Natural Areas Inventory, February 2019 Summary of Florida Conservation Lands

every ten years to ensure that the short-term and long-term goals that led to the lands being acquired are being fulfilled.

In Fiscal Year 2019-20, the Legislature provided an additional $45.3 million for land management activities, including construction, improvement, enlargement, extension, and operation and maintenance of capital improvements and facilities from the General Revenue Fund and state trust funds. The Outlook assumes funding of $3.7 million from nonrecurring General Revenue funds and $32.6 million from the LATF for Fiscal Years 2020-21 through 2022-23.

The Outlook assumes continued funding for other water and land programs from the LATF revenues within the Department of Agriculture and Consumer Services, the Department of Environmental Protection, and the Fish and Wildlife Conservation Commission. Funds are also used for developing best management practices for water quantity and water quality issues involving agricultural and non-agricultural activities, which include water conservation, nonpoint source pollution prevention in priority watersheds and ground water protection, threshold limits on pollutants in surface waters, and public education programs on nonpoint source management. In addition, funds are used for invasive plant control, which eliminates or reduces aquatic or non-native plants destructive to the state's natural ecosystems, and lake restoration, which includes freshwater aquatic habitat enhancement. Funds are also used for beach restoration, which serves to repair and restore the state's critically eroded beaches. However, the Outlook does not specifically address beach restoration caused by future tropical storms, hurricanes, or other natural disaster damages yet to occur. The Outlook includes $43.8 million from nonrecurring General Revenue funds and $1.5 million from the LATF for Fiscal Years 2020-21 through 2022-23.

40. Other Agricultural and Environmental Programs

The Outlook includes funding for programs within the Departments of Environmental Protection, Agriculture and Consumer Services, and the Fish and Wildlife Conservation Commission based on three-year appropriations averages. The major programs include:

Water Projects – The Outlook includes funding for traditional water projects. Previously, these projects were funded from a dedicated sales tax distribution, but this funding source was redirected to the General Revenue Fund in Fiscal Year 2009-10. The Outlook assumes the three-year average of appropriations of $45.2 million funded from nonrecurring General Revenue funds each fiscal year during the three-year period contained in the Outlook.

Drinking Water and Wastewater Revolving Loan Programs – The Outlook includes funds to provide the state match for all federal dollars available for low interest loans to the state's local governments for needed infrastructure. While the specific amount of federal dollars that will be available is not yet known, the Department of Environmental Protection is able to produce an estimate. For the three-year forecast period, the Outlook includes nonrecurring General Revenue as the fund source. The Outlook includes $10.3 million in Fiscal Year 2020-21, $10.4 million in Fiscal Year 2021-22, and $10.4 million in Fiscal Year 2022-23 for the Drinking Water Revolving Loan Program. The Outlook also includes $11.9 million in Fiscal Year 2020-21,

$12.0 million in Fiscal Year 2021-22, and $12.0 million in Fiscal Year 2022-23 for the Wastewater Revolving Loan Program.

Florida Keys – The Legislature designated the Florida Keys (Monroe County and its municipalities) and the City of Key West as Areas of Critical State Concern in 1975 as a result of the area's environmental sensitivity and mounting development pressures. The Legislature authorized the issuance of $50 million in Everglades Restoration bonds in Fiscal Year 2012-13 and Fiscal Year 2014-15 to fund wastewater treatment efforts in the Florida Keys.

The 2016 Legislature amended section 215.619, Florida Statutes, (chapter 2016-225, Laws of Florida), to expand the use of Everglades restoration bonds for projects that protect, restore, or enhance near shore water quality and fisheries, including stormwater or canal restoration projects and projects that protect water resources available to the Florida Keys. The Outlook assumes a three-year average of appropriations of $8.1 million from nonrecurring General Revenue funds for each year of the Outlook.

Herbert Hoover Dike – The Herbert Hoover Dike is a 143-mile, man-made embankment surrounding Lake Okeechobee. Its purpose is to protect the adjacent communities from floods during periods of heavy rain. Over the years, seepage has weakened the levee. To address this, the Legislature appropriated nonrecurring General Revenue funds of $50.0 million in Fiscal Year 2017-18 to the Florida Department of Economic Opportunity to accelerate the rehabilitation of the Herbert Hoover Dike. The funding was provided to the United States Army Corp of Engineers via the South Florida Water Management District. An additional $50 million in nonrecurring General Revenue funds was provided in Fiscal Year 2018-19 to further these efforts. The Outlook assumes a three-year average of appropriations of $33.3 million from nonrecurring General Revenue funds for each year of the Outlook.

Florida Resilient Coastlines Program – The Florida Resilient Coastlines Program in DEP offers technical assistance and funding to coastal communities dealing with increasingly complex flooding, erosion, and habitat shifts due to rising sea levels. In Fiscal Year 2018-19, the Legislature appropriated $2.6 million in recurring General Revenue funds and $1.0 million in nonrecurring General Revenue funds. In Fiscal Year 2019-20, the Legislature appropriated $2.9 million in nonrecurring General Revenue funds. The Outlook assumes a three-year average of $0.9 million from recurring General Revenue funds and $1.3 million from nonrecurring General Revenue funds for each year of the Outlook.

Agricultural Programs – Agriculture continues to be an important industry in Florida. Based on a three-year average, $25.5 million in nonrecurring General Revenue funds and $6.2 million from trust funds are included for each fiscal year in the Outlook. This includes funding for water quality improvement initiatives and water conservation and supply planning. Funds are also included for the replacement of critical wildfire suppression equipment, promotional campaigns for agricultural commodities, citrus greening research and citrus health management areas, agricultural promotional and educational facilities, and the distribution of food to needy families through food pantries, soup kitchens, and shelters.

Finally, the Outlook assumes the use of General Revenue funds to support the Agricultural Emergency Eradication Trust Fund. Section 570.1912, Florida Statutes, requires an appropriation from the General Revenue Fund to the Agriculture Emergency Eradication Trust Fund in an amount equal to the previous year's transfer into the trust fund from fuel tax collections. Based on the results of the August 2019 Transportation Revenue Estimating Conference, the Outlook includes nonrecurring General Revenue funds of $13.0 million in Fiscal Year 2020-21, $13.3 million in Fiscal Year 2021-22, and $13.7 million in Fiscal Year 2022-23.

Citrus Canker Eradication Litigation – Final judgments have been rendered for cases seeking compensation for residential citrus trees removed under the former Citrus Canker Eradication Program in Broward, Lee, Palm Beach, and Orange counties. The 2017 Legislature appropriated $20.9 million for the Broward County judgments and $16.5 million for the Lee County judgments. These appropriations were subsequently vetoed by the Governor. During the 2018 Session, the Legislature appropriated $22.0 million for the Broward County judgments and $30.0 million for the Palm Beach County judgments. The Outlook assumes the use of nonrecurring General Revenue funds to satisfy the remaining judgments in Lee and Orange counties. Based on historical funding, the Outlook includes $22.9 million in Fiscal Years 2020-21 and 2021-22, and $17.9 million in Fiscal Year 2022-23, which resolves all citrus canker final judgments.

Fish and Wildlife Conservation Programs – The mission of the Fish and Wildlife Conservation Commission (FWC) is to manage fish and wildlife resources for their long-term well-being and the benefit of people. Fish and wildlife conservation is important to the economy, environment, and ecology in Florida. The Outlook includes funding for nonnative species reduction, black bear conflict reduction, replacement of vehicles and vessels, aircraft acquisition and maintenance, artificial reef construction, derelict vessels removal, and law enforcement body cameras. Nonnative species are invasive species that have a negative impact on native species and habitat. The funding for nonnative species has included lionfish, pythons, and tegus. Increasing human-bear conflicts are a concern in Florida as both human and bear populations increase, occupied bear ranges expand, and human development continues to reduce bear habitat. The funding for black bear conflict reduction has focused on education and outreach, direct interventions, and work in communities to address waste management. Based on the three-year appropriations averages, approximately $5.2 million from nonrecurring General Revenue funds, $0.6 million from recurring General Revenue funds, and $1.5 million from trust funds are included in each year of the Outlook for FWC programs.

General Government (Drivers #41 & #42)

41. Other General Government Priorities

Child Support Enforcement Annual Fee – The federal government currently requires an annual fee from each non-public assistance parent utilizing the services of the Department of Revenue's (DOR) Child Support Enforcement program. Historically, the Legislature has provided General Revenue funds to cover the cost of the annual fee for parents utilizing child support enforcement services. In February 2018, the U.S. Congress passed and the President signed the Bipartisan Budget Act of 2018 (section 53117 of Public Law 115-123), which increases the annual collection fee for child support cases from $25 to $35. Based on the new federal requirements,

estimates provided by DOR indicated an increased need for recurring General Revenue funds in future years to cover the fee for parents utilizing DOR child support enforcement services.
In Fiscal Year 2019-20, the General Appropriations Act included a recurring increase to the base funding of $0.1 million and an annualization amount of $1.4 million for Fiscal Year 2020-21 (to increase the total future base appropriation to $3.9 million) from General Revenue for costs associated with the increased caseload and the new federal funding requirements. Based on current projections provided by DOR, the Outlook does not include any additional funding, as the base appropriation will be sufficient to cover the fee for parents utilizing DOR child support enforcement services.

Aerial Photography – The Department of Revenue assists small county property appraisers by providing aerial photographs for counties with populations of 25,000 or less. Over the last several years, the Legislature has directed the department to provide aerial photographs for counties with populations of 50,000 or less. The Outlook assumes the continuation of this policy and provides nonrecurring General Revenue of $0.2 million in Fiscal Year 2020-21, $1.2 million in Fiscal Year 2021-22, and $0.3 million in Fiscal Year 2022-23.

Florida Interoperability Network and Mutual Aid – The state has developed and implemented the Florida Interoperability Network (FIN) and Mutual Aid (MA) channels. These systems provide local public safety emergency responders the ability to communicate on the Statewide Law Enforcement Radio Network, both in and outside their respective jurisdictions. Network construction is complete, and the Outlook provides funding for continued operations. Historically, funding for the development and maintenance of the FIN and MA systems has been provided from federal domestic security grants; however, this funding source is no longer available. For Fiscal Year 2020-21 and Fiscal Year 2021-22, the Outlook includes approximately $1.3 million for FIN and approximately $0.4 million for MA in nonrecurring General Revenue. Beginning July 1, 2022, the FIN and MA will be provided through the new Statewide Law Enforcement Radio System contract.

Florida Accounting Information Resource (FLAIR) Replacement – The Department of Financial Services has completed the planning and design phase for the next generation accounting system to replace FLAIR. The department has named the new system Florida Planning, Accounting, and Ledger Management (Florida PALM). The department was provided $21.9 million in nonrecurring trust funds for Fiscal Year 2017-18 and $32.5 million in nonrecurring trust funds in Fiscal Year 2018-19 for the initial contract and system replacement and an additional $6.0 million in recurring trust funds for system replacement staffing needs. In July 2018, the department executed a contract with a provider for a system replacement. The total replacement contract cost over nine years will be $180 million. In addition, the PALM project will have an estimated $3.7 million in annual expenditures for project administration, staff augmentation, and independent verification and validation (IV&V). The Outlook includes $2.4 million nonrecurring General Revenue and $20.4 million from nonrecurring trust funds in Fiscal Year 2020-21, $1.6 million nonrecurring General Revenue and $21.2 million from nonrecurring trust funds for Fiscal Year 2021-22, and $1.8 million nonrecurring General Revenue and $22.0 million from nonrecurring trust funds for Fiscal Year 2022-23 for the PALM project and contract.

Statewide Law Enforcement Radio System (SLERS) – The Department of Management Services is responsible for the administration of the statewide radio communications system for law enforcement and first responders. The current 20-year contract for the operation of the SLERS System (set to expire on June 30, 2021) is currently funded in the Fiscal Year 2019-20 General Appropriations Act at $21.1 million. The funding to support the $21.1 million appropriation is derived from two fees established in statute. The fees include: 1) a $1 surcharge collected from the general public on motor vehicle and vessel registrations as provided in section 320.0802, Florida Statutes; and 2) a $3 fee per criminal offense and for all noncriminal moving traffic violations as established in section 318.18(17), Florida Statutes, to provide for system enhancements of the SLERS network. However, the $3 fee established in section 318.18(17), Florida Statutes, is set to expire July 1, 2021.

The DMS has concluded the procurement process for a replacement system which implements a new mission critical P25 Phase 2 service delivery, resulting in improved and expanded coverage, reliability, and audio clarity. It is anticipated that the replacement of the current system will require a multi-year transition period. In the Fiscal Year 2019-20 General Appropriations Act, the Legislature authorized DMS to execute a contract for a new SLERS System based on the department's March 13, 2018, intent to award, pursuant to Department of Management Services' Invitation to Negotiate (ITN) No. DMS-15/16-018. Based upon the department's pending contract award (currently under protest) to replace the current system, the Outlook includes no additional costs in Fiscal Year 2020-21. However, the Outlook includes $32.7 million in nonrecurring General Revenue in Fiscal Year 2021-22 (and $21.1 million from trust funds for the current contract) and $12.2 million in recurring General Revenue and $21.1 million from trust funds in Fiscal Year 2022-23.

42. State Building Pool – General Repairs and Maintenance

The Outlook assumes funding for general repairs and maintenance of facilities in the Florida Facilities Pool (state-owned facilities located throughout Florida). The Department of Management Services is responsible for maintaining these facilities. The current five-year projection for general building repair deficiencies totals approximately $308.8 million. General repairs and maintenance projects include roofs, windows, doors, facades, HVAC, electrical, plumbing, and office space renovations. The state facilities must be maintained in order to preserve the state's assets and for bond coverage purposes. The Outlook includes a three-year average of funding of $26.6 million from nonrecurring General Revenue and $14.1 million from nonrecurring trust fund resources for each of the Fiscal Years 2020-21 through 2022-23 for general building repairs (see related Driver #44 that funds critical life safety deficiency repairs). In addition, Fiscal Year 2020-21 also includes $34.7 million from nonrecurring General Revenue for the replacement of the Waller Park Plaza (Capitol Complex).

Administered Funds & Statewide Issues (Drivers #43 & #44)

43. State Employee Pay Issues

The Outlook includes funding for state employees pay issues of $52.5 million of recurring General Revenue and $34.0 million of recurring trust fund expenditures based upon the three-year average historical funding levels for competitive pay adjustments and merit and retention pay adjustments, including adjustments for targeted groups of employees.

44. Maintenance, Repairs, and Capital Improvements – Statewide Buildings – Critical

Human Services – Maintenance and repair projects are based on critical life safety issues for state-owned facilities, which include state laboratories and state institutions. The Outlook includes funding for the Department of Health, the Department of Veterans' Affairs, the Department of Children and Families, and the Agency for Persons with Disabilities totaling $2.7 million each year from nonrecurring General Revenue and $3.5 million from trust funds for Fiscal Year 2020-21 through Fiscal Year 2022-23, based on the three-year appropriations average.

Criminal Justice – The Florida Department of Corrections is responsible for the major repair and renovation needs of many facilities statewide. Many of these facilities are old, and the physical plant systems are well past their original operational life expectancy. The Outlook includes $5.0 million each year from nonrecurring General Revenue for maintenance, repairs, and capital improvements based on the average funding over the last three years.

The Department of Juvenile Justice is responsible for the upkeep and care of many residential, detention, probation, and prevention facilities throughout the state. The Legislature recognizes the importance of keeping these facilities safe and functional. The Outlook includes $5.7 million each year for this purpose from nonrecurring General Revenue based on the average funding over the last three years.

Judicial Branch – The state is responsible for the facility needs of the Supreme Court and district courts of appeal. The Outlook includes $1.3 million in nonrecurring General Revenue each year for these needs based on the average funding over the last three years.

Transportation and Economic Development – The Outlook includes funding for environmental site restoration and capital renewal projects affecting critical life, health, and safety issues at various Department of Transportation and Department of Highway Safety and Motor Vehicles facilities located throughout the state. Environmental site restoration is a remediation effort to restore facilities to an environmentally uncontaminated, clean, and safe condition based on the Federal Resource Conservation and Recovery Act. Capital renewal projects include repairs, replacement, renovation, and improvements to statewide facilities for code compliance and mitigating health and welfare concerns. Based on a projection of code correction issues for the coming year, and a three-year appropriations average for environmental site restoration, the Outlook includes $8.6 million per year in trust fund revenues.

Natural Resources – The Outlook includes funding for life and safety repairs for agricultural and wildlife conservation infrastructure located throughout the state. These improvements include state offices and laboratories, forestry wildfire prevention facilities, and state farmers markets. The Outlook includes a three-year average of $1.5 million of nonrecurring General Revenue and $4.5 million from trust funds for each of the Fiscal Years 2020-21 through 2022-23.

General Government – The Outlook includes funding for life safety and ADA repairs of facilities in the Florida Facilities Pool (state-owned facilities located throughout Florida). The Department of Management Services is responsible for maintaining these facilities. The current five-year projection of deficiencies related to critical life safety and ADA issues is approximately $46.5 million. Life safety projects include fire sprinklers, fire alarms, elevators, smoke control systems, and other systems critical to the safety of occupants.

ADA compliance is dictated by standards set in the Code of Federal Regulations and is administered by the U.S. Department of Justice. The most recent update in 2012 required compliance surveys and transition plans for all public buildings. The current list of ADA compliance projects for the Florida Facilities Pool is a result of updated surveys and serves as the transition plan for the updated 2012 regulations. Projects include restroom renovations, elevator lobby modifications, outdoor pavilion upgrades, sidewalk improvements, and any other project needed to improve accessibility. The state facilities must be maintained in order to preserve the state's assets and for bond coverage purposes.

The Outlook includes a three-year average of approximately $4.2 million from nonrecurring General Revenue funds for each of the Fiscal Years 2020-21 through 2022-23, for life safety and ADA deficiencies.

Tier 3 Adjustments to the General Revenue Fund

Based on historical tax and fee changes, as well as historical trust fund transfers.

General Revenue Adjustments
($ millions)

Recurring ($ millions)	2019-20	2020-21	2021-22	2022-23
Revenue Estimate	34,005.4	35,067.8	36,183.7	37,189.6
BP Settlement Agreement	26.7	26.7	26.7	26.7
Release of Indian Gaming Reserve	0.0	0.0	0.0	0.0
Nonoperating Funds	(3.3)	(1.2)	(1.4)	(1.7)
change from tax and significant fee changes				
• continuing tax and fee changes		*(105.8)*	*(105.8)*	*(105.8)*
• recurring impact of prior years' tax and fee changes		*0.0*	*(105.8)*	*(211.6)*
• time-limited tax and fee changes		*0.0*	*0.0*	*0.0*
change from trust fund transfers (GAA)		*0.0*	*0.0*	*0.0*
Balance Forward from Prior Year	0.0	0.0	0.0	0.0
Unused Reserve from Prior Year	0.0	0.0	0.0	0.0
TOTAL	34,028.8	34,987.5	35,997.4	36,897.2
net change from revenue adjustments		*(105.8)*	*(211.6)*	*(317.4)*

Nonrecurring ($ millions)	2019-20	2020-21	2021-22	2022-23
Revenue Estimate	(1,062.1)	(704.5)	(471.4)	(115.1)
BP Settlement Agreement	0.0	0.0	0.0	0.0
FEMA Reimbursements	0.0	0.0	0.0	0.0
Nonoperating Funds	439.3	96.9	96.9	96.9
change from tax and significant fee changes				
• continuing tax and fee changes		*51.3*	*51.3*	*51.3*
• time-limited tax and fee changes		*(43.8)*	*(43.8)*	*(43.8)*
change from trust fund transfers (GAA)	*0.0*	*213.4*	*213.4*	*213.4*
Balance Forward from Prior Year	2,204.0	1,452.9	289.3	0.0
Unused Reserve from Prior Year	0.0	0.0	1,000.0	1,000.0
TOTAL	1,581.2	1,066.2	1,135.7	1,202.7
net change from revenue adjustments		*220.9*	*220.9*	*220.9*

TOTAL ($ millions)	2019-20	2020-21	2021-22	2022-23
Revenue Estimate	32,943.3	34,363.3	35,712.3	37,074.5
BP Settlement Agreement	26.7	26.7	26.7	26.7
FEMA Reimbursements	0.0	0.0	0.0	0.0
Nonoperating Funds	436.0	95.7	95.5	95.2
change from tax and significant fee changes				
• continuing tax and fee changes		*(54.5)*	*(54.5)*	*(54.5)*
• recurring impact of prior years' tax and fee changes		*0.0*	*(105.8)*	*(211.6)*
• time-limited tax and fee changes		*(43.8)*	*(43.8)*	*(43.8)*
change from trust fund transfers (GAA)	*0.0*	*213.4*	*213.4*	*213.4*
Balance Forward from Prior Year	2,204.0	1,452.9	289.3	0.0
Unused Reserve from Prior Year	0.0	0.0	1,000.0	1,000.0
TOTAL GR Available	35,610.0	36,053.7	37,133.1	38,099.9
net change from revenue adjustments		115.1	9.3	(96.5)

Key Revenue Adjustments to the General Revenue Fund Worksheet

Long-Range Financial Outlook Issues Summary FY 2020-21 through FY 2022-23	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23	
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF
Revenue Adjustments						
1 Tax and Significant Fee Reductions						
1a Continuing Tax and Fee Changes	(54.5)	0.0	(54.5)	0.0	(54.5)	0.0
1b Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	(105.8)	0.0	(211.6)	0.0
1c Time-Limited Tax and Fee Changes	(43.8)	0.0	(43.8)	0.0	(43.8)	0.0
2 Trust Fund Transfers (GAA)*	213.4	0.0	213.4	0.0	213.4	0.0
Total Tier 3 - Revenue Adjustments	**115.1**	**0.0**	**9.3**	**0.0**	**(96.5)**	**0.0**

**Note: There would be a corresponding deduct from trust funds; however, the specific trust funds from which transfers would be made are currently unknown, but typically do not include the major trust funds tracked in the Outlook.*

Key Revenue Adjustments to the General Revenue Fund

Continuing the structural changes begun four years ago, this volume of the Long-Range Financial Outlook includes revenue adjustments that reflect legislative actions which alter the revenue-side of the state's fiscal picture. They are identified on the Key Revenue Adjustments to the General Revenue Fund Worksheet and described below.

Tax and Significant Fee Changes

Every year, the Legislature adopts a number of statutory changes that affect state and local government revenues. Some increase or reduce revenues, while others transfer moneys between different funds or levels of government without affecting state revenue receipts. After the Legislature adjourns, the Revenue Estimating Conference produces fiscal impacts for each measure, and these are compiled in a document entitled *Measures Affecting Revenues*. The document is published by the Legislative Office of Economic and Demographic Research and is available on its website.[6]

The Outlook includes a three-year average of state tax and fee changes that affect the General Revenue Fund. While a small number of these measures were positive, most resulted in savings to the affected payers and reduced state revenues. The average is a net number and is used in the Outlook to reflect the overall level of expected change.

Some of the impacts embedded in the measures were time-limited, nonrecurring changes that only affected a single year (e.g., sales tax holidays), while others were continuing, recurring changes that affect all future years. Because continuing changes to taxes often have delayed effective dates, the effect of the changes on the first fiscal year of implementation can be less than a full year's effect. For example, a continuing $50 million tax reduction that affects revenue collections for only half of the first year reduces state revenues by $50 million per year in the out-years, but has less than the full effect in the first year. In that year, state revenues are only reduced by $25 million. The remaining $25 million is converted into nonrecurring revenue and is available to be spent on a one-time basis. This explains the directional difference (negative recurring; positive nonrecurring) often seen in the first year of tax breaks that continue into the future.

The first table on the following page shows the fiscal impact of tax and fee measures adopted by the Legislature over the last three years. It separates into two rows those items that are continuing and those that are time-limited. The second table (immediately below the first) calculates the three-year average for this period.

[6] http://edr.state.fl.us/Content/revenues/reports/measures-affecting-revenues/index.cfm

	2017-18			2018-19			2019-20		
	Rec	**NR**	**Total**	**Rec**	**NR**	**Total**	**Rec**	**NR**	**Total**
Continuing Tax and Fee Changes	(111.3)	72.8	(38.5)	(139.6)	45.0	(94.6)	(66.4)	36.1	(30.3)
Time-Limited Tax and Fee Changes	0.0	(37.7)	(37.7)	0.0	(57.4)	(57.4)	0.0	(36.3)	(36.3)
Total	**(111.3)**	**35.1**	**(76.2)**	**(139.6)**	**(12.4)**	**(152.0)**	**(66.4)**	**(0.2)**	**(66.6)**

	Three-Year Average		
	Rec	**NR**	**Total**
Continuing Tax and Fee Changes	(105.8)	51.3	(54.5)
Time-Limited Tax and Fee Changes	0.0	(43.8)	(43.8)
Total	**(105.8)**	**7.5**	**(98.3)**

In each of the three years, the largest time-limited impacts were the back-to-school sales tax holidays. The largest continuing impacts were the 0.2 percentage point reduction to the sales tax rate imposed on commercial rent in Fiscal Year 2017-18, the two new scholarship credit programs (Florida Sales Tax Credit Program and the Hope Scholarship) in Fiscal Year 2018-19, and an additional 0.2 percentage point reduction to the sales tax rate imposed on commercial rent beginning in Fiscal Year 2019-20.

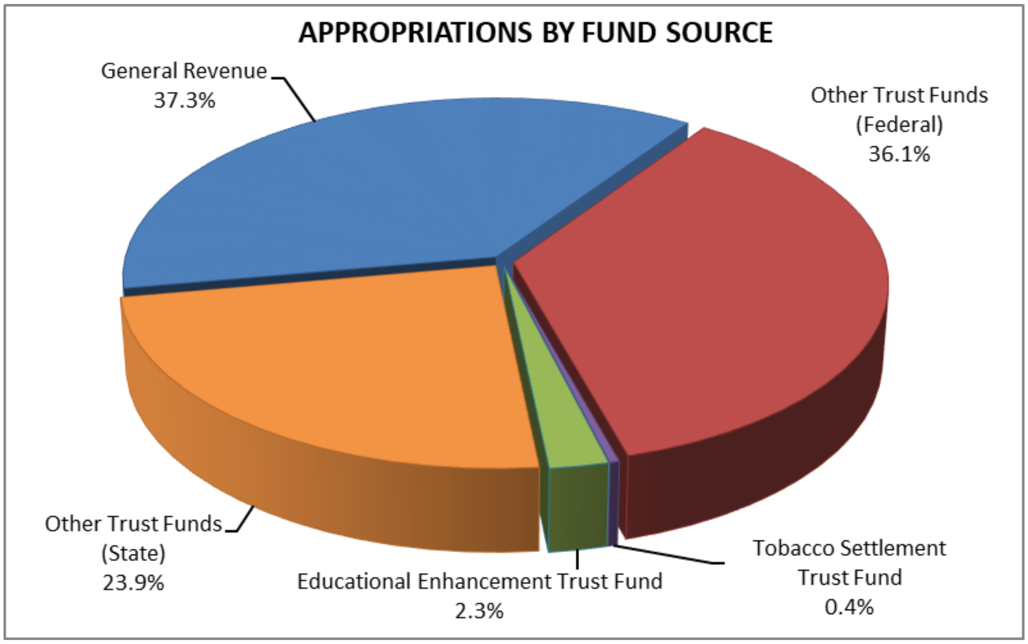
The Tier 3 Table on page 22 includes the three-year averages of tax and fee changes (both continuing and time-limited) for each of the Outlook years in order to show the effects of the Legislature continuing this policy. The average time-limited impact of $43.8 million is discretely added to each year of the Outlook, while the continuing tax and fee impacts also reflect the cumulative or stacking effects of prior year changes as the years progress.

The table below shows how the cumulative impact of the continuing items is calculated.

	2020-21			2021-22			2022-23		
	Rec	**NR**	**Total**	**Rec**	**NR**	**Total**	**Rec**	**NR**	**Total**
Year 1 Annual Effects	(105.8)	51.3	(54.5)	(105.8)	0.0	(105.8)	(105.8)	0.0	(105.8)
Year 2 Annual Effects	-	-	-	(105.8)	51.3	(54.5)	(105.8)	0.0	(105.8)
Year 3 Annual Effects	-	-	-	-	-	-	(105.8)	51.3	(54.5)
Total	**(105.8)**	**51.3**	**(54.5)**	**(211.6)**	**51.3**	**(160.3)**	**(317.4)**	**51.3**	**(266.1)**

Trust Fund Transfers (GAA)

For various reasons, trust funds are created to set aside or earmark a portion of state revenue for particular uses. Typically, trust funds are used to dedicate special purpose funds, segregate federal assistance monies, transfer funds to local government, or isolate bond proceeds. For Fiscal Year 2018-19, appropriations were made from 169 different trust funds, totaling $57.0 billion. Approximately $32.9 billion was appropriated from federal revenue sources and $24.2 billion from state revenue sources. On the following chart, state trust fund appropriations comprise 23.9 percent of the total state budget; once the Educational Enhancement Trust Fund and the Tobacco Settlement Trust Fund are included, the percentage increases to 26.6 percent.



The annual General Appropriations Act has typically included transfers of unobligated fund balances from trust funds to the General Revenue Fund. Previous versions of the Outlook relied on historical three-year averages of trust fund transfers as adjustments to available General Revenue. Because of the unusually large transfers in Fiscal Years 2017-18 and 2018-19, this year's Outlook uses a five-year average to more closely approximate the level of trust fund transfers that might be achieved.

As in previous years, the average is calculated using pre-veto levels and is exclusive of transfers related to constitutional amendments (e.g., conforming changes related to Amendment 1 that passed in 2014); transfers associated with consensus estimating conferences; and transfers related to permanent law changes significantly affecting a trust fund identified with a sweep that passed during the same session. One additional adjustment is made to this year's calculation to incorporate the recurring redirect of General Revenue funds to the State Transportation Trust Fund that was approved in the 2019 Session (chapter 2019-043, Laws of Florida). The net amount of $213.4 million is included as a nonrecurring adjustment to available General Revenue in each year of the Outlook.

	Fiscal Year 2015-16	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**	**5-Year Average**
Total Trust Fund Transfers to General Revenue	$230.2 M	$307.9 M	$542.3 M	$404.3 M	$336.5 M	$364.2 M
Excluded Transfers	($32.6) M		($77.0) M			($21.9) M
Total with Exclusions	$197.6 M	$307.9 M	$465.3M	$404.3 M	$336.5 M	$342.3 M
Adjustment for Redirect to State Transportation TF						($128.9) M
NET TRANSFER TO GR						**$213.4 M**