State of Florida

Long-Range Financial Outlook

Fiscal Years 2021-22 through 2023-24

Fall 2020 Report
As Adopted by the Legislative Budget Commission
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Jointly prepared by the following:

The Senate Committee on Appropriations

The House Appropriations Committee

The Legislative Office of Economic and Demographic Research

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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 2020 Outlook is the fourteenth 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 claim 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, 2021-22, 2022-23, and 2023-24. It does this by using anticipated revenues and expenditures in the current year (2020-21) 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 58.6 percent of the state's planned expenditures from its own funds in Fiscal Year 2020-21. 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
2019	Fiscal Year 2020-21	289.3	(486.0)	(366.7)	1,000.0

Summary and Findings

A. Key Aspects of the Revenue Estimates

- As a result of the pandemic-induced economic contraction, General Revenue collections for Fiscal Year 2019-20 ended with a loss from the estimate for the General Revenue Fund of nearly $1.9 billion, down 5.7 percent from the expectations held in January 2020 when the last forecast was made. Of the total loss, 84.7 percent came from the Sales Tax distribution, which was down 6.1 percent from the anticipated level.

- The Conference met on August 14, 2020, to revise the General Revenue forecast. The new forecast reduces the previous estimate by $3.4 billion for Fiscal Year 2020-21 and by $2.0 billion in Fiscal Year 2021-22. The greatest losses were attributable to two major issues. First, the anticipated loss from Sales Tax is estimated to be $2.84 billion in Fiscal Year 2020-21 and $1.25 billion in Fiscal Year 2021-22, with about one-half of the loss attributed each year to the Tourism and Recreation component. Second, Corporate Income Tax losses as a result of reduced profitability, business failures and delayed business formation are expected to drive receipts downward in Fiscal Year 2020-21 by $493 million and by $663 million in Fiscal Year 2021-22.

Fiscal Year	Post-Session Forecast	August Forecast	Difference (Aug - PS)	Incremental Growth	Growth
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	33,249.3	31,366.2	(1,883.1)	(2,047.6)	-6.1%
2020-21	34,410.5	30,990.1	(3,420.4)	(376.1)	-1.2%
2021-22	35,684.8	33,691.2	(1,993.6)	2,701.1	8.7%
2022-23	37,139.3	35,279.3	(1,860.0)	1,588.1	4.7%
2023-24	38,371.0	36,800.7	(1,570.3)	1,521.4	4.3%
2024-25	39,701.0	38,089.7	(1,611.3)	1,289.0	3.5%
2025-26	n/a	39,413.6	-	1,323.9	3.5%

- The revised Fiscal Year 2020-21 estimate falls below the prior year's already reduced collection level by slightly more than $376 million (or -1.2 percent). Because an effective vaccine is expected to be widely deployed by early Fiscal Year 2021-22 and thereby begin the recovery process in earnest, the revised forecast for Fiscal Year 2021-22 has projected growth of slightly more than $2.7 billion (or 8.7 percent) over the revised Fiscal Year 2020-21 estimate. Relative to the previous forecast, the expected growth rate for Fiscal Year 2022-23 was increased from 4.1 percent to 4.7 percent; for Fiscal Year 2023-24, it was increased from 3.3 percent to 4.3 percent.

- The most recent official Financial Outlook Statement for the General Revenue Fund was adopted August 14, 2020, by the Revenue Estimating Conference. This document embeds changes that have significantly altered the bottom line from what the Legislature knew at the time it adopted the General Appropriations Act for Fiscal Year 2020-21 (see Post-Session Outlook Statement dated August 14, 2020, for reference.).

    - The *Funds Available for Fiscal Year 2019-20* have been adjusted to account for revenue collections that came in below the official estimate, as well as the receipt of nearly $5.86 billion of the federally provided Coronavirus Relief Fund dollars.

    - The *Funds Available for Fiscal Years 2020-21 through 2023-24* 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.

    - The 2020-21 starting point for the Long Range Financial Outlook also includes an additional adjustment to the official Financial Outlook Statement for the General Revenue Fund—$44.1 million to address the current year operating deficit in the TANF program, which was identified by the July 2020 Social Services Estimating Conference.

- The official Financial Outlook Statement adopted for the Educational Enhancement Trust Fund on August 10, 2020, has been adjusted downward since the post-session document by $108.5 million in the current year. The balance forward of unspent funds from Fiscal Year 2020-21 into Fiscal Year 2021-22 of $87.0 million has supplemented the trust fund revenues available for expenditure in Fiscal Year 2021-22. This is particularly important as $95.8 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 growth in the Outlook period.

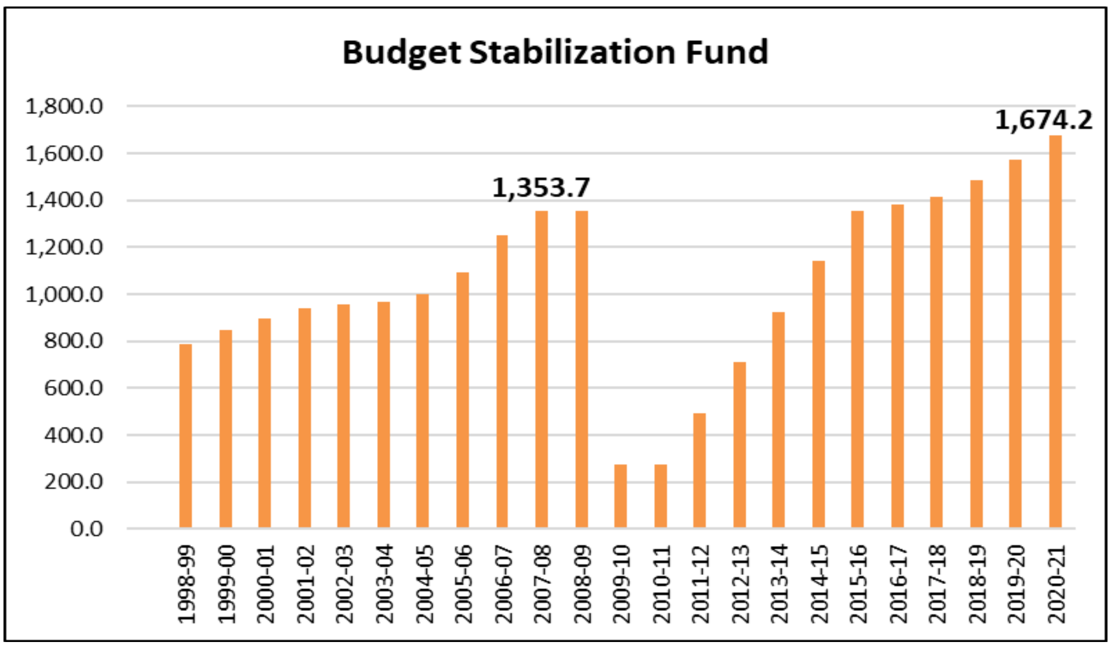
- The State School Trust Fund is projected to have a positive balance of $51.6 million at the end of Fiscal Year 2020-21. This balance forward causes the trust fund to have considerably more funds available for expenditure in Fiscal Year 2021-22 than either Fiscal Year 2022-23 or Fiscal Year 2023-24, since the transfers of unclaimed property to the trust fund will have somewhat mixed (stronger and then weaker) growth in the Outlook period.

- The official Financial Outlook Statement adopted for the Tobacco Settlement Trust Fund on August 10, 2020, has been adjusted downward since the post-session document by $32.1 million, producing a deficit in Fiscal Year 2020-21 of $16.0 million. Since it is assumed that the $16.0 million projected deficit will be resolved by the end of Fiscal Year 2020-21, there will be a zero balance going forward into Fiscal Year 2021-22. The funds available in the trust fund will have only modest growth in the Outlook period. Please see the Significant Risks section, however, regarding litigation affecting the future revenues for this trust fund.

B. Key Aspects of State Reserves

- The Budget Stabilization Fund (BSF), the Lawton Chiles Endowment Fund (LCEF) and unallocated General Revenue are generally considered to compose the state's reserves.

- After its creation in Fiscal Year 1994-95, the constitutionally-based 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 authorized the transfer of nearly $1.1 billion from the BSF into the General Revenue Fund to prevent a mid-year deficit from occurring. Since then, the BSF has been fully repaid and has surpassed its prior peak. For Fiscal Year 2020-21, the BSF will have a balance of $1,674.2 billion.

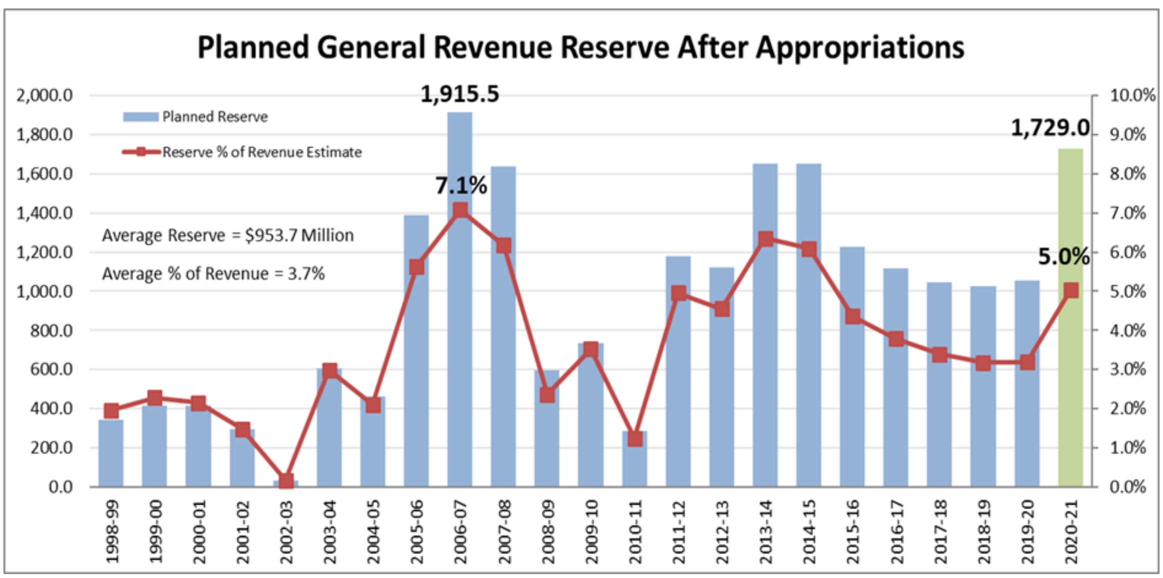


- Operationally, the state has also used the statutorily-based LCEF as a part of its reserve system. The most recent example occurred in 2012 as part the Legislature's solution to ensure a balanced budget in the aftermath of the Great Recession. Section 132 of the 2012 General Appropriations Act (Chapter 2012-118, Laws of Florida) transferred $350 million from the Lawton Chiles Endowment Fund to the General Revenue Fund to support the budget. Likewise, $354.4 million was transferred from the LCEF to the Tobacco Settlement Trust Fund to support appropriations for health care programs as part of the General Appropriations Act developed in 2008 (section 38; Chapter 2008-152, Laws of Florida), and $700 million was transferred from the LCEF to the General Revenue Fund in 2009 to offset a projected General Revenue shortfall during a special session (section 52; Chapter 2009-1, Laws of Florida). As of August 2020, the LCEF balance was $867.2 million.

- Prior to Florida's housing boom (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).

- In the years immediately following the Great Recession, the Legislature deliberately increased the level of the planned General Revenue reserve to give greater protection to the state in case of a natural or fiscal emergency, consistently staying above the pre-recession average.

- The Legislature's planned levels of unallocated General Revenue, as shown in the following graph, have averaged approximately $953.7 million per year since Fiscal Year 1998-99, the first year the Florida Constitution required full implementation of the 5 percent distribution from General Revenue to the BSF. For Fiscal Year 2020-21, the Legislature planned to leave more than $1.7 billion unallocated (5.0 percent of the Post-Session General Revenue estimate).



- To develop a complete and up-to-date estimate of the state's current reserves, an evaluation of the actual unallocated General Revenue reserve (as opposed to the planning number) must be performed. Subsequent to the 2020 Session, the Legislature's planned General Revenue reserve of $1,729.0 million dropped by $425.4 million to $1,366.6 million. Together, the three components (BSF, LCEF and unallocated General Revenue) total $3.9 billion in current reserves for Fiscal Year 2020-21 or approximately 12.6 percent of the Fiscal Year 2020-21 General Revenue estimate.

- However, caution should be used in interpreting these results. As mentioned earlier, nearly $5.86 billion of the federally provided Coronavirus Relief Fund dollars were received after the 2020 Legislative Session concluded in Fiscal Year 2019-20. Most of these dollars became a part of the balance forward for Fiscal Year 2020-21, thereby influencing the unallocated General Revenue number discussed above and shown on the table below. The Revenue Estimating Conference has noted the following on the most recent official Financial Outlook Statement for the General Revenue Fund:

> The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided substantial federal government support to individuals, businesses, hospitals, and specific industries dealing with the COVID-19 pandemic and its associated economic consequences (Public Law No: 116-136; enacted 03/27/2020). Among other things, the legislation created the Coronavirus Relief Fund within the U.S. Department of the Treasury to fund necessary state and local government expenditures incurred due to the COVID-19 public health emergency. The funds currently can be used only for costs not accounted for in the budget most recently approved as of March 27, 2020, and incurred during the period from March 1, 2020, to December 30, 2020. Florida's total allocation was $8,328.2 million, of which $2,472.4 million was distributed by the US Department of the Treasury directly to Florida local governments with populations greater than 500,000. The remaining $5,855.8 million was transferred to the State of Florida. All Relief Fund dollars received by the state have been shown on this outlook as they were received. They have only been debited to the extent that formal budget actions have already occurred. However, there is a very high degree of uncertainty surrounding the future allowable uses of these dollars by states and local governments. To the extent that the funds cannot be used to fill revenue shortfalls or offset current appropriations when they are used for pandemic-related purposes, or if additional COVID-19 expenditures are required, the Fiscal Year 2020-21 ending balance shown in this outlook will be lower, potentially becoming negative. While today the funds may not be used to fill shortfalls in state or local government revenue (with the exception of covering expenditures that would otherwise qualify), full or partial relaxation of this prohibition is an active part of the negotiations currently underway in Washington. As of the date this outlook was adopted, there was no agreement on the provisions of an additional federal package. There is also continuing discussion of additional guidance from the U.S. Department of the Treasury on the existing provisions. Different treatment in the financial outlook may be warranted in the future.

- The following table shows the estimated total state reserves at the time each year's Outlook was developed.

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%
2020	2020-21	1,366.6	1,674.2	867.2	3,908.0	31,016.8	12.6%

**The Lawton Chiles Endowment Fund for Fiscal Year 2020-21 is the estimated market value as of August 17, 2020. The Summer Revenue Estimate for Fiscal Year 2020-21 includes the official estimated revenues for General Revenue and the annual payment from the BP Settlement Agreement.*

- 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 2020 forecast, transfers of zero in Fiscal Year 2021-22 and Fiscal Year 2022-23, and $11.7 million in Fiscal Year 2023-24 will be required.

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

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

- 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.

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 $192.3 million in Fiscal Year 2021-22, $49.5 million in Fiscal Year 2022-23, and $72.8 million in Fiscal Year 2023-24.

- When historical funding averages are used for drivers, the Outlook relies on three-year averages of pre-veto appropriations, unless otherwise noted. If the three-year average is negative, no change in funding is made. Exceptions have been made in the data for Fiscal Year 2018-19 to recognize the significant appropriations contained in substantive bills for key policy areas. In this case, the results for all relevant appropriations have been combined to achieve the historic 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 14 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 through 2020-21 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 $189.6 million in Fiscal Year 2021-22, $214.3 million in Fiscal Year 2022-23, and $232.4 million in Fiscal Year 2023-24.

- The Critical Needs funding for Human Services in the Medicaid program is significantly greater in the first year of the Outlook as a result of the pandemic-induced economic contraction. This is because caseloads are expected to decline in the out years as the unemployment rate improves. The projected decline in caseloads assists in decreasing the need for General Revenue by $124.2 million in Fiscal Year 2022-23 and by $332.3 million in Fiscal Year 2023-24.

- In total, the Critical Needs are 65.1 percent more costly in Year 1 this year than last year, but lower in each of the subsequent years. Of note, the Critical Needs funding for the State Match for Federal Emergency Management Agency (FEMA) Funding is much higher than anticipated in last year's Outlook for all years. This is because over one-half of the needed General Revenue across the three years is related to Florida's required cost share for the federal participation in COVID-19 response efforts.

- 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 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Total Tier 1 - Critical Needs	1,481.0	773.3	392.0
Total - Other High Priority Needs	1,171.8	1,001.5	991.0
Total Tier 2 - Critical and Other High Priority Needs	2,652.9	1,774.7	1,383.0

- 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. Three large policy areas (Pre K-12 Education, Higher Education, and Administered Funds – Statewide Issues) have greater General Revenue needs in the second 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 increasing costs for employer-paid benefits for state employees, as well as expenditure growth that outpaces the revenue streams currently available. All other areas either have more balanced (Criminal Justice, General Government, Judicial Branch, and Natural Resources) or declining needs (Human Services, Education Fixed Capital Outlay and Transportation & Economic Development) across the three years of the Outlook.

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

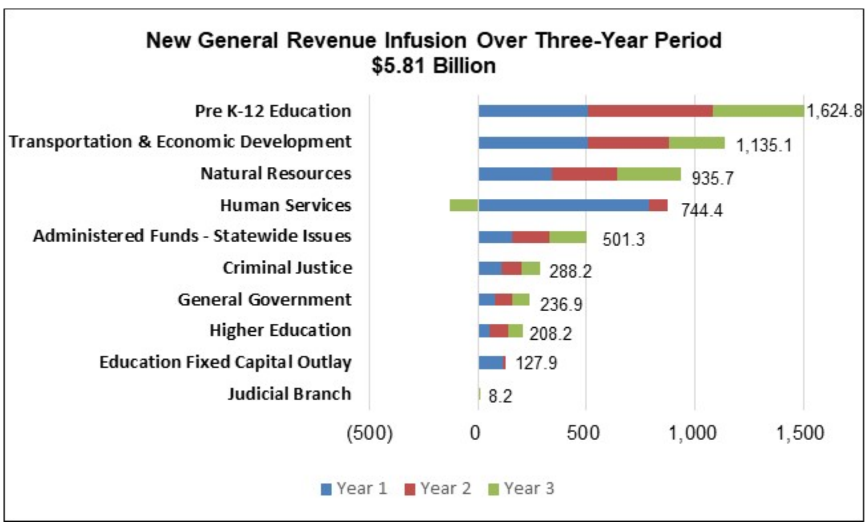
POLICY AREAS	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Pre K-12 Education	507.6	574.1	543.1
Higher Education	50.5	86.9	70.7
Education Fixed Capital Outlay	116.8	11.0	0.0
Human Services	788.4	87.6	(131.5)
Criminal Justice	105.8	91.2	91.2
Judicial Branch	2.7	2.7	2.7
Transportation & Economic Development	503.4	373.9	257.8
Natural Resources	342.7	296.1	296.8
General Government	79.0	78.9	79.0
Administered Funds - Statewide Issues	155.9	172.2	173.2
Total New Issues	2,652.9	1,774.7	1,383.0

- 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 2021-22, four policy areas (Pre K-12 Education, Transportation & Economic Development, Human Services, and Natural Resources) compose almost 81 percent of the total need for General Revenue. In the second year of the Outlook, the Pre K-12 Education needs increase, while other areas decline. As a result, Pre K-12 Education represents the largest share of the total need in that year at 32.4 percent, while Human Services drops to less than 5 percent. The other two areas also increase in relative shares, even though the dollar value of their needs decline.

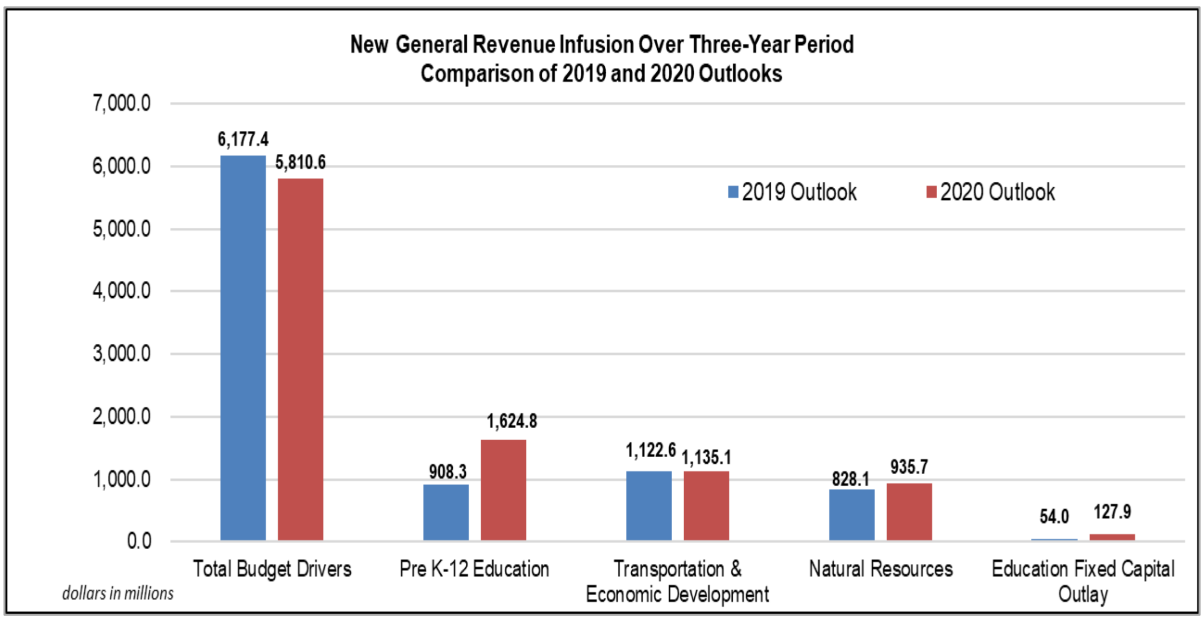
GENERAL REVENUE FUND
POLICY AREA PERCENTAGE OF TOTAL
CRITICAL AND OTHER HIGH PRIORITY NEEDS

POLICY AREAS	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Pre K-12 Education	19.1%	32.4%	39.3%
Higher Education	1.9%	4.9%	5.1%
Education Fixed Capital Outlay	4.4%	0.6%	0.0%
Human Services	29.7%	4.9%	-9.5%
Criminal Justice	4.0%	5.1%	6.6%
Judicial Branch	0.1%	0.2%	0.2%
Transportation & Economic Development	19.0%	21.1%	18.6%
Natural Resources	12.9%	16.7%	21.5%
General Government	3.0%	4.4%	5.7%
Administered Funds - Statewide Issues	5.9%	9.7%	12.5%
Total New Issues	100.0%	100.0%	100.0%

- The total need for new infusions of General Revenue over the three years is $5.81 billion. Together, Pre K-12 Education and Transportation & Economic Development issues represent 47.5 percent of the total.



- The total three-year driver need of $5.81 billion is lower than the $6.18 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 (+$716.6 million or 78.9 percent). The higher cost in this policy area is primarily related to a greater increase in the average funds per FTE student within the Florida Education Finance Program than was anticipated in last year's Outlook. As a result, the three-year average increase is now 2.44 percent per year instead of last year's 2.02 percent. This is the largest cost component of Driver #2. The second greatest increase over last year occurs in the Natural Resources policy area (+$107.6 million or 13.0 percent), primarily from increases in targeted water quality improvements (Driver #38). Only two other policy areas came in higher than last year (Education Fixed Capital Outlay and Transportation & Economic Development), but their overall increases were much lower (+$73.9 million or 136.8 percent and +$12.5 million or 1.1 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, 70.9 percent of the General Revenue infused each year must 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 $2.65 billion needed for drivers in Fiscal Year 2021-22, $1.53 billion will be needed in Fiscal Year 2022-23 (and again in Fiscal Year 2023-24) to continue those programs.

Recurring and Nonrecurring Driver Impact	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	TOTAL	Share of Grand Total
New Recurring Drivers for Each Year	1,528.5	860.2	594.0	2,982.8	
Continuation of Year 1 Recurring Drivers		1,528.5	1,528.5	3,057.0	
Continuation of Year 2 Recurring Drivers			860.2	860.2	
Cumulative Impact of Recurring Drivers	1,528.5	2,388.7	2,982.8	6,900.0	70.9%
Nonrecurring Drivers by Year	1,124.4	914.5	789.0	2,827.8	29.1%
Grand Total	**2,652.9**	**3,303.2**	**3,771.7**	**9,727.8**	

- This makes the actual dollar impact of the drivers identified in the Outlook larger than the displayed drivers alone suggest. In effect, the $5.81 billion in new infusions over the Outlook period cause $9.73 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 differing 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 "reverse" transfers initiated in Fiscal Years 2019-20 and 2020-21. 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).

	2021-22			2022-23			2023-24		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Continuing Tax and Fee Changes	(68.5)	27.0	(41.5)	(68.5)	27.0	(41.5)	(68.5)	27.0	(41.5)
Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	0.0	(68.5)	0.0	(68.5)	(137.0)	0.0	(137.0)
Time-Limited Tax and Fee Changes	0.0	(43.4)	(43.4)	0.0	(43.4)	(43.4)	0.0	(43.4)	(43.4)
Trust Fund Transfers (GAA)	0.0	312.4	312.4	0.0	312.4	312.4	0.0	312.4	312.4
Total	**(68.5)**	**296.0**	**227.5**	**(137.0)**	**296.0**	**159.0**	**(205.5)**	**296.0**	**90.5**

- 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 2021-22
    - Total General Revenue available for appropriation is $35,138.7 million.
    - The base budget, transfer to the Lawton Chiles Endowment Fund, and Critical Needs funded with General Revenue are estimated to cost $35,944.2 million. Including a holdback for a reserve balance of $1.0 billion increases the total expenditure need to $36,944.2 million. This figure grows to a total of $38,116.1 million when Other High Priority Needs are included.
    - Combined, the costs of recurring and nonrecurring General Revenue Critical Needs—plus a minimum reserve of $1.0 billion—are significantly more than the available General Revenue dollars, leaving a shortfall of $1.8 billion. When Other High Priority Needs are added, the General Revenue shortfall is almost $3.0 billion.
    - After accounting for the revenue adjustments included in Tier 3 of the Outlook, there is still a General Revenue shortfall of more than $2.7 billion.

OUTLOOK PROJECTION – FISCAL YEAR 2021-22 *(in millions)*			
	RECURRING	NON RECURRING	TOTAL
AVAILABLE GENERAL REVENUE	**$34,103.8**	**$1,034.9**	**$35,138.7**
Base Budget	$34,158.5	$0.0	$34,158.5
Transfer to Lawton Chiles Endowment Fund	$0.0	$304.7	$304.7
Transfer to Budget Stabilization Fund	$0.0	$0.0	$0.0
Critical Needs	$1,149.8	$331.3	$1,481.0
Other High Priority Needs	$378.7	$793.1	$1,171.8
Reserve	$0.0	$1,000.0	$1,000.0
TOTAL EXPENDITURES	**$35,687.0**	**$2,429.1**	**$38,116.1**
TIER 2 ENDING BALANCE	**($1,583.2)**	**($1,394.2)**	**($2,977.4)**
Revenue Adjustments	($68.5)	$296.0	$227.5
TIER 3 ENDING BALANCE	**($1,651.7)**	**($1,098.2)**	**($2,749.9)**

- Fiscal Years 2022-23 and 2023-24

    - Fiscal Year 2022-23 continues to show budget needs in excess of available revenue for both Tier 1 (Critical Needs) and Tier 2 (combined Critical and Other High Priority Needs), although to a lesser degree than Fiscal Year 2021-22. The shortfall is further reduced when factoring in the revenue adjustments in Tier 3.

    - Fiscal Year 2023-24 shows projected budget needs that are supported by estimated revenues for Tier 1, but the budget needs for Tier 2 exceed available revenues. The compounding effect of the recurring Tax and Fee adjustments only slightly improve the Tier 3 result relative to Tier 2.

    - This means that the available General Revenue is also 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. For illustration, the color-coded shading on the table below for the 2013 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). The diminishing pattern over years clearly occurs for the first years (Years 3) shown in the 2013, 2014, and 2018 Outlooks, but reverses for the 2016 and 2017 Outlooks and was mixed in 2015.

[SEE TABLE ON FOLLOWING PAGE.]

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
2020	Fiscal Year 2021-22	**(2,749.9)**	(1,899.1)	(926.8)	1,000.0

As well as showing the second largest first year shortfall in the history of the Outlooks, the net result is significantly worse for Fiscal Year 2021-22 than anticipated by the 2018 and 2019 Outlooks. This outcome results from the pandemic-induced economic contraction, coupled with the use of historical funding averages for budget drivers (using the prior year's base as the starting point). Driven by both effects, expenditures are 1.4 percent higher than anticipated in 2019.

Fiscal Year 2021-22	2019 Outlook	2020 Outlook	Difference	Effect on Bottom Line
Funds Available in Tier 3				
Balance Forward from 2020-21	1,289.3	1,322.5	33.2	Positive
Available General Revenue Adjusted by Measures	35,728.7	33,816.2	(1,912.5)	Negative
Trust Fund Transfers	213.4	312.4	99.0	Positive
Continuing Tax and Fee Changes	(54.5)	(41.5)	13.0	Positive
Time-Limited Tax and Fee Changes	(43.8)	(43.4)	0.4	Positive
Total Funds Available	37,133.1	35,366.2	(1,766.9)	Negative
			-4.8%	
Projected Expenditures				
Base Budget for 2021-22	33,899.7	34,158.5	258.80	Negative
Total New Budget Drivers for 2021-22	2,414.7	2,652.9	238.17	Negative
Total Projected Expenditures	36,314.4	36,811.4	496.97	Negative
			1.4%	
Additional Adjustments for Reserves				
BSF Transfer	-	-	-	
Transfer to Lawton Chiles Endowment Fund	304.7	304.7	-	
Reserve	1,000.0	1,000.0	-	
Bottom Line	**(486.0)**	**(2,749.9)**	**(2,263.9)**	

The greatest difference is in revenues. For revenue adjustments, the continuing tax and fee changes are lower in this year's Outlook than in the 2019 Outlook, a positive effect Although the assumed trust fund transfers are moderately higher and also positive, overall funds available are 4.8 percent lower than anticipated due to the new forecast. The projected shortfalls in Fiscal Years 2022-23 and 2023-24 slowly improve as the economy recovers.

Tier 1 Table – Critical Needs

LONG-RANGE FINANCIAL OUTLOOK

TIER 1 ISSUES - CRITICAL NEEDS

GENERAL REVENUE FUNDS AVAILABLE PROJECTION

($ MILLIONS)

		Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23			Fiscal Year 2023-24		
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1	**Funds Available:**												
2	Balance Forward	0.0	5,822.5	5,822.5	0.0	1,322.5	1,322.5	0.0	0.0	0.0	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	31,543.3	(553.2)	30,990.1	34,077.9	(386.7)	33,691.2	35,386.8	(107.5)	35,279.3	36,809.1	(8.4)	36,800.7
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	FEMA Reimbursement	0.0	11.6	11.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Nonoperating Funds and Authorized Trust Fund Transfers	(1.1)	308.9	307.8	(0.8)	99.1	98.3	(1.5)	99.1	97.6	(1.9)	99.1	97.2
9	*Revenue Adjustments to the General Revenue Fund*												
10	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
11	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
12	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
13	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
14	**Total Funds Available**	**31,568.9**	**5,589.8**	**37,158.7**	**34,103.8**	**1,034.9**	**35,138.7**	**35,412.0**	**991.6**	**36,403.6**	**36,833.9**	**1,090.7**	**37,924.6**
15													
16	**Estimated Expenditures:**												
17	Recurring Base Budget (Including Annualizations)				34,158.5	0.0	34,158.5	34,158.5	0.0	34,158.5	34,158.5	0.0	34,158.5
18	Recurring Impact of Prior Years' New Issues				0.0	0.0	0.0	1,149.8	0.0	1,149.8	1,648.7	0.0	1,648.7
19													
20	**New Issues by GAA Section:**												
21	Section 2 - Pre K-12 Education	13,362.7	(178.1)	13,184.6	554.3	(76.5)	477.7	548.9	(4.5)	544.4	517.1	(3.7)	513.4
22	Section 2 - Higher Education	4,692.7	(0.6)	4,692.1	(66.4)	0.0	(66.4)	(27.4)	0.0	(27.4)	(46.4)	0.0	(46.4)
23	Section 2 - Education Fixed Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
24	Section 3 - Human Services	10,487.6	83.6	10,571.2	587.6	0.0	587.6	(113.2)	0.0	(113.2)	(332.3)	0.0	(332.3)
25	Section 4 - Criminal Justice	4,138.9	43.3	4,182.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	Section 7 - Judicial Branch	480.9	0.5	481.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	Section 5 & 6 - Transportation & Economic Development	70.5	87.1	157.6	0.0	376.3	376.3	0.0	246.7	246.7	0.0	132.7	132.7
28	Section 5 - Natural Resources	173.1	316.6	489.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Section 6 - General Government	242.9	90.6	333.5	0.2	31.5	31.7	0.1	32.1	32.3	0.1	33.1	33.2
30	Section 2 & 6 - Administered Funds - Statewide Issues	432.5	226.2	658.7	74.1	0.0	74.1	90.4	0.0	90.4	91.4	0.0	91.4
31	**Total New Issues**				1,149.8	331.3	1,481.0	498.9	274.3	773.3	229.9	162.1	392.0
32													
33	Approved Budget Amendments	0.0	896.2	896.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34	Current Year Estimating Conference Operating Deficits	0.0	44.1	44.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	Transfer to Budget Stabilization Fund	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7	11.7
36	Transfer to Lawton Chiles Endowment Fund	0.0	0.0	0.0	0.0	304.7	304.7	0.0	0.0	0.0	0.0	0.0	0.0
37	Reappropriations	0.0	44.7	44.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
38	**Total Estimated Expenditures**	**34,081.9**	**1,754.3**	**35,836.2**	**35,308.3**	**636.0**	**35,944.2**	**35,807.2**	**274.3**	**36,081.5**	**36,037.1**	**173.8**	**36,210.9**
39	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
40	**Ending Balance**	**(2,513.0)**	**3,835.5**	**1,322.5**	**(1,204.5)**	**(601.1)**	**(1,805.5)**	**(395.2)**	**(282.7)**	**(677.9)**	**796.8**	**(83.1)**	**713.7**

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 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23			Fiscal Year 2023-24		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1 **Funds Available:**												
2 Balance Forward	0.0	5,822.5	5,822.5	0.0	1,322.5	1,322.5	0.0	0.0	0.0	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	31,543.3	(553.2)	30,990.1	34,077.9	(386.7)	33,691.2	35,386.8	(107.5)	35,279.3	36,809.1	(8.4)	36,800.7
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 FEMA Reimbursement	0.0	11.6	11.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 Nonoperating Funds and Authorized Trust Fund Transfers	(1.1)	308.9	307.8	(0.8)	99.1	98.3	(1.5)	99.1	97.6	(1.9)	99.1	97.2
9 *Revenue Adjustments to the General Revenue Fund*												
10 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
11 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
12 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
13 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
14 **Total Funds Available**	**31,568.9**	**5,589.8**	**37,158.7**	**34,103.8**	**1,034.9**	**35,138.7**	**35,412.0**	**991.6**	**36,403.6**	**36,833.9**	**1,090.7**	**37,924.6**
15												
16 **Estimated Expenditures:**												
17 Recurring Base Budget (Including Annualizations)				34,158.5	0.0	34,158.5	34,158.5	0.0	34,158.5	34,158.5	0.0	34,158.5
18 Recurring Impact of Prior Years' New Issues				0.0	0.0	0.0	1,528.5	0.0	1,528.5	2,388.7	0.0	2,388.7
19												
20 **New Issues by GAA Section:**												
21 Section 2 - Pre K-12 Education	13,362.7	(178.1)	13,184.6	584.2	(76.5)	507.6	578.6	(4.5)	574.1	546.8	(3.7)	543.1
22 Section 2 - Higher Education	4,692.7	(0.6)	4,692.1	50.5	0.0	50.5	86.9	0.0	86.9	70.7	0.0	70.7
23 Section 2 - Education Fixed Capital Outlay	0.0	0.0	0.0	0.0	116.8	116.8	0.0	11.0	11.0	0.0	0.0	0.0
24 Section 3 - Human Services	10,487.6	83.6	10,571.2	695.2	93.2	788.4	(5.6)	93.2	87.6	(224.7)	93.2	(131.5)
25 Section 4 - Criminal Justice	4,138.9	43.3	4,182.2	59.5	46.3	105.8	44.9	46.3	91.2	44.9	46.3	91.2
26 Section 7 - Judicial Branch	480.9	0.5	481.5	2.4	0.3	2.7	2.4	0.3	2.7	2.4	0.3	2.7
27 Section 5 & 6 - Transportation & Economic Development	70.5	87.1	157.6	0.0	503.4	503.4	0.0	373.9	373.9	0.0	257.8	257.8
28 Section 5 - Natural Resources	173.1	316.6	489.7	6.4	336.3	342.7	6.4	289.7	296.1	6.4	290.4	296.8
29 Section 6 - General Government	242.9	90.6	333.5	0.2	78.8	79.0	0.1	78.7	78.9	0.1	78.9	79.0
30 Section 2 & 6 - Administered Funds - Statewide Issues	432.5	226.2	658.7	130.1	25.8	155.9	146.4	25.8	172.2	147.4	25.8	173.2
31 **Total New Issues**				1,528.5	1,124.4	2,652.9	860.2	914.5	1,774.7	594.0	789.0	1,383.0
32												
33 Approved Budget Amendments	0.0	896.2	896.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34 Current Year Estimating Conference Operating Deficits	0.0	44.1	44.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35 Transfer to Budget Stabilization Fund	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7	11.7
36 Transfer to Lawton Chiles Endowment Fund	0.0	0.0	0.0	0.0	304.7	304.7	0.0	0.0	0.0	0.0	0.0	0.0
37 Reappropriations	0.0	44.7	44.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
38 **Total Estimated Expenditures**	**34,081.9**	**1,754.3**	**35,836.2**	**35,687.0**	**1,429.1**	**37,116.1**	**36,547.2**	**914.5**	**37,461.7**	**37,141.3**	**800.7**	**37,941.9**
39 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
40 **Ending Balance**	**(2,513.0)**	**3,835.5**	**1,322.5**	**(1,583.2)**	**(1,394.2)**	**(2,977.4)**	**(1,135.2)**	**(922.9)**	**(2,058.1)**	**(307.4)**	**(710.0)**	**(1,017.3)**

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 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23			Fiscal Year 2023-24		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1 **Funds Available:**												
2 Balance Forward	0.0	5,822.5	5,822.5	0.0	1,322.5	1,322.5	0.0	0.0	0.0	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	31,543.3	(553.2)	30,990.1	34,077.9	(386.7)	33,691.2	35,386.8	(107.5)	35,279.3	36,809.1	(8.4)	36,800.7
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 FEMA Reimbursement	0.0	11.6	11.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 Nonoperating Funds and Authorized Trust Fund Transfers	(1.1)	308.9	307.8	(0.8)	99.1	98.3	(1.5)	99.1	97.6	(1.9)	99.1	97.2
9 *Revenue Adjustments to the General Revenue Fund*												
10 Continuing Tax and Fee Changes	0.0	0.0	0.0	(68.5)	27.0	(41.5)	(68.5)	27.0	(41.5)	(68.5)	27.0	(41.5)
11 Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	(68.5)	0.0	(68.5)	(137.0)	0.0	(137.0)
12 Time-Limited Tax and Fee Changes	0.0	0.0	0.0	0.0	(43.4)	(43.4)	0.0	(43.4)	(43.4)	0.0	(43.4)	(43.4)
13 Trust Fund Transfers (GAA)	0.0	0.0	0.0	0.0	312.4	312.4	0.0	312.4	312.4	0.0	312.4	312.4
14 **Total Funds Available**	**31,568.9**	**5,589.8**	**37,158.7**	**34,035.3**	**1,330.9**	**35,366.2**	**35,275.0**	**1,287.6**	**36,562.6**	**36,628.4**	**1,386.7**	**38,015.1**
15												
16 **Estimated Expenditures:**												
17 Recurring Base Budget (Including Annualizations)				34,158.5	0.0	34,158.5	34,158.5	0.0	34,158.5	34,158.5	0.0	34,158.5
18 Recurring Impact of Prior Years' New Issues				0.0	0.0	0.0	1,528.5	0.0	1,528.5	2,388.7	0.0	2,388.7
19												
20 **New Issues by GAA Section:**												
21 Section 2 - Pre K-12 Education	13,362.7	(178.1)	13,184.6	584.2	(76.5)	507.6	578.6	(4.5)	574.1	546.8	(3.7)	543.1
22 Section 2 - Higher Education	4,692.7	(0.6)	4,692.1	50.5	0.0	50.5	86.9	0.0	86.9	70.7	0.0	70.7
23 Section 2 - Education Fixed Capital Outlay	0.0	0.0	0.0	0.0	116.8	116.8	0.0	11.0	11.0	0.0	0.0	0.0
24 Section 3 - Human Services	10,487.6	83.6	10,571.2	695.2	93.2	788.4	(5.6)	93.2	87.6	(224.7)	93.2	(131.5)
25 Section 4 - Criminal Justice	4,138.9	43.3	4,182.2	59.5	46.3	105.8	44.9	46.3	91.2	44.9	46.3	91.2
26 Section 7 - Judicial Branch	480.9	0.5	481.5	2.4	0.3	2.7	2.4	0.3	2.7	2.4	0.3	2.7
27 Section 5 & 6 - Transportation & Economic Development	70.5	87.1	157.6	0.0	503.4	503.4	0.0	373.9	373.9	0.0	257.8	257.8
28 Section 5 - Natural Resources	173.1	316.6	489.7	6.4	336.3	342.7	6.4	289.7	296.1	6.4	290.4	296.8
29 Section 6 - General Government	242.9	90.6	333.5	0.2	78.8	79.0	0.1	78.7	78.9	0.1	78.9	79.0
30 Section 2 & 6 - Administered Funds - Statewide Issues	432.5	226.2	658.7	130.1	25.8	155.9	146.4	25.8	172.2	147.4	25.8	173.2
31 **Total New Issues**				1,528.5	1,124.4	2,652.9	860.2	914.5	1,774.7	594.0	789.0	1,383.0
32												
33 Approved Budget Amendments	0.0	896.2	896.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
34 Current Year Estimating Conference Operating Deficits	0.0	44.1	44.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35 Transfer to Budget Stabilization Fund	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7	11.7
36 Transfer to Lawton Chiles Endowment Fund	0.0	0.0	0.0	0.0	304.7	304.7	0.0	0.0	0.0	0.0	0.0	0.0
37 Reappropriations	0.0	44.7	44.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
38 **Total Estimated Expenditures**	**34,081.9**	**1,754.3**	**35,836.2**	**35,687.0**	**1,429.1**	**37,116.1**	**36,547.2**	**914.5**	**37,461.7**	**37,141.3**	**800.7**	**37,941.9**
39 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
40 **Ending Balance**	**(2,513.0)**	**3,835.5**	**1,322.5**	**(1,651.7)**	**(1,098.2)**	**(2,749.9)**	**(1,272.2)**	**(626.9)**	**(1,899.1)**	**(512.9)**	**(414.0)**	**(926.8)**

Summary of Major Trust Funds

EDUCATIONAL ENHANCEMENT TRUST FUND ($ MILLIONS)

	Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23			Fiscal Year 2023-24		
Funds Available:	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Balance Forward	0.0	132.4	132.4	0.0	87.0	87.0	0.0	62.1	62.1	0.0	62.8	62.8
Revenue Estimate	2,030.1	5.2	2,035.3	2,069.1	5.2	2,074.3	2,091.9	5.2	2,097.1	2,144.6	5.2	2,149.8
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	**2,030.1**	**137.6**	**2,167.7**	**2,069.1**	**92.2**	**2,161.3**	**2,091.9**	**67.3**	**2,159.2**	**2,144.6**	**68.0**	**2,212.6**
Estimated Expenditures:												
Base Budget				1,984.9	0.0	1,984.9	2,069.1	0.0	2,069.1	2,091.9	0.0	2,091.9
Increase/Decrease				84.2	30.1	114.3	22.8	4.5	27.3	52.7	3.7	56.4
Total Estimated Expenditures	**1,984.9**	**95.8**	**2,080.7**	**2,069.1**	**30.1**	**2,099.2**	**2,091.9**	**4.5**	**2,096.4**	**2,144.6**	**3.7**	**2,148.3**
Ending Balance	**45.2**	**41.8**	**87.0**	**0.0**	**62.1**	**62.1**	**0.0**	**62.8**	**62.8**	**0.0**	**64.3**	**64.3**

STATE SCHOOL TRUST FUND ($ MILLIONS)

	Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23			Fiscal Year 2023-24		
Funds Available:	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Balance Forward	0.0	128.1	128.1	0.0	51.6	51.6	0.0	5.2	5.2	0.0	5.4	5.4
Revenue Estimate	185.3	0.0	185.3	172.5	0.0	172.5	179.4	0.0	179.4	180.4	0.0	180.4
Nonoperating Funds	1.5	14.8	16.3	1.5	0.0	1.5	1.5	0.0	1.5	1.5	0.0	1.5
Total Funds Available	**186.8**	**142.9**	**329.7**	**174.0**	**51.6**	**225.6**	**180.9**	**5.2**	**186.1**	**181.9**	**5.4**	**187.3**
Estimated Expenditures:												
Base Budget				162.0	0.0	162.0	174.0	0.0	174.0	180.7	0.0	180.7
Increase/Decrease				12.0	46.4	58.4	6.7	0.0	6.7	1.2	0.0	1.2
Total Estimated Expenditures	**162.0**	**116.1**	**278.1**	**174.0**	**46.4**	**220.4**	**180.7**	**0.0**	**180.7**	**181.9**	**0.0**	**181.9**
Ending Balance	**24.8**	**26.8**	**51.6**	**(0.0)**	**5.2**	**5.2**	**0.2**	**5.2**	**5.4**	**(0.0)**	**5.4**	**5.3**

TOBACCO SETTLEMENT TRUST FUND ($ MILLIONS)

	Fiscal Year 2020-21			Fiscal Year 2021-22			Fiscal Year 2022-23			Fiscal Year 2023-24		
Funds Available:	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Balance Forward	0.0	39.0	39.0	0.0	0.0	0.0	0.0	10.4	10.4	0.0	10.7	10.7
Revenue Estimate	342.1	0.0	342.1	346.8	0.0	346.8	355.2	0.0	355.2	364.0	0.0	364.0
Nonoperating Funds	8.2	0.0	8.2	9.2	0.0	9.2	9.9	0.0	9.9	10.6	0.0	10.6
Total Funds Available	**350.3**	**39.0**	**389.3**	**356.0**	**0.0**	**356.0**	**365.1**	**10.4**	**375.5**	**374.6**	**10.7**	**385.3**
Estimated Expenditures:												
Base Budget				356.5	0.0	356.5	345.6	0.0	345.6	364.8	0.0	364.8
Increase/Decrease				0.6	0.0	0.6	1.2	0.0	1.2	1.6	0.0	1.6
Forecast Adjustment to Medicaid				(11.5)	0.0	(11.5)	18.1	0.0	18.1	7.9	0.0	7.9
Total Estimated Expenditures	**356.5**	**48.8**	**405.3**	**345.6**	**0.0**	**345.6**	**364.8**	**0.0**	**364.8**	**374.3**	**0.0**	**374.3**
Ending Balance*	**(6.2)**	**(9.8)**	**(16.0)**	**10.4**	**0.0**	**10.4**	**0.3**	**10.4**	**10.7**	**0.3**	**10.7**	**10.9**

** The Social Services Estimating Conference projects a surplus of state funds for Medicaid Expenditures for Fiscal Year 2020-21 that exceeds the Fiscal Year 2020-21 projected deficit for the Tobacco Settlement Trust Fund.*

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 immediate issues facing the Legislature since the levels are reasonable approximations of total expected spending under current law and administration.

Overall, the projected General Revenue growth (*recurring* and *nonrecurring*) is insufficient to support anticipated spending and minimal reserve requirements for Fiscal Years 2021-22 and 2022-23. With the exception of Tier 1, this is also true for Fiscal Year 2023-24. By itself, this is not a sufficient condition to determine that a structural imbalance is occurring since the *recurring* problem lessens each year in all Tiers. Rather, the immediate problem is associated with the extraordinarily high expenses caused by the pandemic-induced economic contraction, accompanied by the magnitude of the decline in revenues in Fiscal Years 2019-20 and 2020-21. While revenue growth improves thereafter, it is not expected to be strong enough to restore General Revenue to the prior forecast levels.

GENERAL REVENUE FUNDS AVAILABLE PROJECTION
($ MILLIONS)

	Fiscal Year 2021-22			Fiscal Year 2022-23			Fiscal Year 2023-24		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Ending Balance Tier 1...Critical Needs	($1,204.5)	($601.1)	($1,805.5)	($395.2)	($282.7)	($677.9)	$796.8	($83.1)	$713.7
Ending Balance Tier 2...Critical Needs & Other High Priorities	($1,583.2)	($1,394.2)	($2,977.4)	($1,135.2)	($922.9)	($2,058.1)	($307.4)	($710.0)	($1,017.3)
Ending Balance Tier 3...All Needs Plus Revenue Adjustments	($1,651.7)	($1,098.2)	($2,749.9)	($1,272.2)	($626.9)	($1,899.1)	($512.9)	($414.0)	($926.8)

To meet the constitutional requirements for this document, appropriate strategies are required to be both identified and discussed. Most important is the need to clear the negative ending balances that exist in the first year of Tiers 1, 2 and 3 for both *recurring* and *nonrecurring* expenditures. In this case, the options come with a number of possible permutations that are too great to allow specific identification of each one.

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

Beginning from the bottom of the list, the Budget Stabilization Fund (BSF), by law, 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). That leaves only the remaining two components of the state's reserve system for potential reduction: the unallocated General Revenue reserve and the Lawton Chiles Endowment Fund. Given the heightened level of downside risk associated with the current revenue forecast, the unallocated General Revenue reserve may prove to be of greater than normal importance, making this a less likely candidate. On the other hand, the freezing or drawdown of some or all of the Lawton Chiles Endowment Fund reserve could have potential fiscal benefits: removal of the need to repay $304.7 million in Fiscal Year 2021-22, and immediate access to as much as $867.2 million in *nonrecurring* funds.

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 $312.4 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 which would fall under one of the other options.

It is more likely that 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 time-limited (with a sunset placed more than five years into the future) or permanent redirect of some of the state's trust funded-sources to the General Revenue Fund would likely not increase available General Revenue, but it would address the *recurring* problem.

While permanent or quasi-permanent redirects, recurring budget reductions, or reduced program growth would ease or eliminate the budget gap that currently exists in multiple years within Tiers 1 and 2 (as would the reduction or elimination of the recurring portion of the revenue adjustments affecting taxes and fees), the ultimate size of the imbalance is dependent on a number of factors and decisions that could differ from the assumptions made in this Outlook. Not least among these are the final composition and magnitude of any additional federal actions related to the pandemic.

Finally, any future decisions regarding the introduction of new programs, significant program enhancements or revenue adjustments beyond the level contemplated in Tier 3 will need to work in tandem with the final decision regarding the most appropriate combination of fiscal strategies. Given the wide-ranging nature of the possible combinations and their markedly different outcomes, 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 2020-21 General Appropriations Act includes $225.2 million from the General Revenue Fund for the state's match for federal FEMA funding. The Outlook includes an additional $374.3 million over the next three years (see Driver #10) for the estimated state match for past hurricanes and other natural disasters. These matching funds are in addition to the nearly $1.1 billion of expenditures ($680.3 million for Hurricane Michael, $368.4 million for Hurricane Irma, and $35.0 million for Hurricane Dorian) that have been authorized through emergency budget amendments from the General Revenue Fund alone. As of August 14, 2020, the state had only received $358.1 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, Michael, and Dorian than it generated in revenues, easily topping the $203.3 million net loss seen in 2005. Furthermore, the plan does not include financial impacts related to any potential hurricanes in 2020 or thereafter.

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 *2019 Debt Report* prepared by the Division of Bond Finance, these special purpose insurance entities comprised $3.0 billion or 36 percent of the state's total indirect debt on June 30, 2019. This particular debt consisted of pre-event financings to provide cash for payment of losses resulting from a hurricane.

For the 2020 storm season, the FHCF's maximum statutory obligation for mandatory coverage is $17.0 billion. However, the FHCF's obligation by law is limited to its actual claims-paying capacity. The FHCF currently projects liquidity of $12.4 billion, consisting of $11.7 billion in projected cash by December 31, 2020 and $650 million in pre-event bonds. The projected fund balance has been reduced to account for loss reserves associated with Hurricane Irma in 2017 and Hurricane Michael in 2018, for which the FHCF is currently paying claims. Given recent financial market conditions, it is estimated the FHCF would be able to access bond proceeds of approximately $7.2 billion during the next 12 months if a large event occurs during the contract year. This estimated claims paying capacity of $18.9 billion ($11.7 billion cash plus $7.2 billion bonding capacity) is $1.9 billion above the total potential statutory maximum claims paying obligation of $17.0 billion.

The $17.0 billion translates to an approximate 1-in-38 year event (2.65 percent probability) or an event that causes $25.7 billion in insurance industry residential losses for the 2020 season. Because of the differences in the levels of coverage and where the 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 2020 storm season, Citizens' probable maximum loss for a 100-year storm event is $5.7 billion. Citizens currently has claims paying ability of approximately $9.5 billion consisting of a cash surplus of $6.4 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 (Public Law No: 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 2020-21, $330.4 million in DSH funding was appropriated by the Legislature, with $233.9 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 released a final rule on September 25, 2019, 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 DHRM relies on statutorily identified factors to determine the state-specific DSH allotment reductions. The final methodology splits the total DSH reduction amount for each year into two separate amounts: one reduction for low-DSH states and another reduction for high-DSH states. For these grouped low-DSH and high-DSH states, half of the DSH reduction will be allocated based on the uninsured percentage factor and half is allocated according to how states target their DSH funds. The final 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 were scheduled to begin in Federal Fiscal Year 2020 (although subsequently delated until May 23, 2020) and run through Federal Fiscal Year 2025.

No adjustments have been included in the Outlook to reduce the DSH funding allocated to Florida because it is unknown how the final CMS rule will ultimately affect Florida, nor how the Legislature will respond to any loss of these federal funds. Section 3813 of Public Law No: 116-136, Coronavirus Aid, Relief and Economic Security (CARES) Act, approved on March 27, 2020, further delays the scheduled reductions through November 30, 2020.

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 filed in 2015 seeking a determination that certain appropriations violate 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 more than \$5 billion for water and land conservation efforts. The trial court initially declared some of those appropriations unconstitutional because they were for the improvement, management, and restoration of natural systems and conservation lands acquired by the state *before* the adoption of the constitutional amendment. However, the First District Court of Appeal, in 2019, reversed that holding, held that the constitutionally set-aside funds could be used for a wide range of conservation purposes without regard to the date that lands were acquired, and remanded the case to the circuit court to consider the legality of appropriations made since the adoption of the constitutional amendment. The Florida Supreme Court, in 2020, declined to hear an appeal of the decision by the First District Court of Appeal. At present, the case is pending in the circuit court, and it is unclear how appropriations to the Department of Environmental Protection, Department of Agriculture and Consumer Services, Department of State, and the Fish and Wildlife Conservation Commission from those funds may be affected going forward or what legislative action, if any, might be necessary to address the uses of those funds in Fiscal Years 2015-16 through 2020-2021.

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 67.) 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. While R.J. Reynolds appealed the lower court's decision regarding its liability on August 29, 2018, the District Court of Appeal unanimously affirmed the lower court's final judgment in all respects July 29, 2020.

At this time, the Circuit Court has found and the District Court has affirmed 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; however, it is currently unknown whether R.J. Reynolds will further appeal to the Florida Supreme Court. In the meantime, 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 modified the 45 days to 75 days and additionally required 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).

Effective April 8, 2020, the laws regarding petition initiatives were again modified (Chapter 2020-15, Laws of Florida). Sections 15.21 and 100.371, Florida Statutes, were revised to have the Secretary of State submit the initiative petition to the Attorney General and the FIEC once the certified forms equal 25 percent rather than 10 percent of the number of electors statewide in one-half rather than at least one-fourth of the congressional districts of the state. In addition, the requirement for the FIEC to estimate the “economic impact on the state and local economy” was repealed (section 100.371, Florida Statutes).

There are four petition initiatives on the ballot for the 2020 General Election and four proposed for the 2022 General Election. Two petition initiatives were reviewed under the law prior to June 7, 2019 (FIEC statements dated 10/22/2015 and 4/22/2019), five were reviewed under the law prior to April 8, 2020 (FIEC statements dated 8/9/2019, 8/23/2019, 10/25/2019, and 12/13/2019), and the remaining initiative (Adult Use of Marijuana) is 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.

The following petition initiatives and legislative proposals have qualified for the 2020 General Election ballot.

Proposed Amendments for 2020 General Election Ballot

Initiative Name	Ballot # and Description
PETITION INITIATIVE CITIZENSHIP REQUIREMENT TO VOTE IN FLORIDA'S ELECTIONS *No pending challenges to FIEC impact statement.*	**Ballot #1**: 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. **FIEC Impact (8/23/2019)**: 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 RAISING FLORIDA'S MINIMUM WAGE *No pending challenges to FIEC impact statement.*	**Ballot #2**: 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 ALL VOTERS VOTE IN PRIMARY ELECTIONS FOR STATE LEGISLATURE, GOVERNOR, AND CABINET *No pending challenges to FIEC impact statement.*	**Ballot #3**: 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. **FIEC Impact (8/23/2019)**: 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

Initiative Name	Ballot # and Description
	in local expenditures, this change is expected to be below the threshold that would produce a statewide economic impact.
PETITION INITIATIVE VOTER APPROVAL OF CONSTITUTIONAL AMENDMENTS *No pending challenges to FIEC impact statement.*	**<u>Ballot #4</u>**: Requires all proposed amendments or revisions to the state constitution to be approved by the voters in two elections, instead of one, in order to take effect. The proposal applies the current thresholds for passage to each of the two elections. **<u>FIEC Impact (12/13/2019)</u>**: It is probable that the proposed amendment will result in additional state and local government costs to conduct elections in Florida. Overall, these costs will vary from election cycle to election cycle depending on the unique circumstances of each ballot and cannot be estimated at this time. The key factors determining cost include the number of amendments appearing for the second time on each ballot and the length of those amendments. Since the maximum state cost is likely less than $1 million per cycle but the impact cannot be discretely quantified, the change to the state's budget is unknown. Similarly, the economic impact cannot be modelled, although the spending increase is expected to be below the threshold that would produce a statewide economic impact. Because there are no revenues linked to voting in Florida, there will be no impact on government taxes or fees.
LEGISLATIVE LIMITATION ON HOMESTEAD ASSESSMENTS	**<u>Ballot #5</u>**: Proposing an amendment to the State Constitution, effective January 1, 2021, to increase, from 2 years to 3 years, the period of time during which accrued Save-Our-Homes benefits may be transferred from a prior homestead to a new homestead.
LEGISLATIVE AD VALOREM TAX DISCOUNT FOR SPOUSES OF CERTAIN DECEASED VETERAN WHO HAD PERMANENT, COMBAT-RELATED DISABILITIES	**<u>Ballot #6</u>**: Provides that the homestead property tax discount for certain veterans with permanent combat-related disabilities carries over to such veteran's surviving spouse who holds legal or beneficial title to, and who permanently resides on, the homestead property, until he or she remarries or sells or otherwise disposes of the property. The discount may be transferred to a new homestead property of the surviving spouse under certain conditions. The amendment takes effect January 1, 2021.

The following petition initiatives have triggered FIEC review, but are still in the qualifying process and not yet complete. The first ballot they could appear on is the 2022 General Election ballot, assuming the appropriate legal requirements are met.

Proposed Amendments for 2022 General Election Ballot

Initiative Name	Ballot # and Description
PETITION INITIATIVE LIMITS OR PREVENTS BARRIERS TO LOCAL SOLAR ELECTRICTY SUPPLY *Pending Sufficient Valid Signatures*	**No Ballot #**: 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. **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 PROVIDE MEDICAID COVERAGE TO ELIGIBLE LOW-INCOME ADULTS *Pending Supreme Court Approval and Sufficient Valid Signatures*	**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 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. **FIEC Impact (8/9/2019)**: 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 REGULATE MARIJUANA SIMILAR TO ALCOHOL TO ESTABLISH AGE, LICENSING, AND OTHER RESTRICTIONS *Pending 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 (10/25/2019)**: The amendment permits legal sales of recreational marijuana which will be subject to sales tax. As a result of those sales and an accompanying increase in tourism, sales tax collections increase by at least $190 million per year

Initiative Name	Ballot # and Description
	once the legal retail market is fully operational. The estimated impacts increase the state's overall budget by less than 0.1%. At a minimum, the required state regulatory structure will cost $1.5 million for startup and $9.1 million annually to operate; however, it is probable that this cost will be offset by fees. Local governments' regulatory costs are unknown. The net impact of additional costs and savings associated with the criminal justice system cannot be determined. As a result of the identified impacts, the amendment has slightly positive effects on the economy. Florida's GDP is higher each year by an average of $3.8 billion. This represents 0.32% of the annual total.
PETITION INITIATIVE ADULT USE OF MARIJUANA *Pending Supreme Court Approval and Sufficient Valid Signatures*	**No Ballot #**: Permits adults 21 years or older to possess, use, purchase, display, and transport up to 2.5 ounces of marijuana and marijuana accessories for personal use for any reason. Permits Medical Marijuana Treatment Centers to sell, distribute, or dispense marijuana and marijuana accessories if clearly labeled and in childproof packaging to adults. Prohibits advertising or marketing targeted to persons under 21. Prohibits marijuana use in defined public places. Maintains limitations on marijuana use in defined circumstances. **FIEC Impact (Date TBD)**: *Delayed due to closure of state buildings to the public during Coronavirus outbreak.*

Florida Economic Outlook

The Florida Economic Estimating Conference met on July 17, 2020, to adopt a new forecast for the state's economy. The Conference significantly revised to the downside both the near-term and long-term outlooks relative to the forecast adopted in December 2019. The negative adjustments directly result from the Coronavirus outbreak, the measures to contain it, and the pandemic-induced economic contraction that followed. The National Bureau of Economic Research (NBER) had previously announced February 2020 as the peak in the current business cycle, marking the end of the longest U.S. economic expansion on record and putting the U.S. economy in recession territory. While all Florida industries have been impacted in the near term by the pandemic and its associated recession, Florida's leisure and hospitality industry is expected to bear the brunt of the longer-term consequences.

What has changed since last year?

Through the first half of the state's 2019-20 fiscal year, the state was on track to match or better all prior conference projections. Then, Coronavirus struck and altered the world outlook. The World Health Organization (WHO) reported the first coronavirus case in China on December 31, 2019. From that point, the virus spread quickly around the globe. The Centers for Disease Control and Prevention reported the first human-to-human transmission in the United States on January 30, 2020. Just over one month passed before Florida's first two cases of COVID-19 were officially confirmed by the Department of Health (March 2, 2020). One week later (March 11, 2020), the World Health Organization declared a Global Pandemic. Across the world, the near shut-down of businesses and end of normal social interactions outside the home became the primary defense in the fight against the spread of Coronavirus. Following suit, Florida's high-level response timeline shows:

- Statewide Safer at Home order regarding essential services ran from April 3, 2020 to April 30, 2020 (Executive Order 20-91).
- Phase 1 Recovery initial guidance in Executive Order Number 20-112 became effective May 4, 2020.
- The extension of Phase 1 to include Broward and Miami-Dade counties became effective May 18, 2020 (Executive Order 20-122), as well as the extension to Full Phase 1 for everyone else (Executive Order 20-123).
- Phase 2 Recovery was entered on June 5, 2020, for all counties other than Palm Beach, Broward and Miami-Dade (Executive Order 20-139).
- The Department of Business and Professional Regulation issued a notice banning alcohol consumption at bars on June 26, 2020.

Also in June 2020, the National Bureau of Economic Research (NBER) recognized February 2020 as the peak in the current business cycle, marking the end of the longest U.S. economic expansion on record and putting the U.S. economy in recession territory. According to NBER, "…the unprecedented magnitude of the decline in employment and production, and its broad reach across the entire economy, warrants the designation of this episode as a recession, even if it turns out to be briefer than earlier contractions." Florida's state gross domestic product data ultimately showed the state's economy initially moved into negative territory in the first quarter of 2020. While all Florida industries have been impacted in the near term by the pandemic-induced economic contraction, Florida's leisure and hospitality industry is expected to bear the brunt of the longer-term consequences.

The United States Congress has passed three major pieces of legislation that directly supported the national economy and benefited Florida:

- The Coronavirus Preparedness and Response Supplemental Appropriations Act; Phase 1. This legislation provided $8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak (Public Law No: 116-123; enacted 03/06/2020). Florida benefitted from some of this funding for crisis response.
- The Families First Coronavirus Response Act; Phase 2. This legislation responded to the COVID-19 outbreak by providing paid sick leave, tax credits, and free COVID-19 testing; expanding food assistance and unemployment benefits; and increasing Medicaid funding (Public Law No: 116-127; enacted 03/18/2020). Florida benefitted financially from the temporary 6.2 percentage-point increase in FMAP (the federal government increased its matching rate, resulting in a lesser need for General Revenue).
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act; Phase 3. This legislation provided substantial federal government support ($2.2 trillion, the largest-economic stimulus package in U.S. history) to individuals, businesses, hospitals, and specific industries dealing with the COVID-19 pandemic and its associated economic consequences (Public Law No: 116-136; enacted 03/27/2020). This bill provided the greatest direct budgetary relief to Florida.

A fourth stimulus bill was signed by the President in April. Referred to as an interim spending bill, it provided an additional $484 billion for small businesses ($320 billion for the Paycheck Protection Program (PPP) and $60 billion in economic injury loans and grants), for hospitals ($75 billion) and for testing ($25 billion).

The above programs provided over $3 trillion of income support in the crucial first two quarters of the 2020 calendar year. Additionally, the United States Treasury is backstopping federal liquidity programs with credit protection. The Federal Reserve had already responded aggressively with rate cuts to near zero, new quantitative easing, massive liquidity programs and regulatory forbearance.

Coronavirus in Context…

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, through the end of the 2019 calendar year, some of the drags on Florida's economy were 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

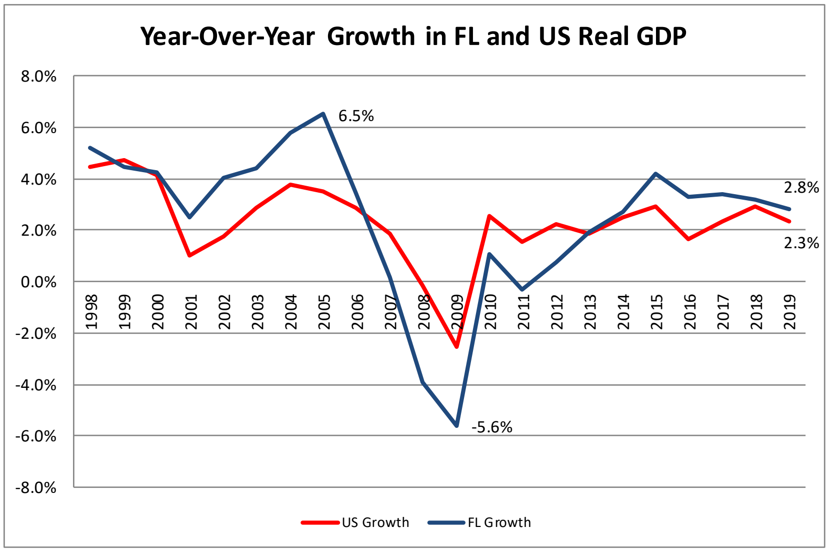
Most measures of the Florida economy had returned to or surpassed their prior peaks by the close of the 2016-17 fiscal year. When Fiscal Year 2018-19 ended, all personal income metrics, nearly 60 percent of the employment measures, and the total tourism and domestic visitor counts had exceeded their prior peaks. Still other measures were posting solid year-over-year improvements, even if they were not yet back to peak performance levels. This across-the-board progress continued through the end of the 2019 calendar year.

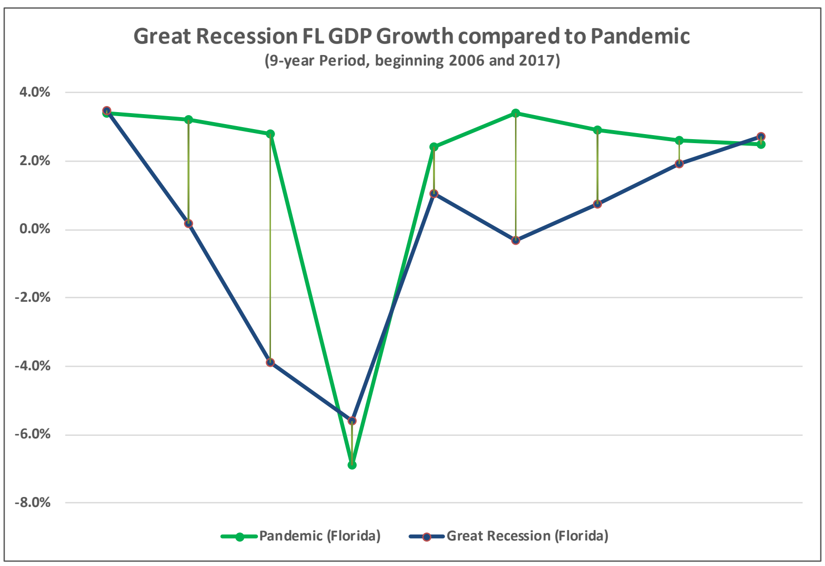
One economic measure for *comparing the economic health of states* is the year-to-year change in real **State Gross Domestic Product** (that is, all goods and services produced or exchanged within a state). Using the latest data revisions of this measure, Florida was one of the nation's faster growing 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 2019 calendar year closed, the state's growth remained well above the national average (2.8 percent versus 2.3 percent).

On July 7, 2020, the U.S. Department of Commerce, Bureau of Economic Analysis released Gross Domestic Product (GDP) data by State for the first quarter of 2020 (January, February and March). Florida was ranked 24th in the country for its real growth at a seasonally adjusted annual rate. Posting its first outright decline (-4.9 percent) since 2011, Florida's GDP nearly matched the United States as a whole, which showed a decline of -5.0 percent, but unlike the United States as a whole, the Accommodation and Food Services industry was the state's most significant drag. The Economic Estimating Conference expects that Florida's Real Gross Domestic Product will eventually show a -36.9 percent decline in the second quarter of the 2020 calendar year to produce an overall -1.3 percent decline for the just-completed 2019-20 fiscal year. The latest forecast shows a further decline of -4.3 percent in Fiscal Year 2020-21, a rebound of +4.2 percent in Fiscal Year 2021-22 and then a gradual return to the rates expected in the previous (pre-pandemic) forecast. In the longer term, growth is expected to average 2.0 percent per year.

Compared to the collapse of the housing boom and the Great Recession, the depth of the pandemic-induced economic contraction will be deeper, but of shorter duration. In the 2008 and 2009 calendar years, Florida's annual GDP decline was -3.9 percent and -5.6 percent, respectively, before positive growth temporarily resumed (+1.0 percent). The converted rates in the forecast for 2019 and 2020 are 2.8 percent and -6.9 percent, before positive growth resumes (+2.4 percent).

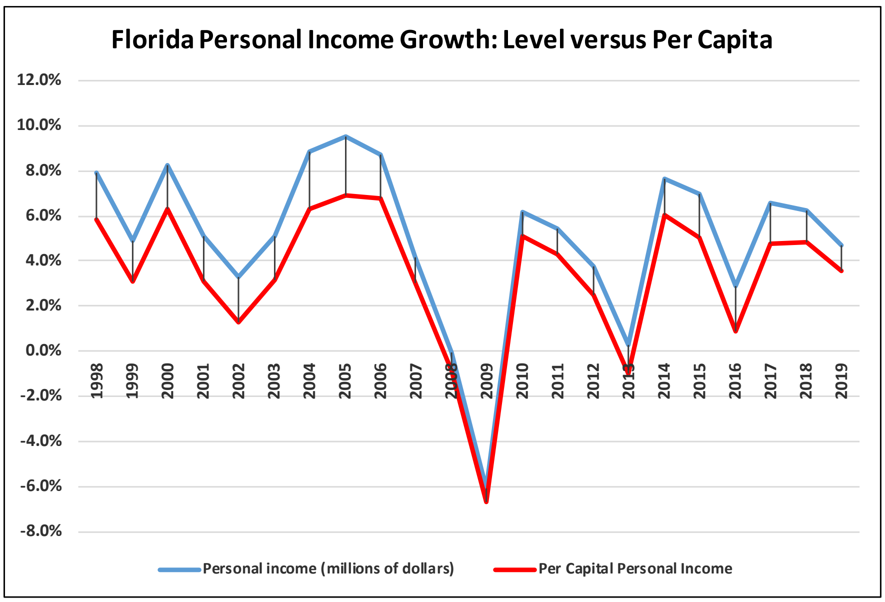




Other factors are frequently used to gauge the health of an *individual state*. The first of these measures is **personal income growth** which is primarily related to changes in salaries and wages. Using the revised series, a history similar to the one shown by the GDP data emerges. In the latest data for the 2019 calendar year, the preliminary numbers show that Florida's growth slowed to 4.7 percent over the prior year, but was still stronger than the national average of 4.4 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 2019 compared to the national average of 3.9 percent. This is the second consecutive year where the state lagged the nation in per capita growth. A similar polarization exists in only a handful of other states; of the 21 states that grew faster in personal income than the nation as a whole in 2019, six grew less than the national average in per capita growth (Florida, Georgia, Idaho, Nevada, North Carolina, and South Carolina).

Using the latest revised series, Florida's personal income growth increased +3.0 percent at an annual rate in the first quarter of 2020, ranking Florida 13th in the country among all states. This ranking is similar to the previous quarter's result, with the growth rate continuing above the nation as a whole for the quarter. The Economic Estimating Conference expects Florida's personal income to have declined -6.6 percent in the second quarter, reflecting a decline in wage and property income that swamped the various federal stimulus payments that attempted to stave off this outcome. Nevertheless, after taking account of the state's strength in earlier quarters, growth remains positive (+3.3 percent) for the 2019-20 fiscal year. Going forward, the Conference expects personal income to decline by -0.5 percent in Fiscal Year 2020-21 and then recover to +3.1 percent in Fiscal Year 2021-22. Thereafter, the annual growth rates are expected to remain solidly above +4.0 percent—modestly lower than the series' average over the past five years, but slightly higher than the previous forecast.

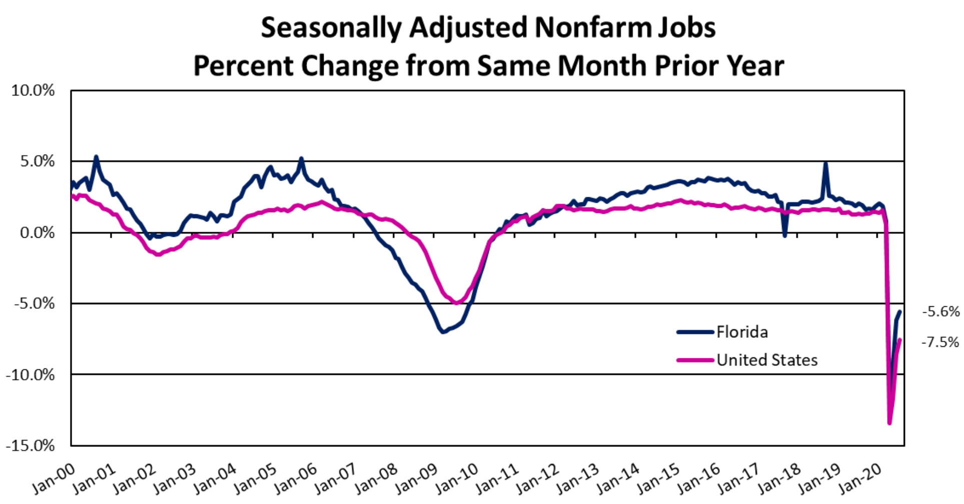
For comparison, Florida had only one year of negative personal income growth during the Great Recession—the 2009 calendar year at -6.1 percent before positive growth resumed. Per capita personal income growth was hit harder and came in negative for two years (-0.9 percent for 2008 and -6.7 percent for 2009). Similar rates in the forecast for 2020 are more optimistic: +0.6 percent for personal income and -1.0 percent for per capita income, although per capita personal income growth for 2021 is again expected to be negative at -0.2 percent.



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. It wasn't until August 2010 that Florida again experienced its first over-the-year increase in jobs (until then, this was last seen in June 2007). The state finally passed its prior employment peak in May 2015 and had moved one million jobs beyond that level in February 2020, immediately prior to the pandemic-influenced numbers.

With the onset of Coronavirus outbreak in March, the job market in Florida began an unprecedented contraction when a large part of the state's economy began to shut down, sending workers home to slow the spread of Coronavirus. Employment dropped by nearly 1.2 million jobs in March and April, a decline of -13.0 percent over the two months. Protected by the federal stimulus programs and a partial recovery in consumer demand, some—but not all—of these jobs have returned. While total non-farm payroll employment expanded over the entire period covering May, June and July, the gains in those three months offset less than one-half (48.6 percent) of the jobs lost in March and April. Of the remaining jobs, some may not be restored until the leisure and hospitality industry returns to some semblance of normalcy, and others may not return at all due to the sped-up restructuring towards a more digitized economy.

After a -1.0 decline in Fiscal Year 2019-20, the Economic Estimating Conference expects total non-farm employment to decline by an additional -3.9 percent in Fiscal Year 2020-21 and rebound by +4.0 percent in Fiscal Year 2021-22. Thereafter, Florida employment is not expected to reach its prior Fiscal Year 2018-19 peak until Fiscal Year 2022-23, with moderating rates of growth across the subsequent years. Given the unusual circumstances wrought by the pandemic, jobs in leisure and hospitality are not expected to reach pre-COVID-19 levels within the ten-year forecast horizon.



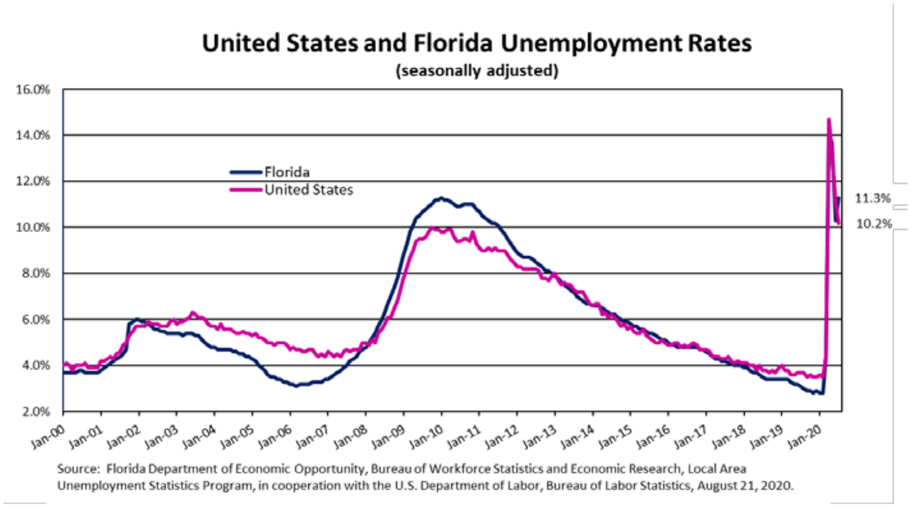
Source: Florida Department of Economic Opportunity, Bureau of Workforce Statistics and Economic Research, Current Employment Statistics Program in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, August 21, 2020.

Florida's unemployment rate dropped to 2.8 percent in February, which, together with the January 2020 and November 2019 rates, became the lowest unemployment rate since 1976. To put this in context, the rate had been as low as 3.1 percent in March 2006 during the height of the housing boom, before topping out after the collapse of the housing market and the commencement of the Great Recession at 11.3 percent (January 2010).

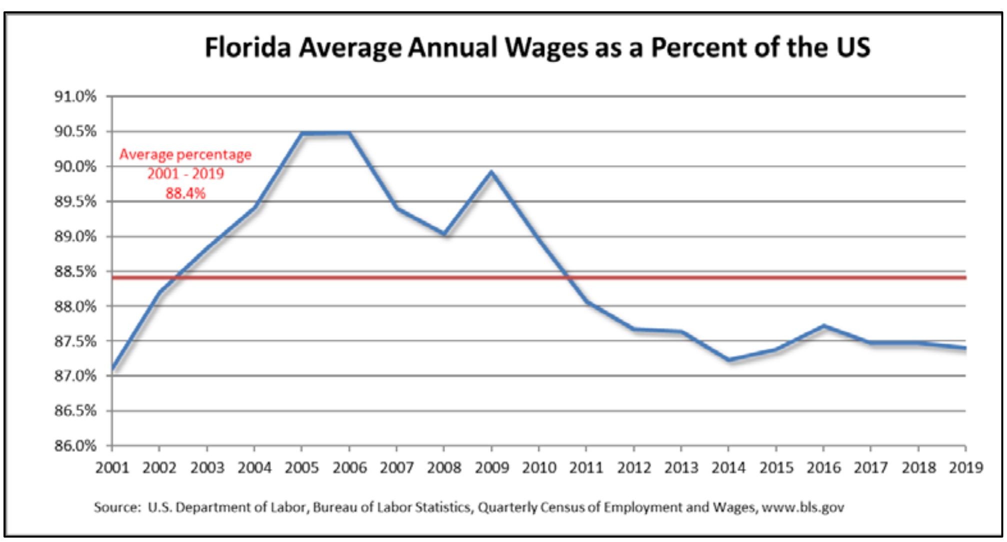
With the onset of the Coronavirus outbreak, the unemployment rate spiked to 13.8 percent in April 2020, reaching a new series high. The change was breathtaking. Over the space of two months, the unemployment rate shifted from a near 50-year low to a near 50-year high. By July, the state's actual unemployment rate had dropped back to 11.3 percent, matching the high for the Great Recession and markedly higher than the 10.2 percent for the nation as a whole. The

Conference expects the unemployment rate to peak in early Fiscal Year 2020-21 and then gradually drop to 7.8 percent by the last quarter of the state's fiscal year. Thereafter, the rate continues its slow downward drift until it gets close to 4 percent, near the full-employment level, by Fiscal Year 2029-30.

Given the historic magnitude of Florida's increase in the unemployment rate in both the second and third quarters of 2020, only the various federal stimulus payments and enhanced unemployment benefits prevented the concomitant decline in personal income seen during the Great Recession.



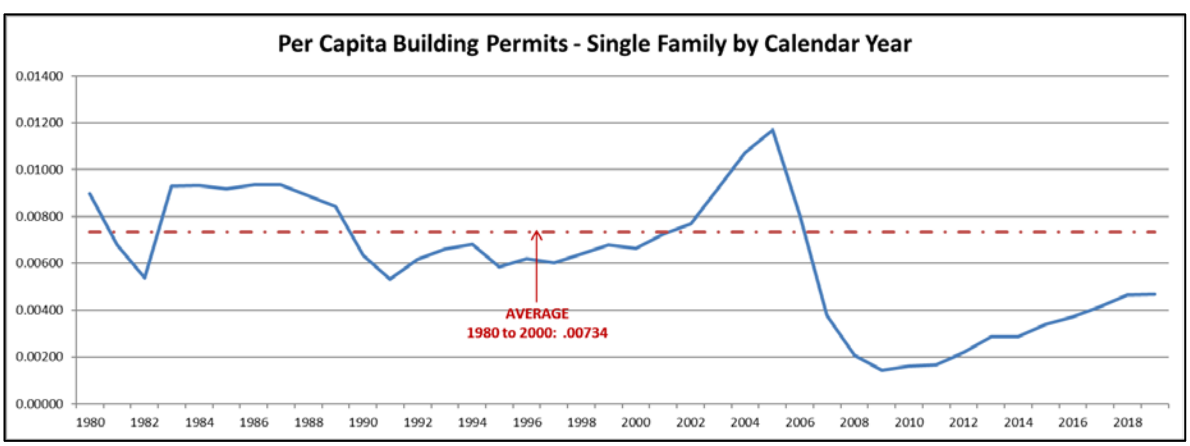
Florida's average annual wage has typically been below the national average. Since the beginning of this century, it has been about 88.4 percent of the United States as a whole; however, the ratio dropped below this level as the nation began to recover from the Great Recession while Florida lagged behind. 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, has continued to fall over the past three years since 2016 when it reached 87.7 percent to 87.4 percent in 2019.



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 reached almost 130 million visitors in Fiscal Year 2018-19, an increase of 5.0 percent over Fiscal Year 2017-18. Effectively, these visitors were equivalent to 1.9 million additional people being added to Florida's resident population.

Florida's tourism-sensitive economy is particularly vulnerable to the longer-term effects of the pandemic. Previous economic studies of disease outbreaks have shown that it can take as much as twelve to fifteen months after the outbreak ends for tourism to return to pre-disease levels. The magnitude of this event is greater. The total number of tourists declined -68.1 percent from the prior year in the second quarter of 2020. Coupled with the losses from the first quarter, the projected annual loss for Fiscal Year 2019-20 was -18.0 percent. Several industry groups have already predicted that it will take at least two years to reach recovery from this pandemic. Current expectations are that leisure driving vacations will recover first, and then—in order—business travel, domestic air travel, and international travel. The timing will be further influenced by the actual course of the disease and the recovery from the recession. Bearing all of this in mind, the Economic Estimating Conference expects a continued but less severe contraction for Fiscal Year 2020-21, with a projected overall decline of -14.3 percent from the already suppressed Fiscal Year 2019-20 level. Even nascent recovery in this industry is strongly linked to the development of a vaccine and effective treatments to cope with COVID-19. As the Conference expects an effective vaccine to be widely deployed in Fiscal Year 2021-22, the growth rate surges, albeit from an extremely low level. The new forecast levels never exceed the prior forecast levels, but come close towards the end of the ten-year forecast horizon.

To a lesser extent, full recovery in the jobs sector has and will continue to be related to the outlook for Florida's housing market. Construction lost more jobs after the collapse of the housing boom and entry into the Great Recession than any other sector. The construction industry peaked in April 2006 with 691,700 jobs and, at the end of February 2020, was still down 108,000 jobs (15.6 percent) from that level. And, despite the strong percentage growth rates in six of the last eight calendar years, the level of per capita building permits for single-family homes is still low by historic standards—around 64 percent of the long-run per capita level.



Yet, relative to other hard-hit industries, the housing market has shown some resiliency in the face of the pandemic. Throughout the worst of the crisis, this economic sector slogged forward, although slowing markedly from the stronger growth over the past few years. For the first quarter of the 2020 calendar year, single-family starts were +16.8 percent higher than the same period last year, while multi-family starts were -0.2 percent lower. In spite of the significant losses in both categories during the second quarter, total private housing starts are projected to show overall growth of +10.8 percent for Fiscal Year 2019-20. For Fiscal Year 2020-21, the Economic Estimating Conference projects that residential construction activity will slow, causing an overall decline of -6.9 percent for the year. Thereafter, activity is subdued, remaining in slightly negative territory, but matching the previous forecast levels. Even so, at the end of the ten-year forecast period, total private housing starts are still well below the peak Fiscal Year 2004-05 level of 272,222 units. Weighed down by the protracted recovery in the housing market after the collapse of the housing boom in the 2006-07 and 2007-08 fiscal years, total construction expenditures finally surpassed its prior peak from Fiscal Year 2005-06 in Fiscal Year 2019-20. Now buffeted anew, the category is expected to decline -8.8 percent in Fiscal Year 2020-21, but this time it is held back by losses in private non-residential construction expenditures caused by the pandemic-induced economic contraction. Total expenditures eke out +2.2 percent growth in Fiscal Year 2021-22, but stay above +3.0 percent for the remainder of the forecast. The peak level from Fiscal Year 2019-20 for total construction expenditures is not reached again until Fiscal Year 2024-25. Reflecting the overall weakness in the construction industry, construction employment does not get back to its peak level from Fiscal Year 2005-06 until Fiscal Year 2026-27.

Forecast Risks and Implications

The unusual nature of the pandemic-related shocks and the measures undertaken to contain its spread continue to have substantial effects on economic activity in the United States and in Florida. While the various estimating conferences attempted to address the most likely effects as they met over the summer, the plethora of possible paths forward made forecasting a single representative pathway particularly formidable. Amidst the many unanswered questions and uncertainty, the risks related to the economic forecast have been elevated to an extreme level.

Many of the forecasted outcomes are predicated on the widespread distribution of an effective vaccine by early in the 2021-22 fiscal year. This assumption may prove to be false as it is currently unknown when a vaccine will actually be discovered, tested, manufactured and distributed in numbers sufficient to produce herd immunity.

Risk Associated with Reliance on Tourism's Recovery

The Legislative Office of Economic and Demographic Research has updated and refined an 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 dollars or 76.4 percent of Florida's total General Revenue collections. Of this amount, an estimated 13.4 percent (over $3.2 billion) was directly attributable to purchases made by tourists. Preliminary data for Fiscal Year 2018-19 indicates that the visitor share rose to 14.5 percent for nearly $3.7 billion dollars. Of the total pandemic-related loss to the General Revenue Fund in Fiscal Year 2019-20, 84.7 percent came from the Sales Tax distribution, which was down 6.1 percent from the anticipated level. The anticipated future loss to General Revenue is $2.84 billion in Fiscal Year 2020-21 and $1.25 billion in Fiscal Year 2021-22, with about one-half of the loss each year attributed to severely dampened sales in the Tourism & Recreation sector.

While both the Economic Estimating and Revenue Estimating Conferences severely marked down their respective forecasts related to tourism, the persistence of the disruption to the tourism industry is currently unknown since it is tied to the widespread distribution of a vaccine. Furthermore, it is unclear how long it will take the industry to recover from that point or even if it will have the same composition.

Risk from a Slower Recovery or Double-Dip Recession

The economic forecast adopted in July assumes that the trough of the recession was reached in April, thereby ending the shortest and deepest recession in U.S. history. While the recovery is projected to be muted through the end of this fiscal year, it is expected to occur relatively quickly after that with the assumption that an effective vaccine is in place by early in the 2021-22 fiscal year. Some economic forecasters are less sanguine. A few have differing assumptions on the discovery and deployment of a vaccine, while others point to the unlikelihood of getting the additional stimulus package that they believe is still necessary to keep the economy out of recession territory. Still others incorporate the risk of a bad "second wave" in the fall or generally disagree on the likely recovery shape itself in the presence of continuing resurgences and outbreaks.

To this point, recent high-frequency credit card spending data from Bank of America and JPMorgan Chase indicated that demand tailed off in the second half of June as Covid-19 cases reaccelerated in key U.S. economic centers. In a *Financial Times* interview on July 7, the President of the Federal Reserve Bank of Atlanta warned that the U.S. economic rebound is in danger of stalling as a result of the recent spike in coronavirus cases, saying that high-frequency data has shown a "leveling off" of business openings and mobility. Several economists have called the most recent data "troubling" and suggestive of a recovery that is "a bit bumpier" in areas of coronavirus resurgence where "V-shaped recoveries are morphing into W's."

All of this indicates that there is a decided risk that the recovery will be slower than assumed in the current economic forecast or—in the worst case—that a double-dip recession could occur.

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 slow in the near-term forecast years as the pandemic and the measures undertaken to contain its spread continue to have substantial effects on economic activity in the United States and in Florida; thereby reducing net migration.

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.[1] 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. In all of the following years of the decade, population growth remained strong, ranging between 1.67 to 1.77 percent.

Also during the just-completed decade, Florida's population broke the 20 million mark and 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, 2019. With the 2020 Census currently underway, it is anticipated that next year's state ranking and analysis will be based on this count, a critical rebasing of demographic data for the upcoming decade.

The world-wide pandemic and its accompanying economic fallout strongly colored the population forecast adopted by the Demographic Estimating Conference in July 2020, producing slower population growth throughout the near term. The most significant factor was lowered expectations for in-migration. In addition, the average household size was increased, reflecting

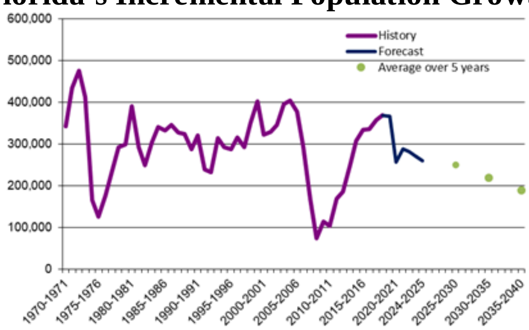
[1] As reported by the U.S. Census Bureau decennial census for April 1, 1990 and April 1, 2000.

the economic impact the pandemic is expected to have on household dynamics and structure; all else being equal, larger household sizes lead to a lower number of households.

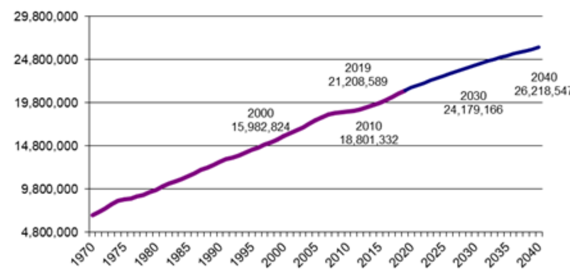
April 1	Population	Change from the Prior Year		Change from the Prior Forecast
		Percent	Numeric	
2012	19,074,434	0.90%	169,364	
2013	19,259,543	0.97%	185,109	
2014	19,507,369	1.29%	247,826	
2015	19,815,183	1.58%	307,814	
2016	20,148,654	1.68%	333,471	
2017	20,484,142	1.67%	335,488	
2018	20,840,568	1.74%	356,426	
2019	21,208,589	1.77%	368,021	
Forecast				
2020	21,574,083	1.72%	365,494	18,097
2021	21,830,364	1.19%	256,281	-62,007
2022	22,119,075	1.32%	288,711	-100,556
2023	22,400,685	1.27%	281,610	-135,367
2024	22,671,115	1.21%	270,430	-167,987
2025	22,930,731	1.15%	259,616	-200,139

For the upcoming decade, annual growth rates are projected to stay at or above one percent per year, still exceeding the national average annual growth of 0.66 percent between 2019 and 2030. By the end of calendar year 2033, Florida's resident population is projected to reach 25 million.

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.[2] 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, eleven of Florida's counties experienced a net loss in resident population between

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

April 1, 2010, and April 1, 2019. Ten of them are designated as fiscally constrained counties, with some experiencing population losses as a direct result of Hurricane Michael. These eleven counties are Bay, Calhoun, Gadsden, Gulf, Hamilton, Hardee, Jackson, Lafayette, Putnam, Taylor, and Union. 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, Osceola County grew the fastest, followed by Sumter and St. Johns counties.

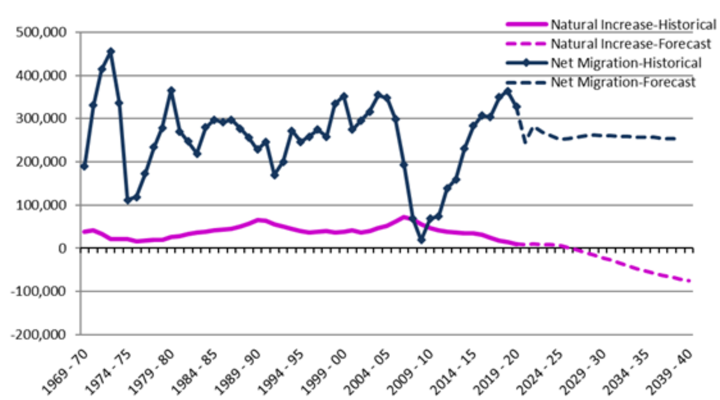
Miami-Dade County is one of the most populous counties in the country, ranking seventh nationally according to the U.S. Census Bureau's July 1, 2019, population estimates. In terms of total population, Lafayette is the smallest county in the state with just 290 fewer residents than Liberty County. Miami-Dade's population is more than 300 times these smallest populated counties. The state encompasses still other differences in lifestyle: the most densely populated county is Pinellas with 3,572 people per square mile, while Liberty County only has 10 residents per square mile. As of April 1, 2019, 50.6 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-migration. This is evidenced by the fact that in 2018, just over one-third (35.9 percent) of Floridians were actually born in the state.

Between 2010 and 2019, net migration accounted for an overall 88.1 percent of the state's growth, but during the Great Recession, it 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. During the pandemic-induced recession and its aftermath, a reduction in net migration is also expected to impact the Sunshine State; however, not to the degree and duration that was witnessed previously.

Components of Population Change



Recent net migration accounted for 97.1 percent of the state's population change. 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 2018 from the American Community Survey indicates that this shift has been maintained with Black or African American (alone) still representing 16.0 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 2018 American Community Survey indicated that Florida's Hispanic or Latino population continues to grow, now representing 26.1 percent of Florida's total population. By 2030, 30.2 percent of Florida's population is expected to be Hispanic.

Again based on the 2018 American Community Survey, 28.4 percent of Florida's Hispanic population indicated that they were of Cuban origin, while 21.3 percent were of Puerto Rican origin. By contrast, in the United States, the majority of the Hispanic population was of Mexican origin (61.9 percent), while only 4.0 percent was of Cuban origin and 9.7 percent was of Puerto Rican origin. Approximately two-thirds of the nation's Hispanic population of Cuban origin lived in Florida, and most (63.2 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. The percent of Hispanic or Latino population had 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; however, the county with the greatest percentage of Hispanic or Latino population was

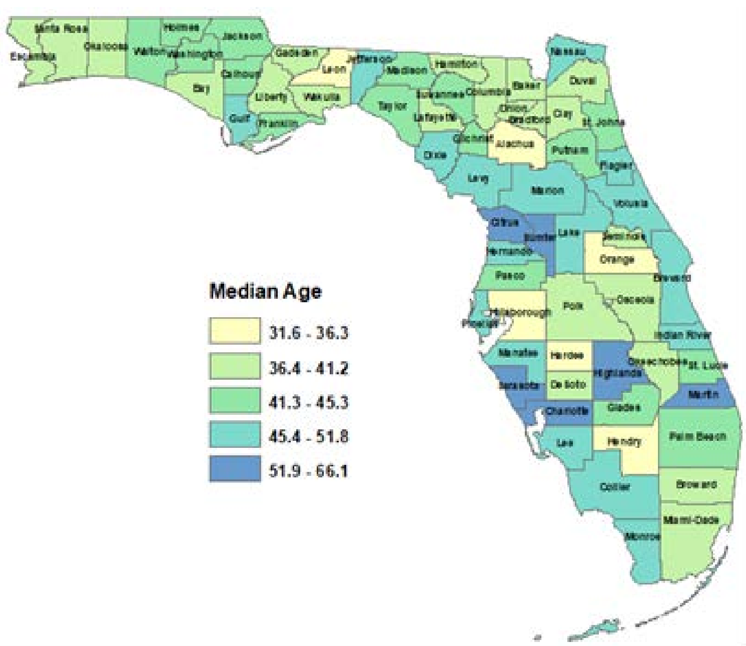
Miami-Dade (65.0 percent). At the opposite edge of the spectrum, Baker County had the smallest percentage (1.9 percent). The 2014-2018 American Community Survey five-year estimates continue to show Miami-Dade as having Florida's largest concentration of Hispanic or Latino population.

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 6 million). Of these Floridians, almost 2.4 million spoke English less than "very well." In addition, in 2018, it was estimated that 21.0 percent of Florida's population was foreign born. Of Florida's foreign born, over half (56.9 percent) are naturalized U.S. citizens, and over half (57.8 percent) are of Hispanic or Latino origin.

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 shifts increasingly into retirement, the median age in both the United States and Florida will continue to rise; however, population aging has been more intense in the Sunshine State than elsewhere. Based on the 2018 American Community Survey, the percentage of population aged 65 and older in Florida was 20.5 percent, just behind Maine (20.6 percent) and ahead of West Virginia (20.0 percent). Overall, the 65 and older population represent 16.0 percent of the population in the nation.

Florida's median age is projected to have remained at 41.7 in 2019. 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. By 2019, it was estimated that there were eight Florida counties with a median age of 50 or older. Leon County had the lowest median age in the state at 31.6, while Sumter County had the highest median age at 66.1.

Median Age by County: 2019

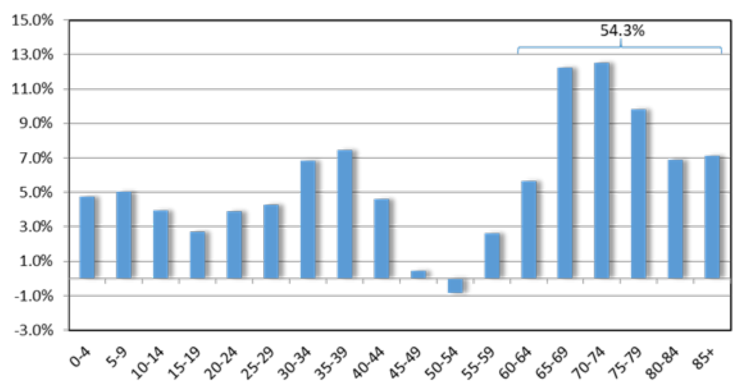


Population aged 65 and over is forecast to represent 24.3 percent of Florida's population in 2030, compared to 20.4 percent in 2020. This shifting share of the population has consequences. In 2000, Florida's prime working age population (ages 25-54) represented 41.5 percent of the total population. With the aging Baby Boom generation, this population likely represents just 36.9 percent of Florida's total population in 2020 and is projected to represent only 35.9 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 1.8:1 in 2020 to 1.5:1 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 almost 5.4 million persons. Growth by age group depends upon this overall growth and the aging of resident population, resulting in 54.3 percent of those gains in the older population (age 60 and older).

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



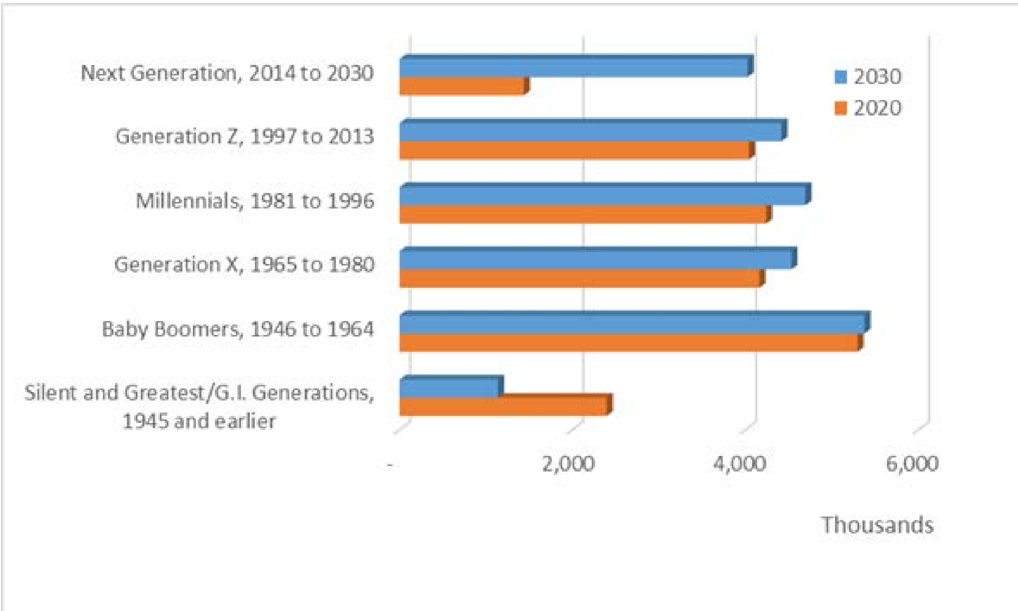
Generations

Grouping population based on generations illustrates the varying need and degree for current and future services. Nationally, based on the latest Census Bureau population estimates by age for July 1, 2019, millennials have overtaken Baby Boomers as America's largest generation. In addition Pew Research projects Generation X to surpass Baby Boomers in 2028.[3] However, based on Florida population projections by age, this is not the case in Florida. The current and forecast generational mix of Florida's population indicates that the Baby Boomers will be

[3] FactTank, News in the Numbers, Millennials overtake Baby Boomers as America's largest generation, April 28, 2020, https://www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation/

Florida's largest population group through at least 2030.[4] This reflects Florida's popularity as a retirement state.

Florida Population by Generation



Summary

Florida's population growth slowed substantially as a result of the Great Recession, mostly related to the recession's impact on job creation and the ability of people to migrate into the state. As the recovery strengthened, population growth regained its footing with levels and rates of growth above 300,000 and 1.5 percent, respectively, over the past few years. With the onset of the pandemic-induced recession, population growth is expected to slow again. However, this effect is expected to be shorter in duration and less severe than the prior slowdown. While Florida will not return to its peak period of growth when it averaged more than 1,000 people per day, it is expected to average slightly more than 750 persons per day between now and 2024.

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 nearing their end over the coming decade, and the challenges still ahead of us.

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[4] For this analysis, Generation Z, for which an end-date has not been officially defined, is assumed to encompass those born from 1997 through 2013. Anyone born after 2013 is assumed to be part of the "Next Generation." These assumptions limit Generation X to a similar duration to proceeding generations.

Revenue Projections

Throughout the summer, the Revenue Estimating Conference met to finalize numbers for Fiscal Year 2020-2021 and to develop new forecasts for the upcoming years. With the exception of the Documentary Stamp Tax, the Intangibles Tax and Tobacco Tax and Surcharge, overall revenue projections are generally below prior forecasts as a result of the pandemic-induced economic decline.

I. General Revenue Fund

A. Forecast Overview

In June 2020, the National Bureau of Economic Research (NBER) dated the business cycle peak to February 2020 after 128 months of expansion, marking that month as the official turning point which began the recession. As a result of the pandemic-induced economic contraction, General Revenue collections for Fiscal Year 2019-20 ended with a loss from the estimate for the General Revenue Fund of nearly $1.9 billion, down 5.7 percent from the expectations held in January 2020 when the last forecast was made. Of the total loss, 84.7 percent came from the Sales Tax distribution, which was down 6.1 percent from the anticipated level.

Recognizing the heightened risk to the forecast due to the pandemic-induced economic effects on Florida's tourism-sensitive economy, the Revenue Estimating Conference made substantial adjustments to the forecast adopted in January 2020. Anticipated revenues were revised downward by $3.4 billion in Fiscal Year 2020-21 and by $2.0 billion in Fiscal Year 2021-22, for a two-year combined decrease of $5.4 billion. This change reflects an overall 9.9 percent loss in Fiscal Year 2020-21 and a 5.6 percent loss in Fiscal Year 2021-22 from the prior estimates.

By far the largest adjustment in the new forecast relates to Sales Tax. The anticipated loss to General Revenue is $2.84 billion in Fiscal Year 2020-21 and $1.25 billion in Fiscal Year 2021-22, with about one-half of the loss each year attributed to severely dampened sales in the Tourism & Recreation sector. Even though a significant part of the loss arises from a reduction in the number of out-of-state tourists, this category also includes sales to Florida residents at restaurants, local attractions and other leisure-based activities that have also been negatively affected by the pandemic. The record-breaking increase in the savings rate that has developed since the beginning of the outbreak is also a factor since it comes at the expense of consumption.

Apart from Sales Tax, the greatest loss to the forecast came from Corporate Income Tax. Reduced profitability, business failures and delayed business formations are expected to drive receipts downward in Fiscal Year 2020-21 by $493 million and by $663 million in Fiscal Year 2021-22.

Largely as a result of the changes described above, the state's overall revenue collections for General Revenue this year will fall below last year's already reduced collection level by nearly 1.2 percent, before beginning the recovery process in Fiscal Year 2021-22 (growing by 8.7 percent over this year) when an effective vaccine is expected to be widely deployed.

B. Article V Fees & Transfers

Revenue collections for Article V Fees and Transfers during the 2019-20 fiscal year came in below the estimates adopted by the Revenue Estimating Conference held on December 19, 2019. The shortfalls across the judicial system and the Clerks were widespread, leading to a combined loss across all categories and revenue recipients of $48.3 million. This was largely induced by the impact of the worldwide pandemic on court operations. The statewide Safer at Home order regarding essential services affected—among other things—the amount of traffic on the roads, various state and local government office closures, and actions to provide forbearance on delinquent payments and foreclosures.

Since some of these effects are still ongoing, the new forecast has been revised downward relative to the previous forecast. Actual Fiscal Year 2019-20 revenue performance was used to adjust the forecast base. The forecast was further adjusted to incorporate the court's most recent reopening plan and other factors related to the pandemic.

A major component, Foreclosure Filings, were -1.1 percent below the activity level forecasted by the prior conference. The filings in the last quarter of Fiscal Year 2019-20 were affected by both the temporary court office closings and the moratoriums on foreclosures issued at both the state and federal level. A significant portion of the activity that was delayed is forecasted to return during Fiscal Year 2020-21. In addition, the Conference took into account the expected number of added homes in foreclosure status. The Conference increased the estimate for foreclosure filings in Fiscal Year 2020-21 by 13,067 filings and by declining amounts thereafter. The following table shows the changes to forecasted filings:

Foreclosure Filings	December 2019 REC	July 2020 REC	Difference
2020-21	44,628	57,695	13,067
2021-22	45,045	50,368	5,323
2022-23	45,462	48,756	3,294
2023-24	45,878	47,884	2,005
2024-25	46,295	47,029	734
2025-26	--	47,867	--

The Conference also discussed several issues involving Clerks of the Court. Most importantly, state law (s. 28.37(3)(b)2., F.S.) requires that not less than 50 percent of the cumulative excess of all fines, fees, and charges be transferred to the General Revenue Fund no later than February 1, 2021. Based on the new forecast, no dollars are expected to be transferred.

Cumulatively, the Article V revisions result in negative changes to the overall forecast, with all years showing reductions to the prior estimates. 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 2020-21: -$4.5 million (-4.2 percent decrease)

- Fiscal Year 2021-22: -$4.3 million (-4.0 percent increase)

- State Courts Revenue Trust Fund
    - Fiscal Year 2020-21: -$4.8 million (-5.6 percent decrease)
    - Fiscal Year 2021-22: -$3.3 million (-3.9 percent decrease)

- Clerks of Court Trust Fund
    - Fiscal Year 2020-21: $0.0 million (unchanged)
    - Fiscal Year 2021-22: $0.0 million (unchanged)

- Clerks' Fine and Forfeiture Funds
    - Fiscal Year 2020-21: -$21.2 million (-4.9 percent decrease)
    - Fiscal Year 2021-22: -$14.4 million (-3.4 percent decrease)

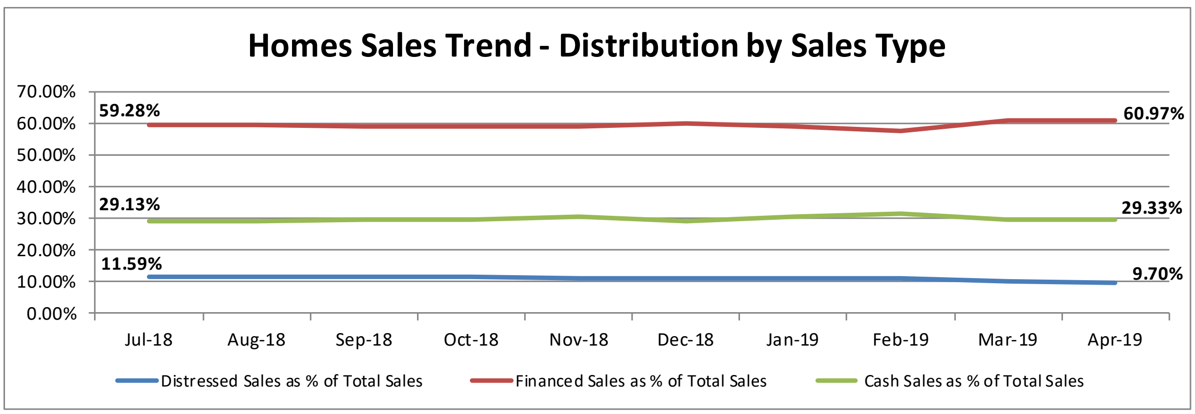
C. Documentary Stamp Tax

Prior to the onset of the Coronavirus outbreak, the pace of Florida's recovery in Documentary Stamp Tax collections was anticipated to be driven in large measure by the time it took the construction industry to revive fully. Because residential construction activity continued to be subpar, attention over the past few years has focused instead on the market for existing homes as an upstream indicator of future construction need. This assessment has been changed by the pandemic. Conditions in Florida's housing market are still important to the overall forecast, but they are not the singular driving forces they once were. The persistent economic effects from the Coronavirus outbreak are expected to have their greatest impact on the non-residential sector, as commercial property becomes vacant, idled or lower income-producing.

Commercial real estate values will be under pressure at least in the near-term, as owners and renters respond to the new reality introduced by the pandemic. As one example of forecasters' current thinking, Moody's Analytics predicts that the office property segment will see national vacancy rates hovering near 20 percent through 2022, with the lodging and retail segments hit even harder. Beyond that horizon, the future is harder to predict. Because the commercial real estate sector was relatively healthy coming into the recession, history will provide a weaker guide as to what to expect than normal, introducing a new threat to the forecast. While commercial real estate projects typically respond poorly to the stress induced by economic contractions, the current recession is different—and so will be the correction. What shape it will take has yet to be determined, and changing consumer preferences for where people work and shop may pull the negative effects well beyond the two years predicted by the state's Revenue Estimating Conference in its recently adopted ad valorem forecast: "…an outright decline in total non-residential taxable value is expected when the 2021 roll is approved and then again in 2022 before it resumes year-over-year positive growth. Annual growth rates remain low in this sector through the rest of the forecast period."

There is currently far more certainty about the residential market, which has held up remarkably well during the pandemic. All of the metrics continue to point to an existing home market that appears to be fully recovered. Existing home sales volume in each of the calendar years from 2014 to 2019 exceeded the 2005 peak year. The story is similar for sales price. Florida's existing home price gains have roughly tracked national gains over the last five years; however, growth in 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 June 2020 was only 94.44 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: $257,800) in June 2018 and reached a new high at $282,000 in June 2020.

Even with a fully recovered existing home market, Documentary Stamp Tax collections were only 70.8 percent of their prior peak as the 2019-20 fiscal year ended. For the 2020-21 fiscal year, this percentage is expected to improve to 72.4 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 2020 with a higher share than this segment had in July 2019 (65.82 percent versus 62.04 percent), the share of cash sales remains elevated (although it reduced to 25.68 percent in April from 34.54 percent in February 2020, mainly due to the impact of pandemic crisis). 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 2020-21 are expected to reach $2.94 billion, with a growth rate lower than Fiscal Year 2019-20 by close to six percentage points. This reduction in growth is largely due to the pandemic-induced economic contraction, but also to the substantial decrease in refinancing activity. Refinancing had been extremely strong due to the record low mortgage rates introduced in Fiscal Year 2019-20 as part of the Federal Reserve's response to the pandemic. While the low mortgage rates will continue, the initial response to them is expected to fade over time.

The documentary stamp tax growth rate is expected to strengthen to 7.9 percent in Fiscal Year 2021-22 as economic recovery begins in earnest with the widespread distribution of a vaccine. It is then expected to drop back to 2.5 percent to 3.0 percent for the remaining years in the forecast period, a more typical long-term growth pattern. The prior peak level of nearly $4.1 billion is not expected to be exceeded until Fiscal Year 2030-31 in the long-term outlook.

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 those adopted in January 2020 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
2020-21	**2,936.70**	**2.15%**	965.88	*157.60*	*808.28*
2021-22	**3,167.70**	**7.87%**	1,042.11	*136.07*	*906.04*
2022-23	**3,246.60**	**2.49%**	1,068.14	*125.02*	*943.12*
2023-24	**3,335.87**	**2.75%**	1,097.60	*104.83*	*992.77*
2024-25	**3,429.62**	**2.81%**	1,128.54	*104.83*	*1,023.71*
2025-26	**3,529.80**	**2.92%**	1,161.60	*81.32*	*1,080.28*
2026-27	**3,633.21**	**2.93%**	1,195.73	*60.90*	*1,134.83*
2027-28	**3,740.05**	**2.94%**	1,230.98	*44.37*	*1,186.61*
2028-29	**3,854.06**	**3.05%**	1,268.61	*24.48*	*1,243.79*
2029-30	**3,969.73**	**3.00%**	1,306.78	*6.93*	*1,299.85*
2030-31	**4,088.83**	**3.00%**	1,346.08	*6.93*	*1,339.15*
2031-32	4,211.51	3.00%	1,386.56	*6.93*	*1,379.63*
2032-33	4,337.86	3.00%	1,428.26	*3.43*	*1,424.83*
2033-34	4,468.01	3.00%	1,471.21	*3.43*	*1,467.78*
2034-35	4,602.06	3.00%	1,515.45	*3.43*	*1,512.02*
2035-36	4,740.13	3.00%	1,561.01	*3.43*	*1,557.58*
2036-37	4,882.34	3.00%	1,607.94	*3.43*	*1,604.51*
2037-38	5,028.83	3.00%	1,656.28	*3.43*	*1,652.85*
2038-39	5,179.70	3.00%	1,706.07	*3.43*	*1,702.64*
2039-40	5,335.11	3.00%	1,757.35	*3.43*	*1,753.92*

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (August 2020). 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 29, 2020, the new forecast for Highway Safety Licenses and Fees (HSMV) was revised significantly downward relative to the previous forecast adopted January 7, 2020. The revised estimates were primarily colored by persistent effects associated with the Coronavirus outbreak. Actual revenue collections for the 2019-20 fiscal year came in well short of anticipated levels due to a series of agency actions to suspend, waive and extend certain registration and enforcement activities through most of the last quarter of Fiscal Year 2019-20, as well as temporary office closures. Across all sources, the loss for that fiscal year was -$127.1 million.

By variable, the negative changes to the forecast exceed the smaller upward adjustments in Fiscal Year 2020-21 by -$153.5 million. The negative adjustments in the outer years continue to outweigh the positive ones, with a -$103.4 million decrease to Fiscal Year 2021-22, a -$97.2 million decrease to Fiscal Year 2022-23, a -$90.1 million decrease to Fiscal Year 2023-24, and a -$84.9 million decrease to Fiscal Year 2024-25. Fiscal Year 2025-26 is a new year to the forecast horizon, added for the first time during this conference.

During the 2019 Session, the General Revenue Fund portion of base tag fees for Other Vehicles, Truck/Tractors, and For Hire Vehicles was redirected to the State Transportation Trust Fund (STTF). Chapter 2019-43, Laws of Florida, instructs that from the additional revenue received by STTF, STTF 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. In Fiscal Year 2019-20, $65.7 million was transferred from STTF to the General Revenue Fund. As a result of the changes to the forecasted amounts, the expected transfer from STTF to the General Revenue Fund was decreased from $44.1 million to $34.7 million in Fiscal Year 2020-21, a change of -$9.4 million.

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 2020-21: -$58.3 million (-12.6 percent decrease)
  - Fiscal Year 2021-22: -$31.91 million (-7.8 percent decrease)

- Highway Safety Operating Trust Fund
  - Fiscal Year 2020-21: -$28.5 million (-6.3 percent decrease)
  - Fiscal Year 2021-22: -$18.1 million (-4.0 percent decrease)

- State Transportation Trust Fund
  - Fiscal Year 2020-21: -$54.0 million (-4.0 percent decrease)
  - Fiscal Year 2021-22: -$44.1 million (-3.2 percent decrease)

E. Indian Gaming Revenues

The Revenue Estimating Conference met on July 24, 2020, to adopt new estimates for Indian Gaming revenues. Receipts have been zeroed out since the Tribe ceased all revenue sharing with the State after making its April 2019 payment.

Due to the global Coronavirus outbreak, all Tribal facilities closed operations for the period running from March 20 through May 20. Stringent safety practices have since been put in place, including limiting capacity to 50 percent of the posted maximum occupancy limits. Given these actions, the preliminary net win adopted by the Revenue Estimating Conference for Fiscal Year 2019-20 projects a loss of 14.51 percent from the prior year.

Total net win for Fiscal Year 2020-21 is anticipated to decline an additional 6.48 percent as the impact from the Coronavirus outbreak persists; the prior forecast had expected growth of 1.96 percent from a much higher Fiscal Year 2019-20 base. Total net win for Fiscal Year 2021-22 then increases by 21.23 percent under the assumption a viable vaccine or effective treatments will be made available by this time. Going forward, the Conference projects growth in net win that reflects a blended rate of population growth and total visitors to the state. The out-years approach but never achieve the prior forecast levels.

F. Tobacco Tax and Surcharge

The Revenue Estimating Conference reviewed the Tobacco Tax and Surcharge forecast for Cigarettes and Other Tobacco Products (OTP) on August 5, 2020. For Fiscal Year 2019-20, combined cigarette tax and surcharge collections were $8.6 million under estimate, and other tobacco tax and surcharge estimates were $30.0 million over estimate.

The Department of Business and Professional Regulation entered into a legal settlement agreement in May 2019 to resolve a series of refund claims and related litigation on the taxation of other tobacco products. The payments and tax credits incorporated in this settlement began 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 affecting the distribution to the Health Care Trust Fund. The settlement results in refund payments of $29.9 million 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. Subsequent to the December 2019 forecast, the Conference became aware that the refund payments were being made against cigarette surcharge and not OTP surcharge as originally planned. This correction has been reflected in the new package.

Absent this correction, the underlying performance of the cigarette tax and surcharge was doing better than originally expected. As a result, the Conference increased the combined forecast by $17.1 million in Fiscal Year 2020-21 and $14.6 million in Fiscal Year 2021-22. The latter change persists throughout the remainder of the forecast, even though the overall growth rates continue to slow as expected.

For OTP, the revised estimates were primarily colored by the more pessimistic outlook on tourism, net migration and income associated with the lingering economic effects of the Coronavirus outbreak. The combined forecast for OTP taxes and surcharge was revised downward relative to the previous forecast by -$1.5 million in Fiscal Year 2020-21 and -$2.3 million in Fiscal Year 2021-22. The growth rates for Fiscal Years 2022-23 through 2025-26 were reduced from 2.5 percent to 2.0 percent to reflect the lingering effects.

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

[SEE TABLE ON FOLLOWING PAGE.]

Tobacco Tax and Surcharge
Comparison of the December 2019 and August 2020 Forecasts (in millions)

COLLECTIONS						
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Cigarette Tax						
December 2019	237.5	232.5	228.4	224.4	220.5	N/A
August 2020	241.8	236.1	232.0	227.9	223.9	220.0
Difference	4.3	3.6	3.6	3.5	3.4	N/A
Cigarette Surcharge						
December 2019	710.7	695.5	683.4	671.4	659.7	N/A
August 2020	723.5	706.5	694.1	682.0	670.0	658.3
Difference	12.8	11.0	10.7	10.6	10.3	N/A
OTP Tax						
December 2019	40.5	41.5	42.6	43.6	44.7	N/A
August 2020	40.1	40.9	41.7	42.5	43.4	44.2
Difference	-0.4	-0.6	-0.9	-1.1	-1.3	N/A
OTP Surcharge						
December 2019	86.6	99.3	101.7	104.3	106.9	N/A
August 2020	85.5	97.6	99.6	101.6	103.6	105.8
Difference	-1.1	-1.7	-2.1	-2.7	-3.3	N/A

DISTRIBUTIONS						
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Health Care Trust Fund						
December 2019	733.4	731.2	722.2	713.6	705.2	N/A
August 2020	744.2	739.8	730.2	720.8	711.7	702.9
Difference	10.8	8.6	8.0	7.2	6.5	N/A
General Revenue Service Charge						
December 2019	82.9	82.2	81.2	80.1	79.0	N/A
August 2020	84.1	83.2	82.1	81.0	79.8	78.8
Difference	1.2	1.0	0.9	0.9	0.8	N/A
General Revenue Excise Tax						
December 2019	129.0	126.1	123.5	121.1	118.7	N/A
August 2020	131.7	128.2	125.7	123.2	120.8	118.4
Difference	2.7	2.1	2.2	2.1	2.1	N/A
OTP General Revenue Tax						
December 2019	40.5	41.5	42.6	43.6	44.7	N/A
August 2020	40.1	40.9	41.7	42.5	43.4	44.2
Difference	-0.4	-0.6	-0.9	-1.1	-1.3	N/A
Total GR Distributions						
December 2019	252.4	249.8	247.3	244.8	242.4	N/A
August 2020	255.9	252.3	249.5	246.7	244.0	241.4
Difference	3.5	2.5	2.2	1.9	1.6	N/A
All Other Funds						
December 2019	89.5	87.8	86.6	85.3	84.2	N/A
August 2020	90.8	89.0	87.7	86.5	85.2	84.0
Difference	1.3	1.2	1.1	1.2	1.0	N/A

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 July 30, 2020. At the end of Fiscal Year 2019-20, collective ticket sales were $215.0 million above the estimate. After taking account of all components, the transfer to the EETF was $26.8 million greater than expected for this period. A significant part of the gain was related to heightened sales of Scratch-Off tickets during the Coronavirus outbreak in the last quarter of the fiscal year.

Given the nature of the increase, the Conference increased the overall sales forecast by $108.7 million in Fiscal Year 2020-21 and decreased it by $145.4 million in Fiscal Year 2021-22. This seemingly counterintuitive pattern results from the delayed return of Scratch-Off Sales to more normal weekly levels (after the pandemic reaches its first anniversary in Florida), combined with persistent economic effects from the Coronavirus outbreak that affect sales in general. In each of the subsequent fiscal years, total sales decline by a similar amount, a result of essentially matching the growth rates from the previous forecast. The final expected transfers to the EETF were decreased by $25.6 million in Fiscal Year 2020-21 and $60.4 million in Fiscal Year 2021-22

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

Summary of Lottery Sales (Millions of $)				
		Dec 2019	**Jul 2020**	**Diff.**
Instant Sales	**2020-21**	5,589.6	5,855.4	265.8
	2021-22	5,673.2	5,673.2	0.0
	2022-23	5,752.5	5,752.5	0.0
	2023-24	5,827.2	5,827.2	0.0
	2024-25	5,902.8	5,902.8	0.0
	2025-26	N/A	5,973.5	5,973.5
Terminal Sales	**2020-21**	1,970.1	1,813.0	-157.1
	2021-22	1,985.8	1,840.4	-145.4
	2022-23	2,000.9	1,854.0	-146.9
	2023-24	2,016.0	1,868.0	-148.0
	2024-25	2,030.8	1,881.7	-149.1
	2025-26	N/A	1,899.4	1,899.4
Total Game Sales	**2020-21**	7,559.7	7,668.4	108.7
	2021-22	7,659.0	7,513.6	-145.4
	2022-23	7,753.4	7,606.5	-146.9
	2023-24	7,843.2	7,695.2	-148.0
	2024-25	7,933.6	7,784.5	-149.1
	2025-26	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 $)				
		Dec 2019	**Jul 2020**	**Diff.**
EETF Receipts from Ticket Sales	**2020-21**	1,825.6	1,819.6	-6.0
	2021-22	1,850.0	1,790.5	-59.4
	2022-23	1,871.2	1,809.8	-61.4
	2023-24	1,921.3	1,858.8	-62.5
	2024-25	1,914.0	1,851.7	-62.3
	2025-26	N/A	1,877.9	1,877.9
Other Income	**2020-21**	14.1	14.1	0.0
	2021-22	14.2	14.2	0.0
	2022-23	14.3	14.3	0.0
	2023-24	14.4	14.4	0.0
	2024-25	14.5	14.5	0.0
	2025-26	N/A	14.5	14.5
80% unclaimed prizes	**2020-21**	61.4	41.8	-19.6
	2021-22	62.2	61.3	-1.0
	2022-23	63.0	62.0	-1.0
	2023-24	63.8	62.8	-1.0
	2024-25	64.5	63.5	-1.0
	2025-26	N/A	64.3	64.3
Distribution to EETF from Lottery Receipts	**2020-21**	1,901.1	1,875.5	-25.6
	2021-22	1,926.4	1,866.0	-60.4
	2022-23	1,948.5	1,886.1	-62.4
	2023-24	1,999.5	1,936.0	-63.5
	2024-25	1,993.0	1,929.7	-63.3
	2025-26	N/A	1,956.6	1,956.6

Totals may not add due to rounding.

The Revenue Estimating Conference reviewed slot machine revenues on July 24, 2020. Final collections for Fiscal Year 2019-20 were $46.8 million below estimate. Since collections were close to estimate through the first quarter of 2020, the loss is mainly attributable to the impact of the Coronavirus outbreak, which closed all facilities from mid-March to mid-June. After a brief-period of activity, all Miami Dade facilities closed again on July 2 and are not currently expected to reopen until October.

As a result of continuing negative effects, the Conference made major adjustments to expected revenues in the near-term forecast for all facilities. Altogether, these adjustments suppress projected tax collections by $55.1 million in Fiscal Year 2020-21 relative to the forecast made in December 2019.

In Fiscal Year 2021-22, tax collections increase by 31.9 percent based on the assumption that a viable vaccine or effective treatment will be widely available by this time. The machine count, days of operation and overall growth rates for the subsequent years all return to the December forecast; however, the later years never return to their prior forecast levels.

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

Slot Machines Tax Collections (Millions of $)			
	Dec 2019	Jul 2020	Difference
2019-20	203.5	156.7	-46.8
2020-21	206.0	150.9	-55.1
2021-22	208.5	199.1	-9.4
2022-23	211.1	201.6	-9.5
2023-24	213.7	204.1	-9.6
2024-25	216.3	206.6	-9.7
2025-26	N/A	209.2	209.2

For Fiscal Year 2020-21, the EETF has a projected positive balance of $87.0 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 2021-22, 2022-23, and 2023-24 by $39.0 million, $22.8 million, and $52.7 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 July 21, 2020, by the Revenue Estimating Conference.

In Fiscal Year 2019-20, the State of Florida received $500.5 million in receipts, which was 3.55 percent above the December 2019 estimate. Total refunds of $321.9 million were distributed, an amount that was -5.60 percent below the December estimate. By the year's end, $144.5 million was transferred to the SSTF, which was 8.8 percent above the December estimate.

Refunds were lower than expected for several reasons. First, an $8.5 million refund to the FDIC did not occur in Fiscal Year 2019-20 as expected. This FDIC refund will now be processed in Fiscal Year 2020-21. Second, some companies received an extension on reporting receipts due to COVID-19 issues. Given this, the associated refunds were also delayed. Third, the Department of Financial Services closed refund transfers early on June 27, effectively delaying some refunds until the next fiscal year.

The adopted forecast projects Fiscal Year 2020-21 receipts at $507.0 million and Fiscal Year 2020-21 refunds at $327.6 million. The average receipt growth rate is projected at 1.2 percent for the forecast period. The average refund growth rate is projected at 1.4 percent over the same period.

The projected transfer to the SSTF in Fiscal Year 2020-21 is now expected to reach $183.9 million, $24.8 million higher than the prior estimate. This increase is attributable to higher estimated Fiscal Year 2020-21 receipts and a large existing balance in the Unclaimed Property Trust Fund at the start of the fiscal year.

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

SSTF Transfers (Millions of $)	Dec 2019	Jul 2020	Difference
2020-21 Unclaimed Property Receipts	494.6	507.0	12.4
2020-21 Unclaimed Property Refunds	326.2	327.6	1.4
2020-21 Transfer to State School Trust Fund	**159.1**	**183.9**	**24.8**
2021-22 Unclaimed Property Receipts	506.4	513.4	7.0
2021-22 Unclaimed Property Refunds	332.0	330.9	1.1
2021-22 Transfer to State School Trust Fund	**162.8**	**171.0**	**8.2**
NET DIFFERENCE			**33.0**

For Fiscal Year 2020-21, the State School Trust Fund has a projected positive balance of $51.6 million after accounting for all available funds and anticipated expenditures. Excluding carry forward balances from prior years, revenues in the SSTF are expected to decline over the prior year by -$27.6 million for Fiscal Year 2021-22, but grow by $6.9 million in Fiscal Year 2022-23, and by $1.0 million in Fiscal Year 2023-24.

IV. Tobacco Settlement Trust Fund

The Revenue Estimating Conference met on August 5, 2020, to adopt a new forecast of Tobacco Settlement payments for the 2020-21 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.

For estimated total liability, the new forecast was adjusted based on the National Economic Estimating Conference results from July 16, 2020. This allowed an updated Consumer Price Index series to be used in the calculation beginning in Fiscal Year 2020-21. Other adjustments to the forecast since the January 2020 Conference include the annual percent change in U.S. Cigarette Volume beginning in Fiscal Year 2020-21. This amount was revised upward in Fiscal Year 2020-21 to reflect a more gradual decline in sales since the January 2020 Conference forecast. The adjusted forecast for expected payments is in keeping with the Conference's belief that R.J. Reynolds will continue to accrue unpaid liability each year until its litigation against the State of Florida has ended. As of April 30, 2020, the State was owed an estimated $187.8 million in outstanding principal and interest. Interest will continue to accrue on this amount.

The table below shows the new projected amounts of settlement payments to the State of Florida and the change from the previous estimate.

	August 2020 Estimated Combined Payments Liability (Millions)	Change From Previous Estimate (Millions)
FY 2020-21	341.8	-11.0
FY 2021-22	346.6	-8.3
FY 2022-23	354.9	-5.6
FY 2023-24	363.6	-2.5
FY 2024-25	372.7	0.6
FY 2025-26	382.1	4.1

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 7, 2020, to revise the forecast of revenues flowing into the State Transportation Trust Fund (STTF). Including the estimates for Fiscal Year 2020-21, overall revenues to the STTF during the work program period ending in Fiscal Year 2025-26 were decreased by -$1,485.8 million or about -5.7 percent.

For revenues from fuel taxes, the overall forecast was shaped by recent changes in all of the following: decreased consumption of motor fuel and other fuels (diesel, aviation and off-highway fuel) related to the effects of the Coronavirus outbreak and the associated lower economic expectations going forward; 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 -$1,114.2 million or -6.8 percent over the entire work program. Within the total for fuel-related taxes, Highway Fuel Sales Tax saw the largest dollar decrease in the new forecast. These revenues were decreased by -$699.1 million or -6.8 percent. Revenues from the SCETS fuel tax, Fuel Use Tax, Off-Highway Sales Tax, Aviation Fuel Tax, and Natural Gas Fuel Tax were also decreased relative to the previous forecast. A fallout of some of the other forecast changes, the Local Option Distribution over the work program was reduced by -$15.3 million or -5.2 percent over the prior forecast.

Finally, the forecast for the Rental Car Surcharge was decreased by -$121.7 million, or -13.9 percent. This reduction resulted primarily from the impact to tourism caused by the ongoing Coronavirus pandemic. Over the longer run, the increased use of alternatives to rental cars such as ride sharing services, destination-provided shuttles, and increased remote work options come more into play.

The forecasts for motor vehicle license and registration-related fees flowing into the STTF also affect the total and were previously adopted by the Revenue Estimating Conference on Highway Safety Licenses and Fees.

VI. Other Revenue Sources that Primarily Support Education

A. Ad Valorem Assessments (Property Tax Roll)

On August 3, 2020, the Revenue Estimating Conference met in the first stage of a two-stage process culminating on August 7, 2020, to adopt a new forecast for Ad Valorem Assessments. Estimates of the statewide property tax roll are primarily used in the appropriations process to calculate the expected 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 2020 certified school taxable value came in at $2,301.97 billion (+0.3 percent higher than forecast). The new projection for 2021 is $2,338.20 billion. The new estimate is $36.2 billion or 1.6 percent higher than the 2020 actual number, but $84.76 billion lower than the previous estimate for 2021 of $2,422.95 billion adopted in January 2020. At 96 percent, the value of one mil is projected to be $2,244.67 million.

Conditions in Florida's housing market are still important to the overall forecast, but they are not the singular driving factors they once were. The persistent economic effects from the Coronavirus outbreak are expected to have their greatest impact on the non-residential sector, as commercial property becomes vacant, idled or lower income-producing. As a result, an outright decline in total non-residential taxable value is expected when the 2021 roll is approved and then again in 2022 before it resumes year-over-year positive growth. Annual growth rates remain low in this sector through the rest of the forecast period. This expectation is in line with the forecast adopted by the Florida Economic Estimating Conference.

In contrast, expectations for the two residential sectors (homestead and non-homestead residential) provide a steadying influence over the forecast horizon and keep the 2021 roll positive relative to the prior year. Recent residential data from the Federal Housing Finance Agency price index shows value growth in virtually all parts of the state. The new forecast is premised on the belief this value growth will continue in the residential sectors, although the pace will moderate relative to last year.

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, 2020 came in at $2,130.46 billion. The new projection for 2021 is $2,176.63 billion. On an annual basis, this represents an increase of $46.17 billion or a 2.17 percent increase from the 2020 actual. The revised estimate is $71.16 billion lower than the previous estimate of $2,247.79 billion for 2021 adopted in January 2020.

The Conference also discussed the continuation of losses to the eight counties most affected by Hurricane Michael (Bay, Calhoun, Franklin, Gadsden, Gulf, Jackson, Liberty and Washington). The Conference affirmed its previous decision to make discrete adjustments only to Bay and Gulf counties. In total, $165.1 million and $36.5 million were added, respectively, to the model-generated county and school taxable value estimates for these two counties in 2021 due to their expected recovery efforts that will restore value to the roll.

July 1, 2021 Certified School Taxable Value

(billions of dollars)	Actual July 1, 2020 Certified School Taxable Value	January 2020 Estimate of July 1, 2021 Certified School Taxable Value	August 2020 Estimate of July 1, 2021 Certified School Taxable Value	Change in Estimates (August 2020 vs January 2020)	Change from 2020 Actual	% Change from 2020 Actual
School Taxable Value	2,301.97	2,422.95	2,338.20	-84.76	36.22	1.57%
Real Property	2,164.33	2,280.48	2,199.13	-81.36	34.80	1.61%
Personal Property	135.87	140.47	137.30	-3.17	1.42	1.05%
Centrally Assessed Property	1.77	2.00	1.77	-0.22	0.00	0.00%
Value of one mill at 96 percent	2.21	2.33	2.24	-0.08	0.03	1.57%

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

January 1, 2021 County Taxable Value

(billions of dollars)	Actual January 1, 2020 County Taxable Value	January 2020 Estimate of January 1, 2021 County Taxable Value	August 2020 Estimate of January 1, 2021 County Taxable Value	Change in Estimates (August 2020 vs January 2020)	Change from 2020 Actual	% Change from 2020 Actual
County Taxable Value	2,130.46	2,247.79	2,176.63	-71.16	46.17	2.17%
Real Property	1,992.82	2,105.32	2,037.56	-67.76	44.74	2.25%
Personal Property	135.87	140.47	137.30	-3.17	1.42	1.05%
Centrally Assessed Property	1.77	2.00	1.77	-.022	0.00	0.00%

**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	January 2020	August 2020
2020	5.76%	6.10%
2021	5.59%	1.57%
2022	5.75%	3.24%
2023	5.56%	4.13%
2024	5.40%	4.42%
2025	5.22%	4.69%
2026	N/A	4.72%

B. Gross Receipts Tax and Communications Services Tax

The Revenue Estimating Conference met on July 28, 2020, to adopt a new forecast for the Gross Receipts Tax and the State Sales Tax on Communications Services. For Fiscal Year 2020-21, the projection for the Gross Receipts Tax (derived from the tax on electricity, gas and communications) was decreased $48.24 million from the prior forecast and for the State Sales Tax on Communications Services, the estimate was decreased $2.12 million from the previous estimate. Compared to the December 2019 conference results, the new forecast for the Gross

Receipts Tax is lower in every year with the largest difference coming in the first year. Both the utilities and the communication services components of Gross Receipts contribute to the consistent gap. The changes in the Gross Receipts Tax feed directly into the dollars available for PECO appropriations. The highlights are detailed below.

Gross Receipts Tax – All Sources ($ in millions)				Communications Services Tax – State Sales Tax Component* ($ in millions)		
Fiscal Year	***July Estimate***	***Diff from December Forecast***	***Growth Rate Forecast***	***July Estimate***	***Diff from December Forecast***	***Growth Rate Forecast***
2020-21	1,112.91	-48.24	-0.20%	587.20	-2.12	-2.51%
2021-22	1,135.50	-33.27	2.03%	583.75	-3.28	-0.59%
2022-23	1,150.92	-30.87	1.36%	583.84	-3.95	0.01%
2023-24	1,162.71	-32.98	1.02%	585.78	-3.16	0.33%
2024-25	1,174.16	-35.23	0.98%	589.64	-2.21	0.66%
2025-26	1,186.51	-36.96	1.05%	595.03	-2.78	0.91%

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

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

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 3, 2020.

The August 2020 PECO forecast was updated to include actual revenues for Gross Receipts through June 2020, actual revenues and expenditures through July 2020 for all other categories, the July 2020 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	**Jan 2020 REC No Bonding**	**Aug 2020 REC No Bonding**	**Difference**
FY 20-21 Actual Appropriation	353.6	333.6	(20.0)
Bonds	--	--	--
Cash	356.6	333.6	(20.0)
FY 21-22 Cash Available	338.4	242.3	(96.1)
FY 22-23 Cash Available	391.3	348.1	(34.2)
FY 23-24 Cash Available	484.6	436.7	(47.9)
FY 24-25 Cash Available	572.7	521.3	(51.4)
FY 25-26 Cash Available	714.0	660.5	(53.5)

Totals may not add due to rounding.

Maximum Possible PECO Trust Fund Appropriation—With Maximum Bonding

$ in millions		**Jan 2020 REC Maximum Bonding**	**Aug 2020 REC Maximum Bonding**	**Difference**
FY 20-21	Actual Appropriation	3,268.1	333.6	(2,934.5)
	Bonds	3,062.4	--	(3,062.4)
	Cash	205.7	333.6	127.9
FY 21-22	Maximum Available	291.3	2,950.4	2,659.1
	Bonds	103.2	2,870.5	2,767.3
	Cash	188.1	79.9	(108.2)
FY 22-23	Maximum Available	653.7	810.2	156.5
	Bonds	464.5	663.8	199.3
	Cash	189.2	146.4	(42.8)
FY 23-24	Maximum Available	1,601.5	1,793.8	192.3
	Bonds	1,400.1	1,644.9	244.9
	Cash	201.4	148.9	(52.6)
FY 24-25	Maximum Available	1,297.3	1,359.7	62.4
	Bonds	1,078.3	1,208.7	130.4
	Cash	219.0	151.0	(68.0)
FY 25-26	Maximum Available	2,662.5	2,764.8	102.3
	Bonds	2,416.6	2,605.6	189.1
	Cash	245.9	159.2	(86.7)

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, 2019, was $20.6 billion, a $400 million 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 *2019 Debt Report* prepared by the Division of Bond Finance that are the most meaningful to the issues addressed in the Outlook.[5] 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 *2020 Debt Report* no later than December 15, 2020, 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.

The economic impacts of COVID-19 will put pressure on the state's ratings. Standard and Poor's State Sector Mid-Year View, published in July 2020, while not naming Florida specifically, suggests that the state may be particularly vulnerable to negative rating actions as a result of the current economic climate. In this regard, S&P lists a number of potential negative credit drivers for states that include uneven economic recovery, event risk such as hurricanes that create additional financial pressure, and revenue volatility. An accompanying table assessing individual state's susceptibility to fiscal distress during the COVID-19 recession grades Florida as high on its economic exposure, moderate on its budget vulnerability, and high on its risk band. Florida was also listed in the same report as having high revenue volatility. The possible choices for both rankings ranged from low, moderate, high and very high.

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[5] The complete 2019 report, covering the period June 30, 2018, to June 30, 2019, can be found at the following link:
https://www.sbafla.com/bondfinance/Home/Debt-Overview

In conducting their credit analyses, the rating agencies will be closely monitoring how states respond to revenue shortfalls resulting from COVID-19, including how reserves are used and how budget gaps are addressed. State budget actions that maintain or drive towards near-term structural balance will be critical to maintaining Florida's triple-A rating.

Unfunded pension liabilities have become an important element of the rating agencies credit analysis, too. The Legislature has fully funded the Actuarially Determined Contribution since 2014. Continuing this practice, even during times of economic weakness, will be important to maintaining the strong financial position of the Florida Retirement System and safeguarding the State's triple-A credit ratings.

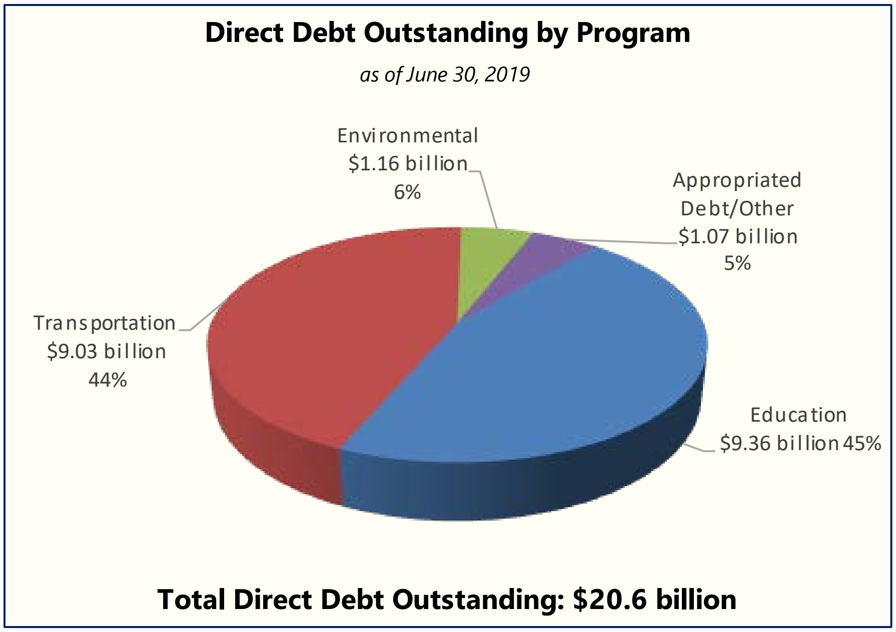
Direct Debt Outstanding

Total state direct debt outstanding was $20.6 billion as of June 30, 2019; approximately $400 million less than the previous year-end. Net tax-supported debt for programs supported by state tax revenues or tax-like revenues totaled $17.0 billion, and self-supporting debt, representing debt secured by revenues generated from operating bond-financed facilities, totaled $3.7 billion.

Collectively, educational facilities are the largest state investment financed with bonds with $9.4 billion or 45 percent of the debt outstanding, of which $7.4 billion is composed of Public Education Capital Outlay (PECO) bonds. Currently, there is no outstanding authority to issue additional debt for education projects.

Transportation infrastructure is the second largest investment funded with debt at $9.0 billion or 44 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 $9.0 billion, or 44 percent of total direct debt, in Fiscal Year 2018-19. When including self-supporting debt of the Florida Turnpike, the Department of Transportation's Fiscal Year 2020 Adopted Work Program included more than $5.0 billion of additional debt to fund transportation projects throughout the state over five years. This additional leverage represents an increase of more than 55 percent from current debt-financed transportation infrastructure and an increase of 24 percent of the state's total direct debt outstanding. Total Work Program leverage has increased $4.0 billion, or almost 400 percent, from approximately $1.0 billion in Fiscal Year 2010-11 to $5.0 billion in Fiscal Year 2018-19.

Environmental program bonding is the third largest component of state debt, with $1.2 billion of bonds outstanding for Florida Forever, Everglades Restoration, Water Pollution Control, and Inland Protection programs. There is currently no outstanding authority to issue additional debt for environmental projects.

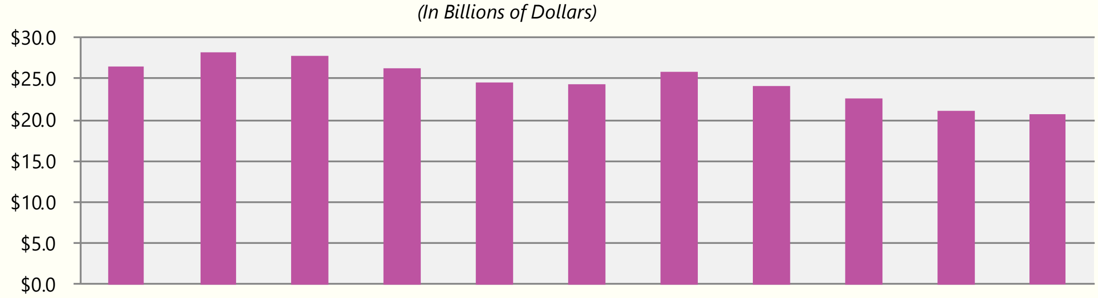


Decrease in Direct Debt

Total state direct debt decreased approximately $400 million to $20.6 billion in Fiscal Year 2018-19. Debt has decreased by $7.6 billion, or 27 percent, from a peak of $28.2 billion in Fiscal Year 2009-10 to $20.6 billion in Fiscal Year 2018-19, reversing a long-term trend of increasing debt.

Direct Debt Outstanding

(In Billions of Dollars)



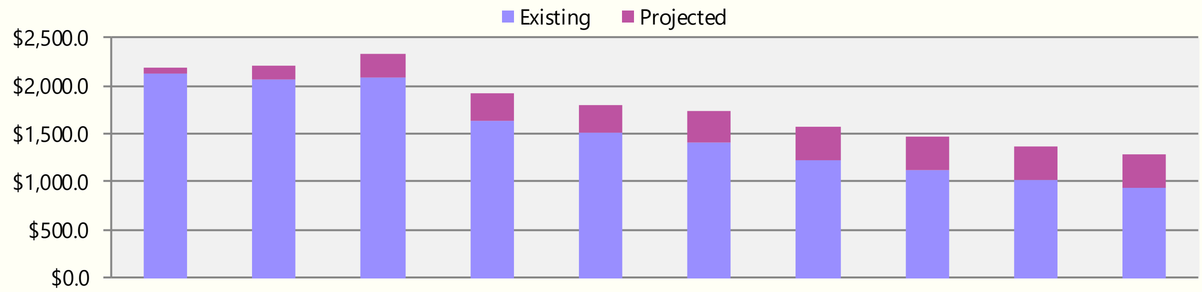
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Outstanding	$26.4	$28.2	$27.7	$26.2	$24.6	$24.2	$25.7	$24.1	$22.7	$21.0	$20.6
Annual Change	$2.1	$1.8	($0.5)	($1.4)	($1.6)	($0.4)	$1.5	($1.6)	($1.4)	($1.6)	($0.4)
% Change	8.8%	6.7%	(1.7%)	(5.2%)	(6.2%)	(1.5%)	6.2%	(6.3%)	(6.0%)	(7.3%)	(1.9%)

Estimated Annual Debt Service Requirements

Annual debt service for net tax-supported debt, including anticipated future new debt issuance, was projected to be approximately $2.2 billion in Fiscal Year 2019-20 and was projected to continue to increase through Fiscal Year 2021-22 to $2.3 billion before starting to decline. Debt service payments on existing outstanding debt total $15.1 billion over the next ten years, with principal and interest payments of $10.7 billion and $4.5 billion, respectively.

Projected Annual Debt Service

(In Millions of Dollars)



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Existing	$ 2,118.7	$ 2,055.3	$ 2,093.2	$ 1,635.0	$ 1,508.6	$ 1,414.2	$ 1,229.0	$ 1,128.3	$ 1,026.7	$ 935.6
Projected	57.6	152.2	241.0	277.5	279.5	313.0	334.1	339.2	345.7	345.7
Total	$ 2,176.3	$ 2,207.4	$ 2,334.2	$ 1,912.6	$ 1,788.1	$ 1,727.3	$ 1,563.1	$ 1,467.4	$ 1,372.3	$ 1,281.3

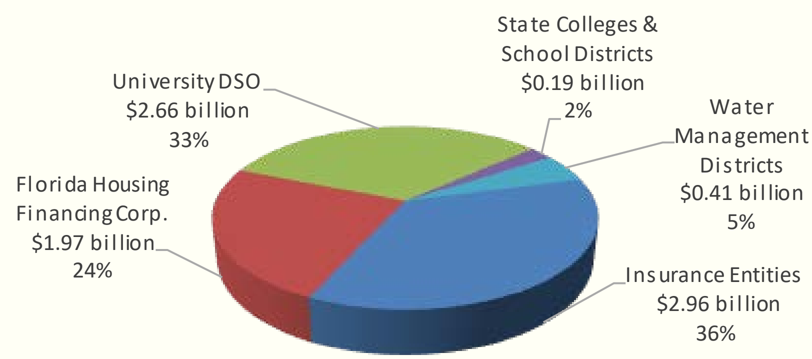
*Figures exclude required payments for DOT's short-term contract debt, which is included in total outstanding debt but not in the projected debt service payments.

Indirect Debt Outstanding

Indirect state debt outstanding as of June 30, 2019, was approximately $8.2 billion, $800 million 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 and the Florida Hurricane Catastrophe Fund Finance Corporation comprise 36 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 (33 percent), the Florida Housing Finance Corporation (24 percent), and other (7 percent). Indirect debt is excluded from state debt ratios and the debt affordability analysis.

Indirect Debt

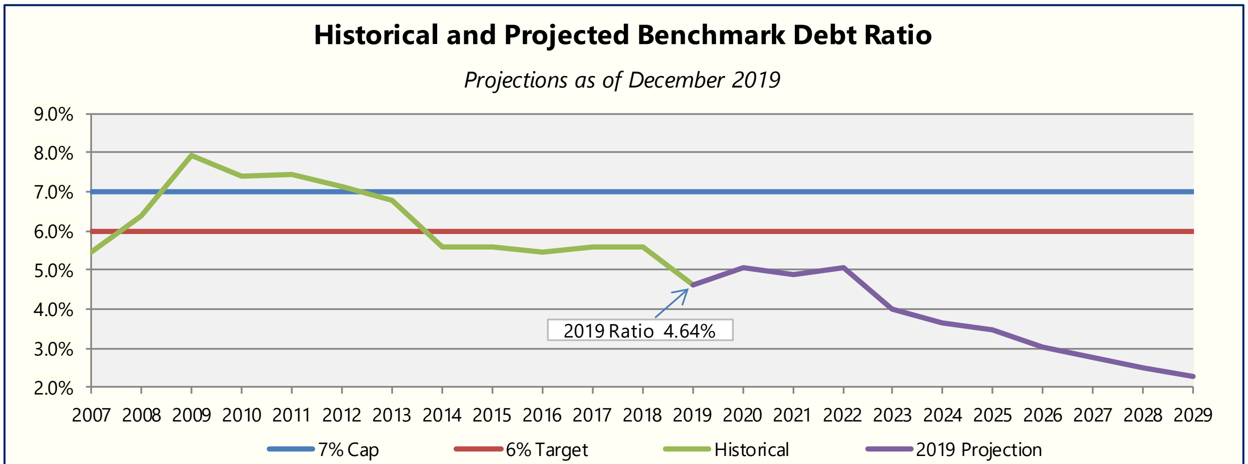
as of June 30, 2019



Indirect Debt Outstanding: $8.2 billion

Debt Ratio

The state's benchmark debt ratio of debt service to revenues available to pay debt service was 4.64 percent for Fiscal Year 2018-19. As of the publication of the 2019 Debt Report, the benchmark debt ratio was expected to remain below the 6 percent policy target through Fiscal Year 2028-29. However, the benchmark debt ratio is highly susceptible to revenue declines such as those caused by the fiscal impact of COVID-19. In previous economic downturns, the Legislature has increased borrowing for infrastructure projects, in part to free-up General Revenue to offset revenue declines. The projected benchmark debt ratio chart below does not incorporate the economic impacts of COVID-19 or additional borrowing that will cause the debt ratio to increase. Fiscal Year 2020 revenues, revised revenue forecasts, and any additional borrowing approved by the Legislature will be included in the 2020 Debt Report.



	Actual 2018	Actual 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2019 Projection	5.59%	**4.64%**	5.04%	4.88%	5.04%	4.01%	3.66%	3.45%	3.03%	2.76%	2.51%	2.27%

Key Budget Driver Worksheet – Critical Needs

Long-Range Financial Outlook Issues Summary FY 2021-22 through FY 2023-24	Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24	
	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	(124.0)	124.0	(21.3)	21.3	(25.7)	25.7
2 Increase Budget - Florida Education Finance Program	608.0	0.0	566.3	0.0	540.9	0.0
3 Enrollment Growth - Voluntary Prekindergarten Education Program	(6.3)	0.0	(0.5)	0.0	(1.9)	0.0
HIGHER EDUCATION						
4 Workload and Enrollment - Bright Futures and Children and Spouses of Deceased/Disabled Veterans	1.9	(19.6)	0.8	(15.5)	0.7	(15.2)
5 Educational Enhancement Trust Fund Adjustment	(68.3)	68.3	(28.2)	28.2	(47.1)	47.1
HUMAN SERVICES						
6 Medicaid Program	546.6	1,330.0	(124.2)	(1,283.6)	(332.3)	577.6
7 Kidcare Program	7.1	(43.2)	12.3	61.0	7.6	55.7
8 Temporary Assistance for Needy Families Cash Assistance	33.8	0.0	(1.3)	0.0	(7.5)	0.0
9 Tobacco Awareness Education Program	0.0	0.6	0.0	1.2	0.0	1.6
TRANSPORTATION AND ECONOMIC DEVELOPMENT						
10 State Match for Federal Emergency Management Agency Funding - State Disaster Funding (Declared Disasters)	376.3	0.0	246.7	0.0	132.7	0.0
GENERAL GOVERNMENT						
11 Non-Florida Retirement System Pensions and Benefits	0.2	0.0	0.1	0.0	0.1	0.0
12 Fiscally Constrained Counties - Property Tax	31.5	0.0	32.1	0.0	33.1	0.0
ADMINISTERED FUNDS AND STATEWIDE ISSUES						
13 Division of Administrative Hearings Assessments	0.2	(0.2)	0.0	0.0	0.0	0.0
14 Increases in Employer-Paid Benefits for State Employees	73.9	33.4	90.4	43.6	91.4	44.2
Subtotal Critical Needs	**1,481.0**	**1,493.3**	**773.3**	**(1,143.7)**	**392.0**	**736.8**

Key Budget Driver Worksheet – Other High Priority Needs

Long-Range Financial Outlook Issues Summary FY 2021-22 through FY 2023-24	Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24	
	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						
15 Workload and Enrollment - Other Pre K-12 Programs	29.9	0.0	29.7	0.0	29.7	0.0
HIGHER EDUCATION						
16 Maintain Current Budget - Higher Education	0.8	0.0	0.0	0.0	0.0	0.0
17 Workload - Workforce Education	8.0	0.0	8.0	0.0	8.0	0.0
18 Workload - Florida Colleges	22.7	0.0	22.7	0.0	22.7	0.0
19 Workload - State Universities	77.7	0.0	77.7	0.0	77.7	0.0
20 Workload and Adjustments - Other Higher Education Programs	7.8	0.0	5.9	0.0	8.7	0.0
EDUCATION FIXED CAPITAL OUTLAY						
21 Education Fixed Capital Outlay	116.8	0.0	11.0	0.0	0.0	0.0
HUMAN SERVICES						
22 Medicaid Services	37.4	64.8	37.4	64.8	37.4	64.8
23 Children and Family Services	67.6	110.6	67.6	110.6	67.6	110.6
24 Health Services	8.2	52.1	8.2	52.1	8.2	52.1
25 Developmental Disabilities	72.0	110.6	72.0	110.6	72.0	110.6
26 Veterans' Services	1.3	1.2	1.3	1.2	1.3	1.2
27 Elderly Services	8.2	0.3	8.2	0.3	8.2	0.3
28 Human Services Information Technology/Infrastructure	6.0	48.5	6.0	48.5	6.0	48.5
CRIMINAL JUSTICE						
29 Justice Administration Entities	6.5	0.0	6.5	0.0	6.5	0.0
30 Department of Corrections - Inmate Care	67.7	0.0	53.1	0.0	53.1	0.0
31 Department of Juvenile Justice Programs	7.2	4.7	7.2	4.7	7.2	4.7
32 Other Criminal and Civil Justice Programs and Operations	24.4	1.6	24.4	1.6	24.4	1.6
JUDICIAL BRANCH						
33 Judicial Branch	2.7	0.1	2.7	0.1	2.7	0.1

Continued on the following page.

Long-Range Financial Outlook Issues Summary FY 2021-22 through FY 2023-24	Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24	
	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						
34 Department of Transportation Adopted Work Program (Fiscal Years 2021-2024)	0.0	9,148.6	0.0	8,777.0	0.0	8,791.6
35 Economic Development and Workforce Programs	88.3	0.0	88.3	0.0	88.3	0.0
36 National Guard Armories and Military Affairs Priorities	4.5	0.0	2.5	0.0	2.5	0.0
37 Library, Cultural, Historical, and Election Priorities	34.2	0.0	36.4	0.0	34.2	0.0
NATURAL RESOURCES						
38 Water and Land Conservation	170.7	283.8	170.7	283.8	170.7	283.8
39 Other Agricultural and Environmental Programs	172.0	15.4	125.4	19.1	126.1	19.1
GENERAL GOVERNMENT						
40 Other General Government Priorities	7.8	22.2	7.1	23.0	6.3	23.9
41 State Building Pool - General Repairs and Maintenance	39.5	15.8	39.5	15.8	39.5	15.8
ADMINISTERED FUNDS AND STATEWIDE ISSUES						
42 State Employee Pay Issues	56.0	33.9	56.0	33.9	56.0	33.9
43 Maintenance, Repairs, and Capital Improvements - Statewide Buildings - Critical	25.8	22.1	25.8	22.1	25.8	22.1
Subtotal Other High Priority Needs	**1,171.8**	**9,936.3**	**1,001.5**	**9,569.2**	**991.0**	**9,584.6**
Total Tier 1 - Critical Needs	**1,481.0**	**1,493.3**	**773.3**	**(1,143.7)**	**392.0**	**736.8**
Total - Other High Priority Needs	**1,171.8**	**9,936.3**	**1,001.5**	**9,569.2**	**991.0**	**9,584.6**
Total Tier 2 - Critical Needs Plus Other High Priority Needs	**2,652.9**	**11,429.6**	**1,774.7**	**8,425.5**	**1,383.0**	**10,321.4**

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 2020-21 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 2020. Consistent with recent practice, the Outlook assumes one-year only fund shifts from General Revenue to the trust funds to use the available nonrecurring SSTF and EETF funds, less a reserve amount. The total funds available to shift from General Revenue within the K-12 system are $124 million ($47.5 million recurring, $76.5 million nonrecurring) for Fiscal Year 2021-22, $21.3 million ($16.8 million recurring, $4.5 million nonrecurring) for Fiscal Year 2022-23, and $25.7 million ($22.0 million recurring, $3.7 million nonrecurring) for Fiscal Year 2023-24.

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
- Hold the increase in Required Local Effort (RLE) to the value of new construction only.

Enrollment growth for the three forecast years is based on estimates from the July 2020 Education Estimating Conference. For Fiscal Year 2021-22, the projected enrollment growth is an additional 30,481.3 FTE above the appropriated level in Fiscal Year 2020-21. Over the three-year forecast period, enrollment for funding purposes is estimated to increase in total by 77,391 FTE. In addition, the total funds per FTE student are increased by 2.44 percent annually over the forecast period to reflect historical funding trends (i.e., the three-year average of percentage increases in funds provided per FTE). 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 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Total FTE Students	2,890,177.27	2,920,658.57	2,945,980.90	2,967,568.16
FTE Student Enrollment Growth		30,481.30	25,322.33	21,587.26
Enrollment Growth Funding		$239.0 million	$203.4 million	$177.6 million
Total Funds per FTE Student Increased by Three-Year Average		$8,030.87	$8,226.82	$8,427.55
Total Funds per FTE Student Increase Funding		$558.7 million	$577.3 million	$595.7 million
Grand Total of Funding Needed		**$797.6 million**	**$780.6 million**	**$773.3 million**

* *Total funds per FTE Student for the three forecast years are based on the pre-veto 2020-21 Funds per FTE of $7,839.58.*

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 2020-21 nonvoted discretionary millage of 0.748 mills throughout the three-year forecast period. The tax rolls for Fiscal Years 2021-22 through 2023-24, as projected by the August 2020 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 2021-22**	**Fiscal Year 2022-23**	**Fiscal Year 2023-24**
RLE New Construction Increase Only	$158.4 million	$160.0 million	$160.8 million
Nonvoted Discretionary Millage Funds Increase	$31.2 million	$54.4 million	$71.6 million
Total Local Funds Increase	$189.6 million	$214.3 million	$232.4 million
State Funding Offset for Total Local Funds Increase	($189.6) million	($214.3) million	($232.4) million

Note: totals may not add due to rounding.

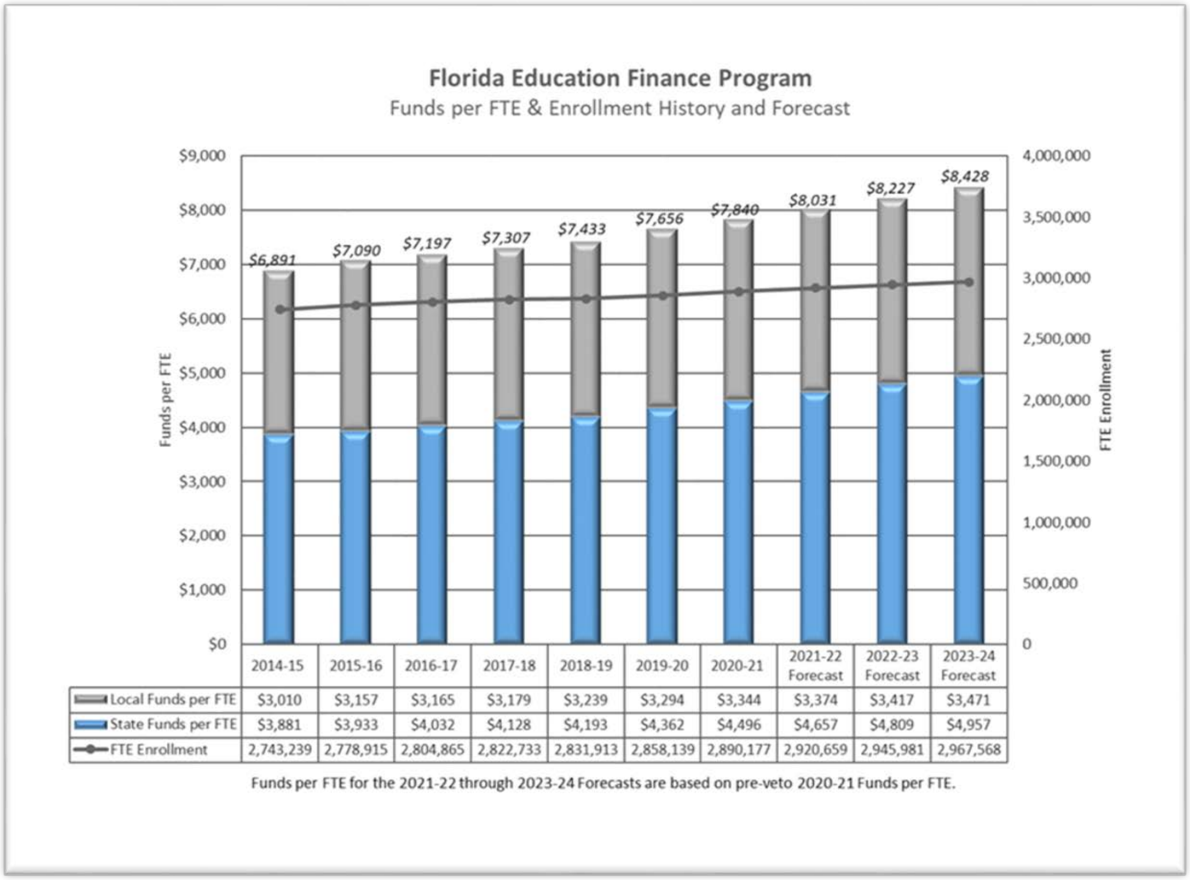
The table below shows the amount of state funds needed to fund Driver #2, which includes the projected enrollment growth, the increase in the total funds per FTE student by 2.44 percent annually, and increases in discretionary millage funding and the RLE. Specifically, a total of $608.0 million, $566.3 million, and $540.9 million in recurring General Revenue is provided for the FEFP for Fiscal Years 2021-22, 2022-23, and 2023-24, respectively.

Budget Driver #2 Impact on State Funds	**Fiscal Year 2021-22**	**Fiscal Year 2022-23**	**Fiscal Year 2023-24**
Enrollment Growth + Total Funds per FTE Student Increased by Three-Year Average	$797.6 million	$780.6 million	$773.3 million
State Funding Offset for Total Local Funds Increase	($189.6) million	($214.3) million	($232.4) million
FEFP State Funds Needed in the Outlook	**$608.0 million**	**$566.3 million**	**$540.9 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]



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Local Funds per FTE	$3,010	$3,157	$3,165	$3,179	$3,239	$3,294	$3,344	$3,374	$3,417	$3,471
State Funds per FTE	$3,881	$3,933	$4,032	$4,128	$4,193	$4,362	$4,496	$4,657	$4,809	$4,957
FTE Enrollment	2,743,239	2,778,915	2,804,865	2,822,733	2,831,913	2,858,139	2,890,177	2,920,659	2,945,981	2,967,568

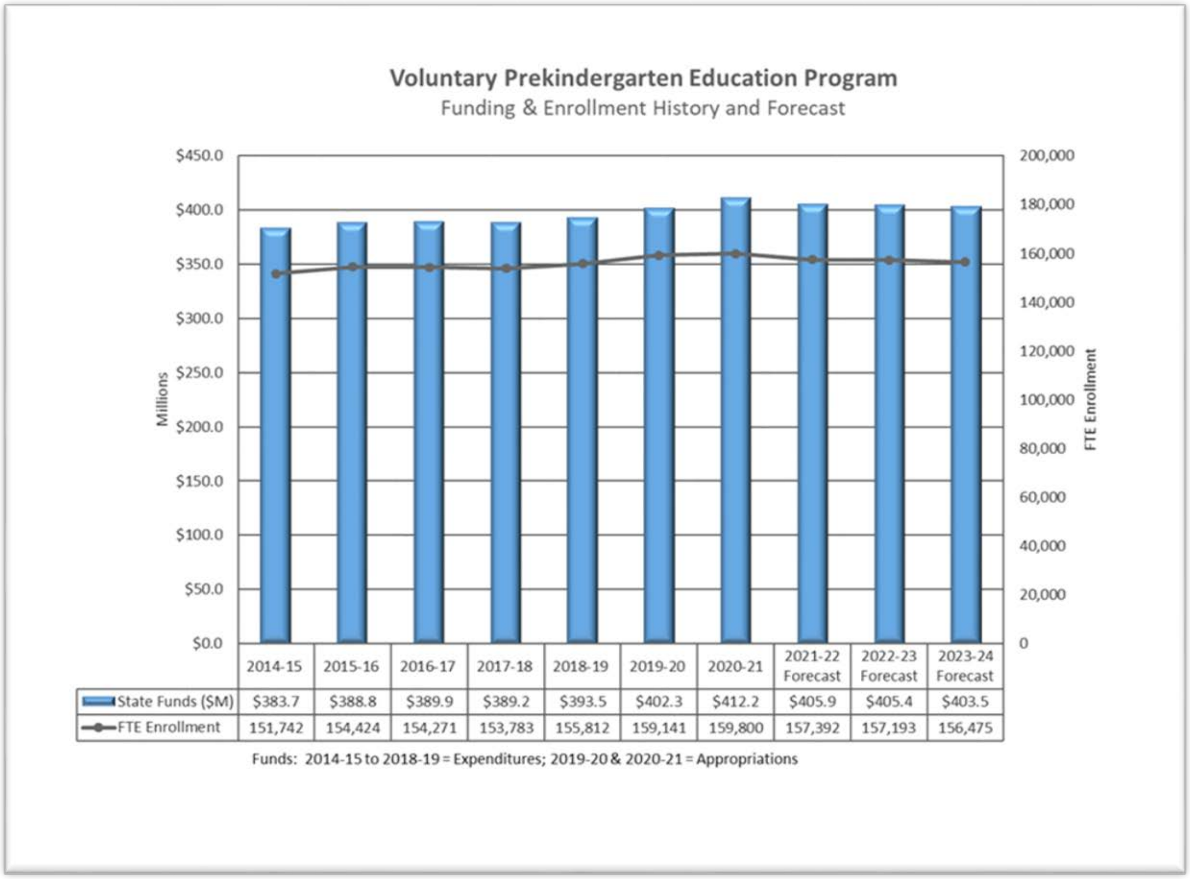
Funds per FTE for the 2021-22 through 2023-24 Forecasts are based on pre-veto 2020-21 Funds per FTE.

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 2020 Early Learning Programs Estimating Conference. Enrollment changes are estimated to reduce the cost by $6.3 million in Fiscal Year 2021-22 based on a projected decrease of 2,408 FTE compared to the prior year's appropriated level, a reduction of $533,047 for 199 fewer FTE in Fiscal Year 2022-23, and a reduction of $1.9 million for 718 fewer FTE in Fiscal Year 2023-24. The total enrollment reduction over the three-year forecast period is estimated to be 3,325 fewer FTE for funding purposes.

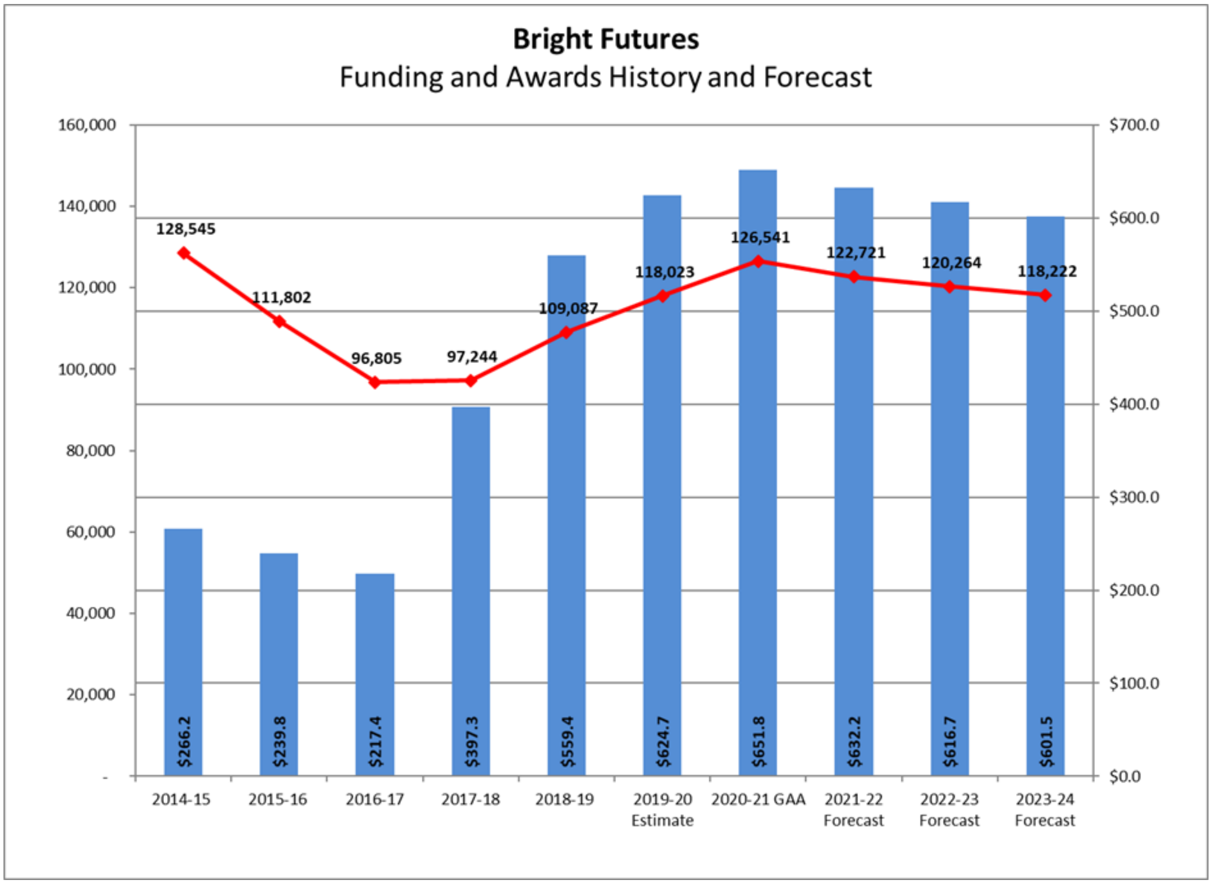
Funding per student for each of the forecast years is maintained at the Fiscal Year 2020-21 base student allocation (BSA) amount of $2,486 for the school year program and $2,122 for the summer program, as well as the four percent add-on for administrative and other program costs.



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 2020 Student Financial Aid Estimating Conference through Fiscal Year 2023-24. The forecast projects 8,319 fewer students eligible for Bright Futures over the three-year period, with 3,820 fewer eligible students in Fiscal Year 2021-22 from the prior year's appropriated level; an additional 2,457 fewer eligible students in Fiscal Year 2022-23; and still another 2,042 fewer eligible students in Fiscal Year 2023-24. These changes in eligible enrollment result in decreases in EETF funding needed for the program of $19.6 million in Fiscal Year 2021-22, $15.5 million in Fiscal Year 2022-23, and $15.2 million in Fiscal Year 2023-24.



Children and Spouses of Deceased/Disabled Veterans – 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 750 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 $1.9 million in Fiscal Year 2021-22, $0.8 million in Fiscal Year 2022-23, and of $0.7 million for Fiscal Year 2023-24. The funding levels are based on the latest enrollment projections adopted by the August 2020 Student Financial Aid Estimating Conference.

5. Educational Enhancement Trust Fund Adjustment

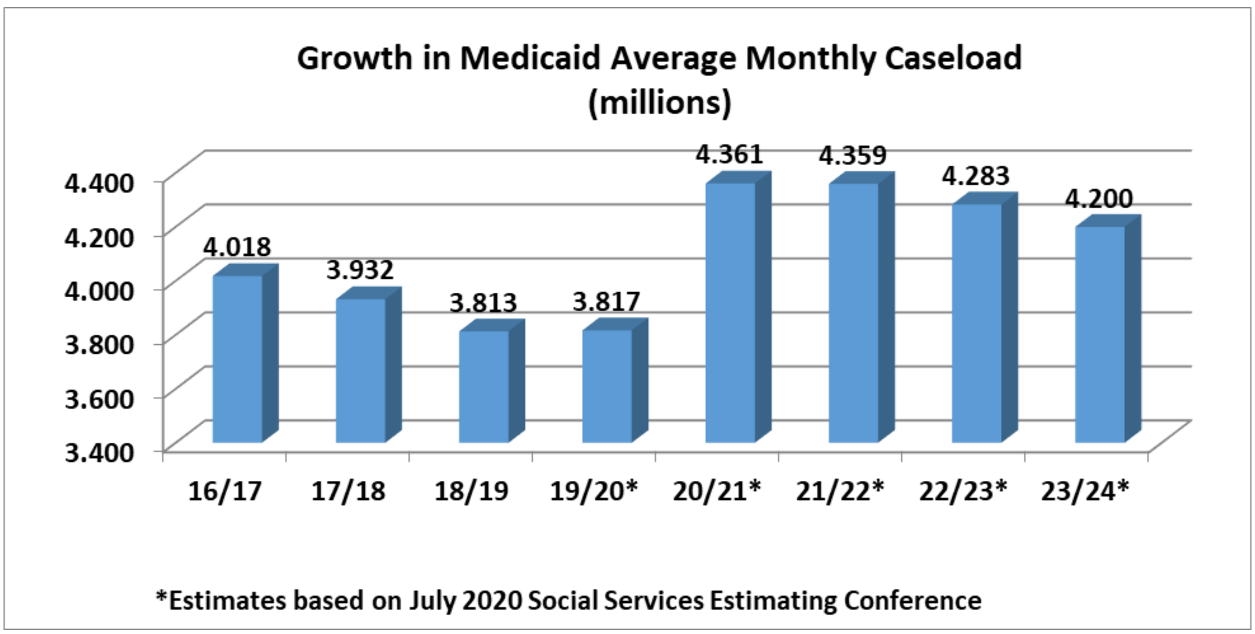
The Long-Range Financial Outlook anticipates changes in Educational Enhancement Trust Fund (EETF) revenues and budget requirements for funding the Bright Futures program (Driver #4) in each year of the plan. Due to increases in EETF revenues in each year of the plan, the following fund shifts from GR to EETF are available. In Fiscal Year 2021-22, $133.9 million is available to be shifted from GR to EETF ($68.3 million in Higher Education and $65.6 million is in Pre K-12 Education (included in Driver #1). In Fiscal Year 2022-23, $42.8 million is available to be shifted from GR to EETF ($28.2 million in Higher Education and approximately $14.6 million in Pre K-12 Education). In Fiscal Year 2023-24, $71.6 million ($47.1 million in Higher Education and $24.5 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 32.15 percent of the total state budget, and is also the largest source of federal funding for the state.

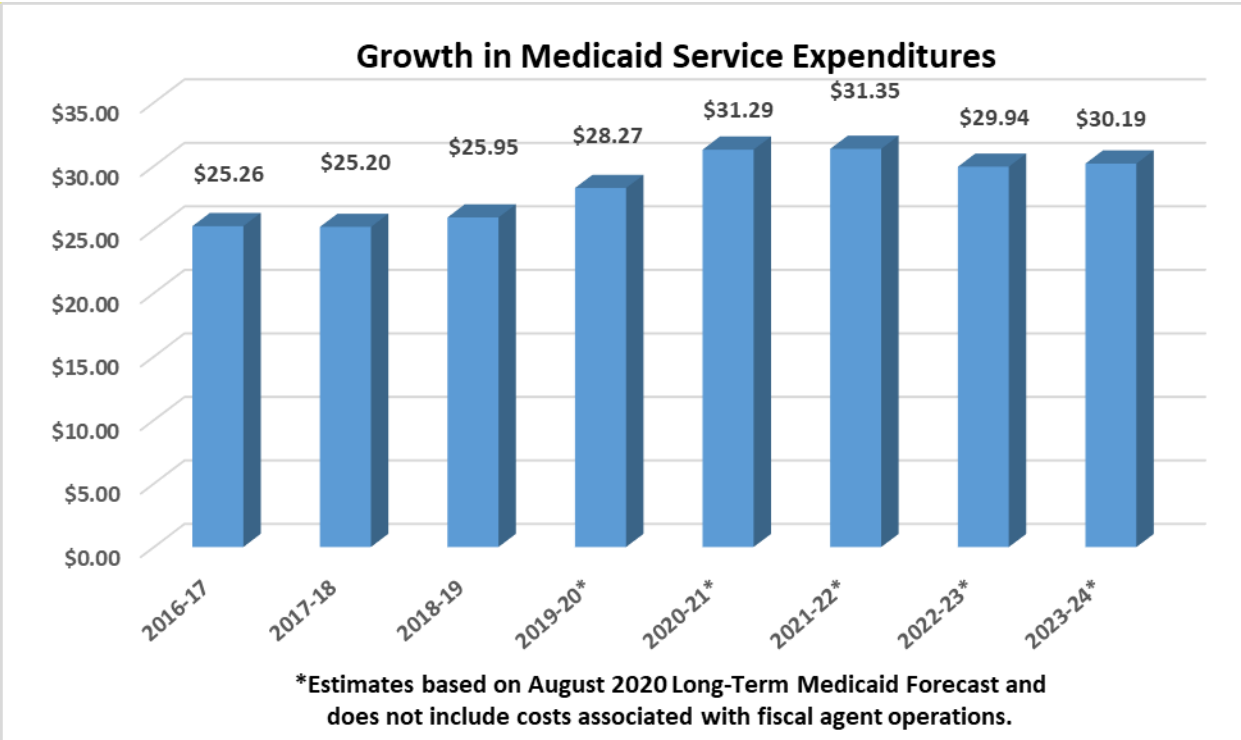
Caseload – In Fiscal Year 2020-21, Medicaid enrollment is expected to increase by 544,396 to 4.4 million beneficiaries, a 14.26 percent increase from Fiscal Year 2019-20. Enrollment is projected to decrease by less than one percent in Fiscal Year 2021-22, and by less than two percent for Fiscal Years 2022-23 and 2023-24 as illustrated in the following graph and table.



Medicaid Caseload Estimates

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Caseload	4,360,986	4,359,189	4,282,817	4,199,848
Increase/(Decrease)		(1,797)	(76,372)	(82,969)
Percent		-.04%	-1.75%	-1.94%

Expenditures – In Fiscal Year 2020-21, Medicaid service expenditures are expected to reach $31.29 billion. Total expenditures are expected to increase to $31.3 billion in Fiscal Year 2021-22, a 0.2 percent increase from the previous fiscal year. In Fiscal Year 2022-23, Medicaid service expenditures are expected to decrease to $29.9 billion, a 4.5 percent decrease, and expenditures of $30.2 billion are expected for Fiscal Year 2023-24, an increase of 0.8 percent from Fiscal Year 2022-23.



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

	Appropriation Base**	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
FMAP Rate* **	61.84%	62.35%	63.71%	65.32%
Expenditures				
General Revenue	**$7,134.6	$7,688.3	$7,583.0	$7,273.0
Increase/(Decrease)		$553.7	($105.3)	($310.0)
Percent		7.76%	-1.37%	-4.09%

* *Estimate based on August 2020 Social Services Estimating Conference and does not include ($7,071,430) in state matching funds in other departments for Fiscal Year 2021-22, ($18,857,145) in Fiscal Year 2022-23, and ($22,323,533) for Fiscal Year 2023-24.*
** *Reflects the Fiscal Year 2020-21 recurring appropriation plus annualizations.*
*** *Reflects the State Fiscal Year real-time FMAP blend agreed upon at the July 2020 Social Services Estimating Conference. The Fiscal Year 2020-21 FMAP does not include the Families First Coronavirus Response Act (FFCRA) adjustment.*

Total Medicaid expenditures for Fiscal Year 2021-22 are expected to increase by $1,876.7 million, and the Outlook includes an increase in recurring General Revenue funds for Medicaid expenditures of $553.7 million to meet the state's share of the total need. The Outlook also includes decreases of recurring General Revenue of -$105.3 million in Fiscal Year 2022-23 and -$310.0 million in Fiscal Year 2023-24. When the Medicaid state matching funds that are budgeted in other Health and Human Services departments are included, the recurring General Revenue decreases to a total of $546.6 million in Fiscal Year 2021-22, -$124.2 million in Fiscal Year 2022-23, and -$332.3 million in Fiscal Year 2023-24.

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 2020. 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.

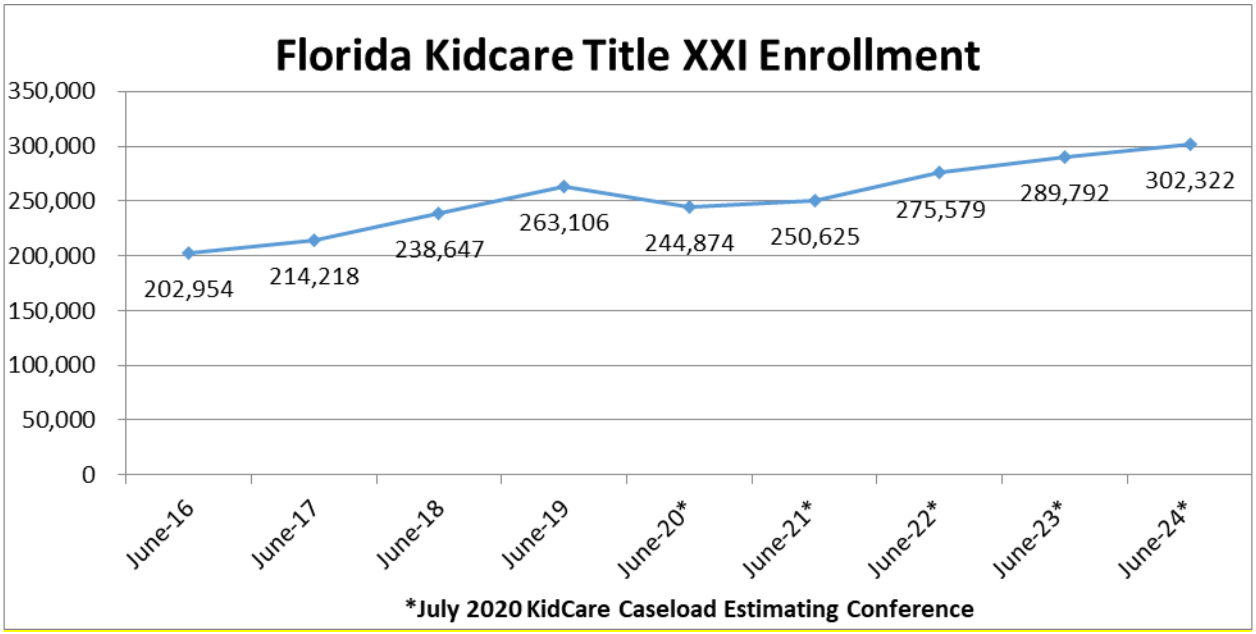
7. Kidcare Program

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 2020, 200 percent of FPL is $52,400 for a family of four. The CHIP is a federal and state matching program. The required state financial participation for Florida is 21.67 percent for Fiscal Year 2020-21, generating a federal share of 78.33 percent for each dollar spent. The Title XXI caseload as of June 2020 was 218,856. There were 26,018 additional children enrolled in the program who are non-Title XXI eligible, for a total program enrollment of 244,874.

The Healthy Kids Act (H.R. 195, Division C; Public Law No: 115-120) provides federal funding for CHIP through September 30, 2023. The weighted Kidcare FMAP will continue to decrease to 73.65 percent in Fiscal Year 2021-22; slightly increase to 74.60 percent in Fiscal Year 2022-23; and increase to 75.72 percent in Fiscal Year 2023-24. 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 AND TABLE ON FOLLOWING PAGE.]



Kidcare Program Estimates
(dollars in millions)

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Caseload	250,625	275,579	289,792	302,322
Increase		24,954	14,213	12,530
Percent		9.96%	5.16%	4.32%

	Appropriation Base*	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Expenditures				
FMAP Rate**	78.33%	73.65%	74.60%	75.72%
General Revenue	$150.71	$157.84	$170.18	$177.76
Increase/(Decrease)		$7.13	$12.34	$7.58
Percent		4.73%	7.82%	4.45%

** Reflects the Fiscal Year 2020-21 recurring appropriation plus annualizations.*
*** Weighted FMAP*

The Outlook includes an increase in recurring General Revenue funds for Kidcare expenditures of $7.1 million in Fiscal Year 2021-22, an increase of $12.3 million in Fiscal Year 2022-23, and an increase of $7.6 million in Fiscal Year 2023-24.

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 August 2020. The estimated costs for caseload, utilization, FMAP, and medical inflation are projected based on historical trends and other forecasting methodologies.

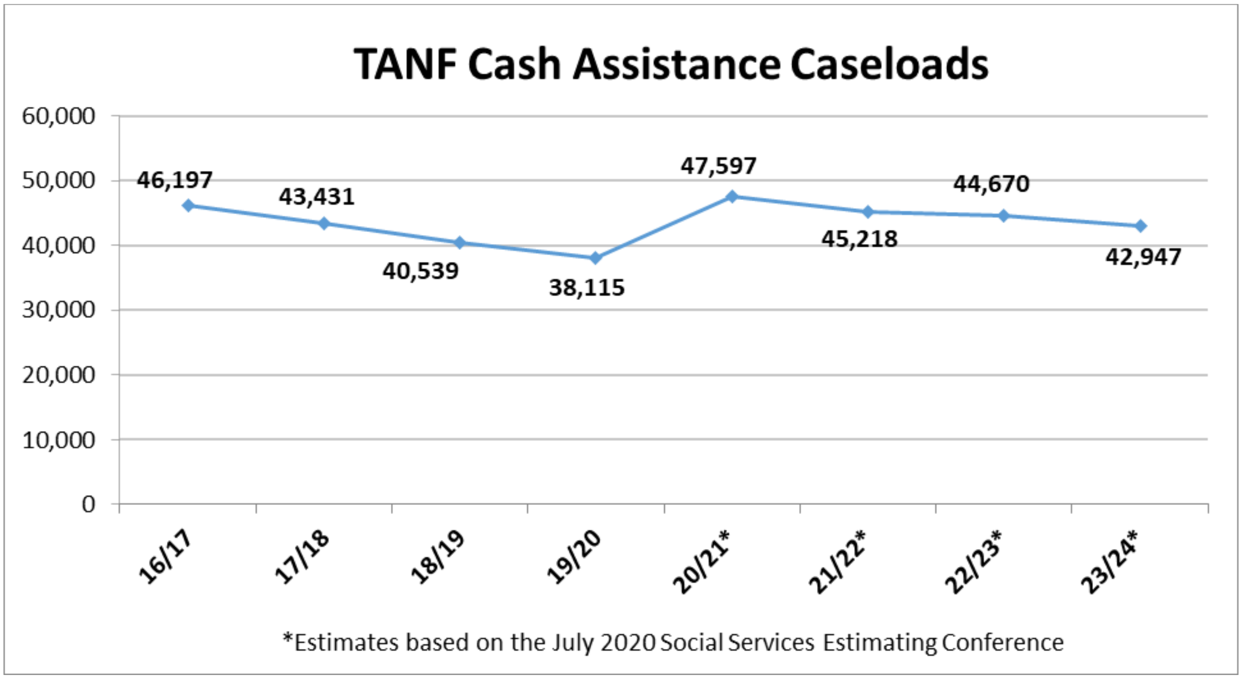
8. Temporary Assistance for Needy Families Cash Assistance

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 2020-21. Last reauthorized in the Deficit Reduction Act of 2005 (Public Law No: 109-171), TANF expired in 2010 and has since been renewed through a series of short-term extensions. The most recent extension was approved on March 27, 2020, through the Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law No: 116-136). The Act continues the same level of federal funding for TANF programs at federal Fiscal Year 2019 levels through November 30, 2020. It is expected that the next reauthorization, or extension, will fully fund the TANF program through Fiscal Year 2020-21 and into state Fiscal Year 2021-22.

Over the three-year forecast period, the cash assistance caseload is projected to decrease by 5.0 percent for Fiscal Year 2021-22, 1.2 percent for Fiscal Year 2022-23 and 3.9 percent for Fiscal Year 2023-24. Accordingly, the Outlook includes adjustments to cash assistance expenditures as follows: an increase of $33.8 million in General Revenue funding for Fiscal Year 2021-22; a reduction of $1.3 million in General Revenue funding for Fiscal Year 2022-23; and a further reduction of $7.5 million in General Revenue funding for Fiscal Year 2023-24.

While the total number of TANF cases are estimated to decrease during the forecast period that begins Fiscal Year 2021-22, the program's total expenditures for Fiscal Year 2021-22 will increase significantly over the base appropriation before declining in subsequent fiscal years of the forecast period. This is due, in part, to an anticipated increase in costs for two of the component categories of cash assistance beneficiaries. Caseloads for both the Families with Adults and Unemployed Parents categories are expected to increase in Fiscal Year 2021-22 and are expected to remain higher throughout the forecast horizon due primarily to the effects of the COVID-19 pandemic and the downgraded economic outlook. The second reason for the projected increase is due to a Fiscal Year 2020-21 transfer of funding from the Relative Caregiver category to the newly established Guardianship Assistance Program (GAP). Individuals enrolled in the GAP program receive cash assistance payments through the community-based care lead agencies. This transfer decreased the base appropriation available for TANF cash assistance payments as it was expected that more caregivers would elect to participate in GAP rather than Relative Caregiver; however, the decline of Relative Caregiver recipients did not materialize to the level expected. The Fiscal Year 2021-22 expenditures for the Relative Caregiver component incorporate this lower funding level and are consequently greater despite a decline in caseloads.

[SEE GRAPH ON FOLLOWING PAGE.]



TANF Cash Assistance Estimates
(dollars in millions)

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Caseload	47,597	45,218	44,670	42,947
Increase/(Decrease)		(2,380)	(548)	(1,723)
Percent Change		(5.0%)	(1.2%)	(3.9%)

	Appropriation Base*	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Total Program Expenditures	$114.8	$148.7	$147.3	$139.8
Increase/(Decrease)		$33.8	($1.3)	($7.5)
Percent Change		29.4%	(0.9%)	(5.1%)

**Reflects the Fiscal Year 2020-21 recurring appropriation.*
Source: July 2020 SSEC
Note: Numbers may not calculate as displayed due to rounding.

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 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Expenditures	$73.4	$74.0	$75.2	$76.7
Increase		$0.6	$1.2	$1.6
Percent		0.8%	1.6%	2.1%

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 2020 Revenue Estimating Conference are adjusted by applying the Consumer Price Index from the July 2020 National Economic Estimating Conference.

Transportation and Economic Development (Driver #10)

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

When a federal disaster declaration is issued, the federal government often provides funds in the form of reimbursements and grants for emergency response activities, repairing damage, and protecting 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 waives the match requirement altogether in rare circumstances. Accordingly, state matching funds for grants under federal disaster declarations 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. Historically this driver has included funding for the state match for hurricanes and other natural disasters. This year, however, a federal disaster declaration was issued for a public health emergency and the Outlook includes current state match estimates for COVID-19 response efforts. Based on the most recent quarterly estimate from the Division of Emergency Management, the amounts in the following table are included in the Outlook.

State Match for FEMA	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Hurricanes & Other Natural Disasters	$170.4 million	$146.4 million	$57.5 million
COVID-19	$205.9 million	$100.3 million	$75.2 million
Total	**$376.3 million**	**$246.7 million**	**$132.7 million**

The Outlook does not include calculated cost estimates for natural disasters or other declared emergencies yet to occur or for which damage assessments are ongoing and have not been completed as of the date this Outlook was prepared. Assessments and claims processing through the Division of Emergency Management can span several fiscal years. Due to the volatility of natural disasters or other declared emergencies in terms of frequency, duration, 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 $0.2 million in recurring General Revenue for Fiscal Year 2021-22, an increase of $0.1 million in recurring General Revenue for Fiscal Year 2022-23, and an additional $0.1 million in recurring General Revenue for Fiscal Year 2023-24.

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 2020: $31.5 million in nonrecurring General Revenue for Fiscal Year 2021-22; $32.1 million for Fiscal Year 2022-23; and $33.1 million for Fiscal Year 2023-24.

Administered Funds and Statewide Issues (Drivers #13 & #14)

Drivers #13 and #14 are critical needs that have a statewide impact. Prior versions of the Outlook also included a driver for Risk Management Insurance to provide funding to resolve expected shortfalls in the Risk Management Trust Fund. In Fiscal Year 2020-21, the Legislature provided $5.1 million in recurring funds from the General Revenue Fund and $2.9 million in recurring trust funds to resolve projected deficits that resulted from Hurricane Michael and other insurance claims. The results of Self-Insurance Estimating Conference held in July 2020 showed that there are no projected deficits in Risk Management Trust Fund; therefore, no additional funds are needed in this Outlook.

13. 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, regulated entities 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 2019-20, an increase of $0.2 million of recurring General Revenue and a decrease of $0.2 million of recurring trust funds are included in the Outlook for Fiscal Year 2021-22.

14. 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 $213.3 million in Fiscal Year 2021-22, $217.7 million in Fiscal Year 2022-23, and $232.2 million in Fiscal Year 2023-24. Historically, when the Legislature appropriates additional funds to maintain the solvency of the program, approximately 62 percent of employer-funded premium increases are funded from the General Revenue Fund and 38 percent from various trust funds.

The increases in expenses are based on assumptions that the health insurance program will experience a 4.0 percent average annual increase in Health Maintenance Organization (HMO) premium payments, a 6.9 percent average annual growth in HMO medical claims, a 10.5 percent average annual growth in HMO pharmacy claims, a 6.9 percent average annual growth in Preferred Provider Organization (PPO) medical claims, and a 10.5 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 2.5 percent annual increase in employer-paid premium contributions on December 1, 2021, December 1, 2022, and December 1, 2023. Under these assumptions, state contributions are expected to increase by $22.4 million from the General Revenue Fund and $13.8 million from trust funds in Fiscal Year 2021-22, $38.9 million from the General Revenue Fund and $21.4 million from trust funds in Fiscal Year 2022-23, and $39.9 million from the General Revenue Fund and $24.7 million from trust funds in Fiscal Year 2023-24. 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 2020 FRS Actuarial Assumptions Conference and the Fiscal Year 2019-20 Annual Actuarial Valuation were not available when this Outlook was prepared. Therefore, the Outlook assumes a three-year average of the increase in appropriations made to fund the actuarially calculated contribution rates. The three-year average increase of $51.5 million from the General Revenue Fund and $19.5 million from trust funds is due in large part to changes in both the assumed investment rate of return for the FRS, and changes to demographic assumptions based on the 2019 Experience Study. The assumed rate was lowered ten basis points in 2017, ten basis points in 2018, and twenty basis points in 2019.

Conference	2013	2014	2015	2016	2017	2018	2019
Investment Return Assumption	7.75%	7.65%	7.65%	7.60%	7.50%	7.40%	7.20%
Basis Point Change from Prior Year	0.0	10.0	0.0	5.0	10.0	10.0	20.0

Other High Priority Needs

Pre K-12 Education (Driver #15)

15. 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 $844,517 of recurring General Revenue for each of the three forecast years. In addition, $189,143 of recurring General Revenue is provided in Fiscal Year 2021-22 to restore nonrecurring funds for the teacher salary increase that was included in the 2020-21 appropriation.

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 $28.9 million of recurring General Revenue for each of the three forecast years.

Higher Education (Drivers #16 - #20)

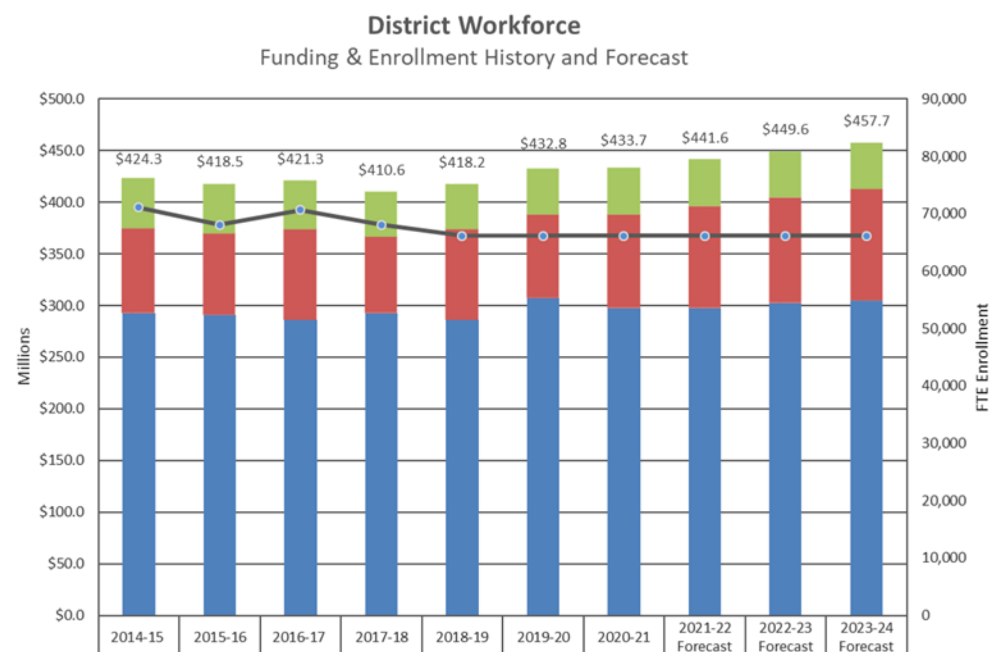
16. Maintain Current Budget – Higher Education

In order to maintain the Fiscal Year 2020-21 budget, Other High Priority Needs funding includes $0.8 million in recurring General Revenue to restore a nonrecurring appropriation made in Fiscal Year 2020-21 for general operating funds appropriated for Workforce Development programs at school district technical centers using a statewide equity-based funding model.

17. 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 $8 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 2021-22, 2022-23, and 2023-24 fiscal years. Tuition revenue projections and enrollment are held constant over the three-year forecast period.

[SEE GRAPH ON FOLLOWING PAGE.]

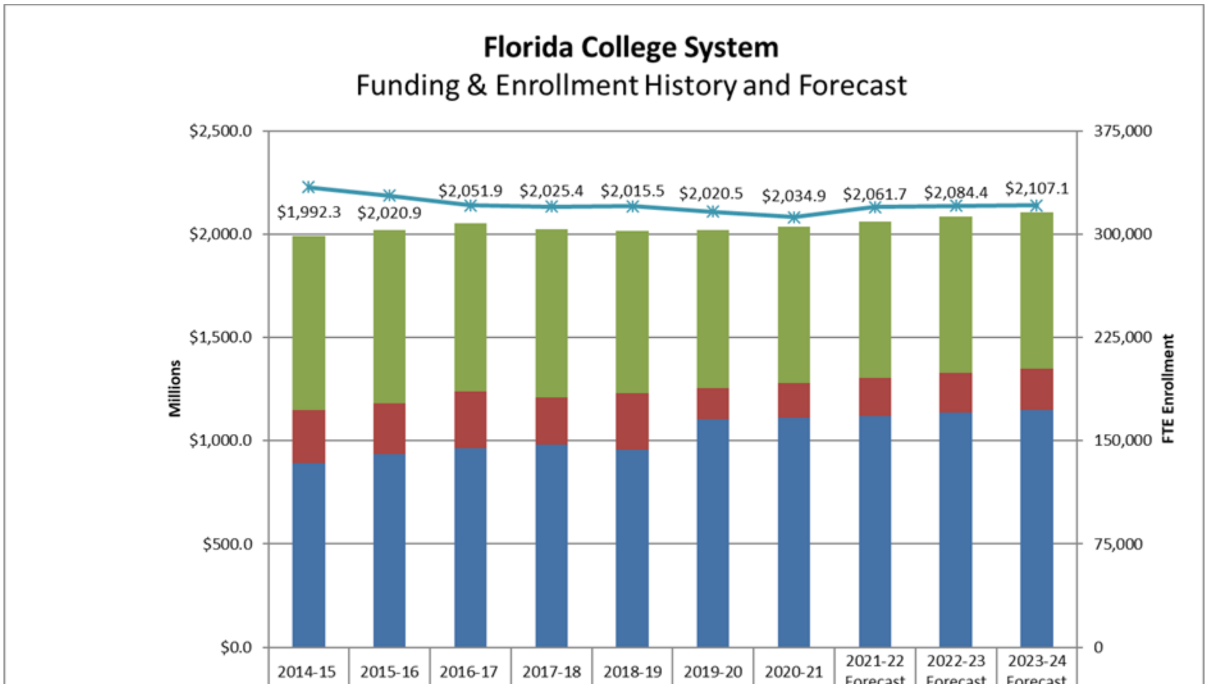


	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Tuition	$48.9	$48.3	$46.7	$43.4	$43.8	$43.9	$44.7	$44.7	$44.7	$44.7
EETF	$82.4	$79.2	$88.5	$74.9	$88.0	$81.4	$91.1	$99.3	$102.7	$108.3
General Revenue	$293.0	$291.0	$286.1	$292.3	$286.5	$307.6	$297.9	$297.7	$302.3	$304.7
Total	$424.3	$418.5	$421.3	$410.6	$418.2	$432.8	$433.7	$441.6	$449.6	$457.7
FTE Enrollment	71,120	68,084	70,693	68,105	66,165	66,165	66,165	66,165	66,165	66,165

18. Workload – Florida Colleges

Other High Priority Needs funding includes increases for Florida colleges of $22.7 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 2021-22, 2022-23, and 2023-24 fiscal years. For the first time, the enrollment for each fiscal year in the forecast period was adopted by the August 2020 Education Estimating Conference at the college level. Tuition revenue projections are held constant over the three-year forecast period.

[SEE GRAPH ON FOLLOWING PAGE]

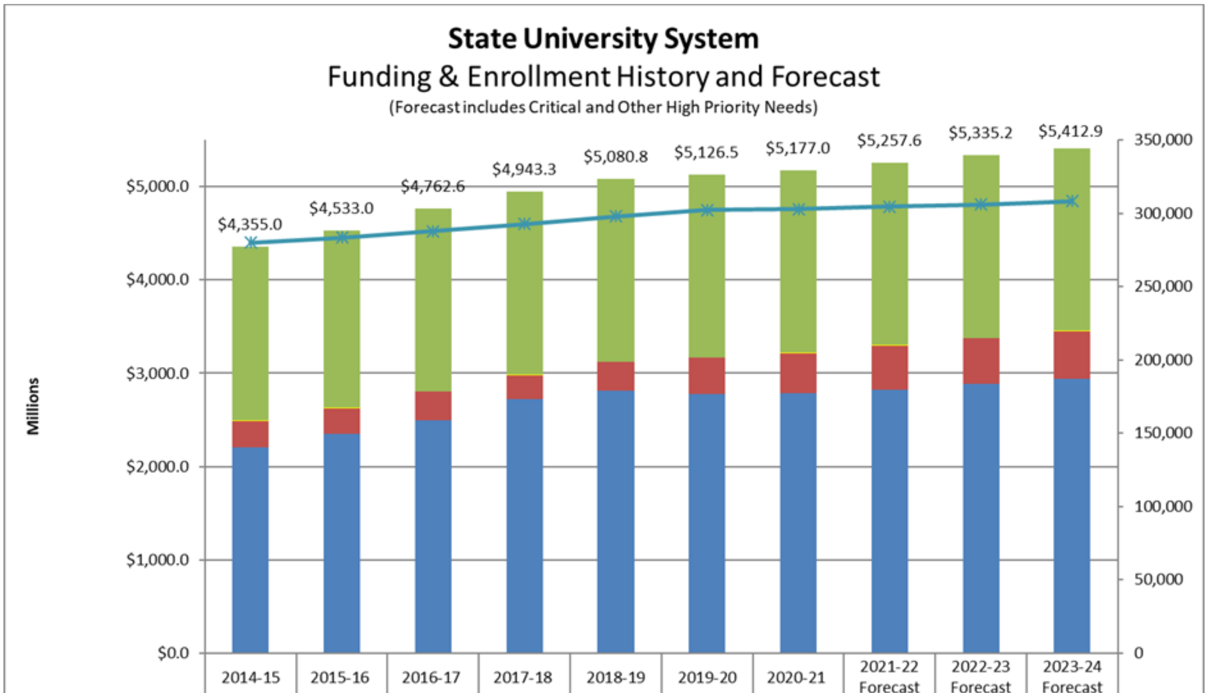


	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Tuition	$845.2	$839.0	$811.9	$814.4	$786.9	$765.4	$757.0	$757.0	$757.0	$757.0
EETF	$255.0	$244.9	$273.8	$231.8	$272.2	$150.2	$168.2	$183.3	$189.6	$200.0
General Revenue	$892.1	$937.0	$966.2	$979.2	$956.4	$1,104.9	$1,109.7	$1,121.4	$1,137.8	$1,150.2
Total	$1,992.3	$2,020.9	$2,051.9	$2,025.4	$2,015.5	$2,020.5	$2,034.9	$2,061.7	$2,084.4	$2,107.1
FTE Enrollment	334,178	327,992	320,900	320,043	320,302	316,276	312,380	319,832	320,628	321,121

19. Workload – State Universities

Other High Priority Needs funding includes workload increases for the State University System (SUS) of $77.7 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 $76.7 million workload increase for Education and General activities, and a $0.9 million workload increase for the Institute of Food and Agricultural Sciences (IFAS) at the University of 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 2021-22, 2022-23, and 2023-24 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.

[SEE GRAPH ON FOLLOWING PAGE.]



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Tuition	$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	$1,957.5
Phosphate TF	$5.1	$5.1	$5.1	$5.1	$5.1	$5.2	$5.2	$5.2	$5.2	$5.2
EETF	$284.8	$273.6	$304.4	$257.6	$302.6	$382.7	$429.8	$468.3	$484.2	$510.8
General Revenue	$2,203.9	$2,352.0	$2,495.6	$2,723.1	$2,815.6	$2,781.1	$2,784.6	$2,826.6	$2,888.3	$2,939.4
Total	$4,355.0	$4,533.0	$4,762.6	$4,943.3	$5,080.8	$5,126.5	$5,177.0	$5,257.6	$5,335.2	$5,412.9
FTE Enrollment	279,893	283,385	287,753	292,740	298,015	302,160	302,700	304,670	306,150	308,220

20. Workload and Adjustments – Other Higher Education Programs

Other High Priority Needs funding includes General Revenue increases for merit-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 $7.8 million, $5.9 million, and $8.7 million, respectively for the 2021-22, 2022-23, and 2023-24 fiscal years for these programs. Specific program increases are detailed below.

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 1,892 students are projected to be eligible for funding over the next three years, with 624 additional students eligible in Fiscal Year 2021-22, 188 additional students in Fiscal Year 2022-23, and 1,080 additional students in Fiscal Year 2023-24. The additional tuition assistance scholarships to students results in an increase in recurring General Revenue funding of approximately $1.8 million in Fiscal Year 2021-22, $0.5 million in Fiscal Year 2022-23, and $3.1 million in Fiscal Year 2023-24. The funding levels are based on the latest enrollment projections adopted by the August 2020 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 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.

An additional 744 students are projected to be eligible for funding over the next three years, with 240 additional students eligible in Fiscal Year 2021-22, 248 additional students in Fiscal Year 2022-23, and 256 additional students in Fiscal Year 2023-24. The additional Benacquisto Scholars results in an increase in recurring General Revenue funding of $6.0 million in Fiscal Year 2021-22, $5.4 million in Fiscal Year 2022-23, and $5.6 million in Fiscal Year 2023-24. The funding levels are based on the latest enrollment projections adopted by the August 2020 Student Financial Aid Estimating Conference.

Education Fixed Capital Outlay (Driver #21)

21. Education Fixed Capital Outlay

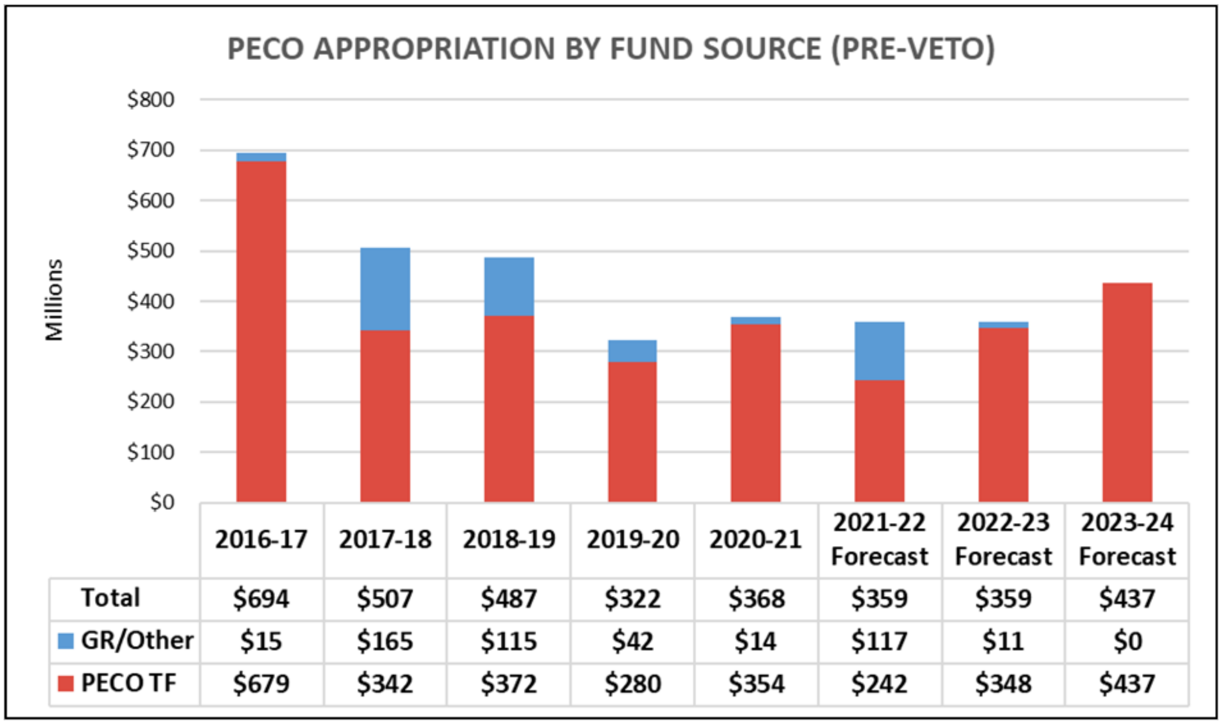
The Public Education Capital Outlay and Debt Service (PECO) Trust Fund is established in the Florida Constitution to fund public education capital outlay projects. Revenues to the PECO Trust Fund are derived from Gross Receipts Tax collections. In recent years, additional state funds from the General 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 2020 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
2021-22	$2,950.4 million	$242.3 million
2022-23	$810.2 million	$348.1 million
2023-24	$1,793.8 million	$436.7 million

Given that the Legislature has authorized bonding only one time in the past ten 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 2020 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 $116.8 million in Fiscal Year 2021-22 and $11 million in Fiscal Year 2022-23. In Fiscal Year 2023-24, 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.



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Total	$694	$507	$487	$322	$368	$359	$359	$437
GR/Other	$15	$165	$115	$42	$14	$117	$11	$0
PECO TF	$679	$342	$372	$280	$354	$242	$348	$437

Note: Actual appropriations are shown for 2016-17 through 2020-21 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 2020-21, the Legislature funded charter school capital outlay from state dollars and appropriated $169.6 million from the PECO Trust Fund. As of August 2020, the required level of funding for charter school capital outlay in Fiscal Year 2021-22 is estimated to be approximately $183.8 million.

The 2018 Long-Range Financial Outlook identified a Significant Risk related to projects that have received prior PECO appropriations but remain unfinished. Legislation enacted in 2019 may have addressed a portion of that risk by authorizing universities and colleges to use carry forward funds to complete previously funded PECO projects and by modifying the criteria the State Board of Education and Board of Governors use to rank PECO projects for funding recommendation to the Legislature (Chapter 2019-103, Laws of Florida). In 2020, legislation also permitted carry forward funds to be held in a contingency reserve for expenses incurred during an emergency declared by the Governor (Chapter 2020-117, Laws of Florida). The total potential cost for unfinished PECO projects is unknown, yet likely remains substantial. However, PECO appropriations or other appropriations of state funds no longer are the only funding sources available to complete unfinished PECO projects; carry forward funds retained by universities and colleges now may be used for that purpose.

Human Services (Drivers #22 - #28)

22. 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 $37.4 million ($16.7 million nonrecurring) in General Revenue funds each year for Fiscal Years 2021-22, 2022-23, and 2023-24.

23. 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.

Federal funds through Title IV-E of the Social Security Act are the primary source of funding for child welfare and foster care for the states. With the expiration of Florida's Title IV-E demonstration waiver on September 30, 2019, and the return to the traditional Title IV-E federal program requirements, the State has experienced lower federal earnings for the State's child welfare programs. Unlike the broader-based services reimbursable under the waiver, federal funding is limited to foster care room and board, case management, and specifically defined services, and then only for children who meet program eligibility requirements. Since Fiscal Year 2018-19, the Legislature has implemented certain department initiatives to increase claiming opportunities to obtain federal funding associated 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 by averaging mitigation initiatives funded during the past three 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 reduce the projected loss in federal earnings.

In addition to the expiration of the waiver, Congress enacted the Family First Prevention Services Act (FFPSA). The landmark legislation, which all states must implement by October 2021, brings about sweeping changes to states' child welfare policies. Before the new law, states could use Title IV-E funds for children only after they entered foster care. In an effort to prevent children entering foster care, the FFPSA provides that Title IV-E funds may be applied towards nationally approved, evidence-based substance abuse and mental health programs, in-home parenting programs, and prevention 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 a child's stay in a group home. 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. Recent discussions with the department indicate that more work is needed to bring group homes in Florida's placement array into compliance with FFPSA guidelines. Many children who are entering the state's child welfare system may be candidates for an alternative foster home setting with a relative or fictive kin or in a family foster home. The forecast does not consider the impact to foster care services that may result from the passage of the FFPSA.

The Other High Priority Needs increase General Revenue funds for the Department of Children and Families by $67.6 million ($27.7 million nonrecurring) for Fiscal Years 2021-22, 2022-23, and 2023-24.

24. Health Services

The Outlook includes additional funding for the Early Steps program, the Office of Medical Marijuana Use, the Newborn Screening program, Florida Poison Control Centers, Child Protection Teams, Medical Quality Assurance services, HIV/AIDS programs, and epidemiology, 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 three regional Florida Poison Control Centers, one each in the north, central, and southern regions of the state, provide toll-free access by the public for poison information, case management of poison cases, professional consultation to health care practitioners, prevention education to the public, and data collection and reporting.
- Child Protection Teams identify child abuse and neglect through assessment activities that focus on child maltreatment and reviews of safety and risk factors. Teams provide intervention in child abuse and neglect through multidisciplinary staffing, expert court testimony, direct service referrals and recommendations that support child safety.
- Medical Quality Assurance (MQA) Services responsibilities include planning, developing, coordinating, and managing the programs and services of 22 regulatory boards, four councils, and department administered health care professions.
- 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, Hepatitis, COVID-19, and other diseases; and research on the long-term health effects of exposure to blue green algae and red tide.

These Other High Priority Needs increase General Revenue funds for the Department of Health by $8.2 million recurring each year for Fiscal Years 2021-22, 2022-23, and 2023-24.

25. 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 client needs, 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 $72.0 million ($41.9 million nonrecurring) each year for Fiscal Years 2021-22, 2022-23, and 2023-24.

The Agency for Persons with Disabilities' Home and Community Based Services Waiver may pose a risk to the forecast due to the legislatively authorized provision of additional services, known as significant additional needs, which is not included in the calculation of Other High Priority Needs. Significant additional needs are approved and allocated outside of the APD's process for determining iBudget amounts and are not based on an allocation methodology or the annual waiver appropriation. Section 393.0662, 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.

26. 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 $1.2 million from trust funds each year for Fiscal Years 2021-22, 2022-23, and 2023-24.

27. 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 $8.2 million of recurring General Revenue and $0.3 million from trust funds each year for Fiscal Years 2021-22, 2022-23, and 2023-24.

28. 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, and continuation of the Enterprise Client Information and Tracking System (eCIRTS) Project in the Department of Elder Affairs.

The Outlook includes $6.0 million of General Revenue funds ($5.6 million nonrecurring) and $48.5 million in trust fund authority for Fiscal Years 2021-22, 2022-23, and 2023-24.

Criminal Justice (Drivers #29 - #32)

29. Justice Administration Entities

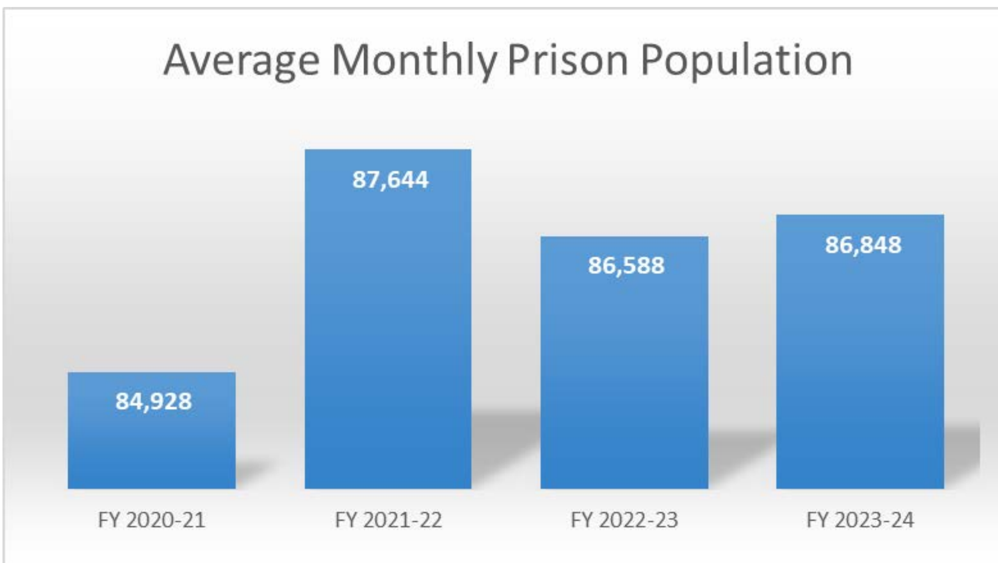
<u>Due Process and Conflict Case Costs</u> – The Justice Administrative Commission is responsible for administering funds provided for due process and conflict case costs for the judicial system totaling $97.5 million in Fiscal Year 2019-20. These costs include court-appointed attorneys' fees in criminal 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. The Outlook includes an increase of approximately $3.1 million in recurring General Revenue each year based on the average increase in funding in the impacted categories over the last three fiscal years.

<u>Criminal Conflict and Civil Regional Counsels and Capital Collateral Regional Counsels</u> – The Justice Administrative Commission is also responsible for administering funds provided for the five Criminal Conflict and Civil Regional Counsels and three Capital Collateral Regional Counsels totaling $63.1 million in Fiscal Year 2019-20. These costs include workload, due process costs, and other critical operating needs. In order to provide sufficient funding, the Outlook includes an increase of $3.2 million in recurring General Revenue and $0.2 million in

nonrecurring General Revenue each year based on the average appropriations, including supplemental appropriations, over the last three fiscal years.

30. Department of Corrections – Inmate Care

The Criminal Justice Estimating Conference (CJEC) provides various estimates related to Florida's prison population. The prison population at the end of Fiscal Year 2019-20 was 7,006 below the prior estimate. The large deviation in the forecast from the actual population is related to the impact of the COVID-19 pandemic. Averaging the estimated number of prisoners for each month produces an average monthly prison population for the year. Florida's average monthly prison population is projected to increase by approximately 2.2 percent over the next three fiscal years, from 84,928 in Fiscal Year 2020-21 to 86,848 in Fiscal Year 2023-24. Although the CJEC is expecting slight growth over the next three fiscal years, the projected prison population in Fiscal Year 2023-24 remains below the level that was used to develop the Fiscal Year 2020-21 appropriation, which was 93,984. Due to the continuing downward trend in prison population and the added impact of COVID-19, no workload driver is included in this year's Outlook.



Source: Criminal Justice Estimating Conference (July 27, 2020)

However, the Outlook does include Other High Priority Needs funding to support the department's requirement to provide comprehensive inmate 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.

Disability Rights Florida, Inc., Inmates with Mobility, Hearing, and Vision Disabilities – 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 $1.3 million in recurring General Revenue, and $1.6 million in nonrecurring General Revenue each year based on the average increase in funding in the impacted categories over the last three fiscal years.

Disability Rights Florida, Inc., Inmate Mental Health Treatment – 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. The retrofitting of facilities and increased staffing in existing facilities continues to improve care. In addition, recurring General Revenue in the amount of $12.4 million was provided in Fiscal Year 2020-21 for the debt service to support bond financing in the total amount of $158 million for construction of a new mental health facility on the grounds of the Lake Correctional Institution and is not included in the Outlook calculations. New funding will be used to continue improvements to meet treatment standards of care including staffing of the new mental health facility, when the facility is completed. The Outlook includes an increase of $20.3 million in recurring General Revenue and $8.8 million in nonrecurring General Revenue each year based on the three-year average of prior funding for inmate mental health treatment.

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. While the cost of the medications have decreased in recent years, they remain expensive at approximately $16,000 per inmate treated. As the inmate population is tested, the number of inmates requiring treatment is also increasing. The Outlook includes an increase of $14.6 million in recurring General Revenue for Fiscal Year 2021-22, and $15.6 million in nonrecurring General Revenue for each year based on the three-year funding average for these costs.

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 $5.5 million in recurring General Revenue each year based on the three-year funding average for general pharmaceutical drugs.

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

Fiscal Year	**FY 2021-22**		**FY 2022-23**		**FY 2023-24**	
Inmate Care Issue (in millions)	**Recur**	**NonRec**	**Recur**	**NonRec**	**Recur**	**NonRec**
DRF, Inc., Inmates with Disabilities	1.3	1.6	1.3	1.6	1.3	1.6
DRF, Inc., Inmate Mental Health Treatment	20.3	8.8	20.3	8.8	20.3	8.8
Inmates Infected with Hepatitis C	14.6	15.6		15.6		15.6
General Pharmaceutical Drugs	5.5		5.5		5.5	5
Total	**41.7**	**26.0**	**27.1**	**26.0**	**27.1**	**26.0**

31. 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 ensures youth receive necessary services and do not spend additional time in detention waiting for a vacant commitment bed. As of July 2020, there were 169 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 36 days. Placing these youth in the appropriate residential programs ensures they begin their treatment as soon as possible. The Outlook includes an increase of $1.4 million in recurring General Revenue and $2.0 million in recurring Social Services Block Grant Trust Fund, each year for these residential commitment beds and evidence-based services based on the average funding increase for these programs over the last three fiscal years.

Community Supervision – 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. As of July 2020, there were 8,012 youth under community supervision. The Outlook includes an increase of $1.1 million in recurring General

Revenue each year for community supervision services based on the average funding increase for these programs over the last three fiscal years.

Prevention Programs – Prevention and victim services offers voluntary youth crime prevention programs throughout the State of Florida. The mission is to increase public safety by reducing juvenile delinquency through prevention, intervention and treatment services that strengthen families and turn around the lives of troubled youth. The department addresses these problems by contracting for delinquency prevention services and awarding grants to local providers throughout the state. The programs target high-risk juveniles and those who exhibit problem behaviors such as ungovernability, truancy, running away from home and other pre-delinquent behaviors. The Outlook includes an increase in each year of $4.7 million in General Revenue ($3.7 million recurring and $1.0 million nonrecurring), and $2.6 million from the Grants and Donations Trust Fund ($1.0 million recurring and $1.6 million nonrecurring), based on the average increase for these programs over the last three fiscal years.

32. Other Criminal and Civil Justice Programs and Operations

Florida Department of Corrections Education and Training Programs – One goal of the Department of Corrections is to implement rehabilitative programs that support a continuum of services for inmates and offenders, and that promote successful transition into the community upon release. The Outlook includes an increase of $1.8 million in recurring General Revenue and $0.1 million in nonrecurring General Revenue each year for these needs based on the average increase in funding over the last three years for these purposes.

Safety and Security Cameras – 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 $1.1 million in recurring General Revenue and $0.6 million in nonrecurring General Revenue each year based upon the average increase in funding over the last three years for these purposes.

Motor Vehicles – The mission of criminal and civil justice agencies requires a serviceable motor vehicle fleet to perform critical agency tasks. The Outlook includes $2.7 million in General Revenue ($0.7 million recurring and $2.0 million nonrecurring), and $1.6 million from various state trust funds, each year based on the average increase in funding over the last three years for motor vehicle replacement.

Information Technology Investments – Information technology is an integral part of every agency in state government. 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. Some of these projects, even after completion, can require costly annual licenses. One such example is the $1.9 million appropriated for the Computerized Criminal History (CCH) System in FDLE for Fiscal Year 2020-21. Consequently, the Outlook includes $1.7 million in recurring General Revenue and $16.3 million in nonrecurring General Revenue each year based on the average increases in funding over the last three years for these purposes.

Judicial Branch (Driver #33)

33. 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.

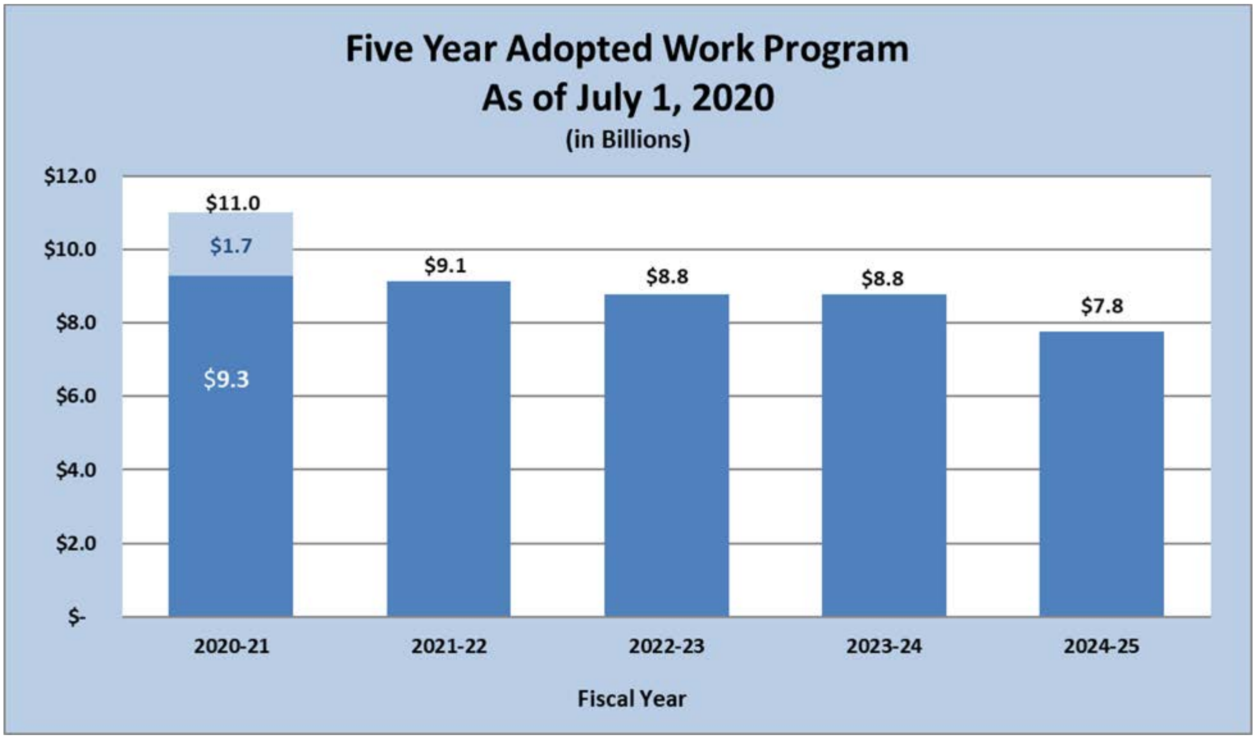
Problem-solving courts are diversionary courts that use evidence-based practices to reduce recidivism for better societal outcomes. These types of courts, such as drug courts, mental health courts, veterans' courts, early childhood courts, and others have become a fundamental method of case management 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 $2.7 million in General Revenue ($2.4 million recurring and $0.3 million nonrecurring) and $0.1 million from the State Courts Revenue Trust Fund ($60,000 recurring and $50,253 nonrecurring), each year based upon on the three-year funding average.

Transportation and Economic Development (Drivers #34 - #37)

34. Department of Transportation Adopted Work Program (Fiscal Years 2021-2024)

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 January 2020 for Transportation Revenue and Documentary Stamp Tax Collections. Changes in project commitments and revenue estimates after July 1, 2020, will be programmed into the Tentative Work Program in March 2021 for legislative consideration.

[SEE GRAPH ON FOLLOWING PAGE]



**Fiscal Year 2020-21 includes $1.7 billion in anticipated roll forward budget from Fiscal Year 2019-20. Each year, a portion of the prior year's budget rolls forward and is added to the current year appropriation. This amount averages approximately $1.5 billion annually.*

Based on the current Adopted Work Program, the Outlook includes $9.1 billion in trust fund spending authority for Fiscal Year 2021-22, $8.8 billion for Fiscal Year 2022-23, and $8.8 billion for Fiscal Year 2023-24.

35. 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 tourism, space, and defense industries. These focused efforts include funding for tourism marketing for VISIT Florida, 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 Outlook includes a total of $88.3 million of nonrecurring General Revenue funds for economic development and workforce programs for each year.

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 supporting 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 $88.3 million in the Outlook for economic development and workforce programs, $48.3 million is based on the three-year appropriations average for this program.

The Outlook also 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.

36. 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 $1.6 million for armory maintenance and repair efforts each year, and further contains $2.0 million of nonrecurring General Revenue funding for Fiscal Year 2021-22 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 to support 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 $0.7 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 requires the Department of Financial Services, Division of Risk Management to process benefits for 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.

37. Library, Cultural, Historical, and Election Priorities

The Outlook includes nonrecurring General Revenue funds for certain Department of State programs based on the three-year average of appropriations. Collectively, the Outlook includes approximately $34.2 million of nonrecurring General Revenue funds for these programs in Fiscal Year 2021-22, $36.4 million in Fiscal Year 2022-23, and $34.2 million in Fiscal Year 2023-24.

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 $2.5 million annually in additional funds for State Aid to Libraries based on a three-year appropriations average of total General Revenue funding for this program. In order to receive Library Services and Technology Act federal grant funds, the state is required to meet its maintenance of effort (MOE) funding of $23.8 million. The state meets the MOE with the $17.3 million in recurring funding that already exists for State Aid to Libraries and an additional $6.5 million in recurring funding in other division operational costs. The Outlook also includes $0.7 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 non-profit Florida corporations in good standing with the 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 $20.5 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 $7.6 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 $0.6 million for statewide litigation issues and $2.4 million for special elections reimbursements. The Outlook also includes an average of $2.1 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 #38 & #39)

38. 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 2020 Revenue Estimating Conference workpapers, the revenue to be distributed to the LATF over the three years of the Outlook is estimated to be $1,042.1 million for Fiscal Year 2021-22, $1,068.1 million for Fiscal Year 2022-23, and $1,097.6 million for Fiscal Year 2023-24 (see pages 58-60 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.

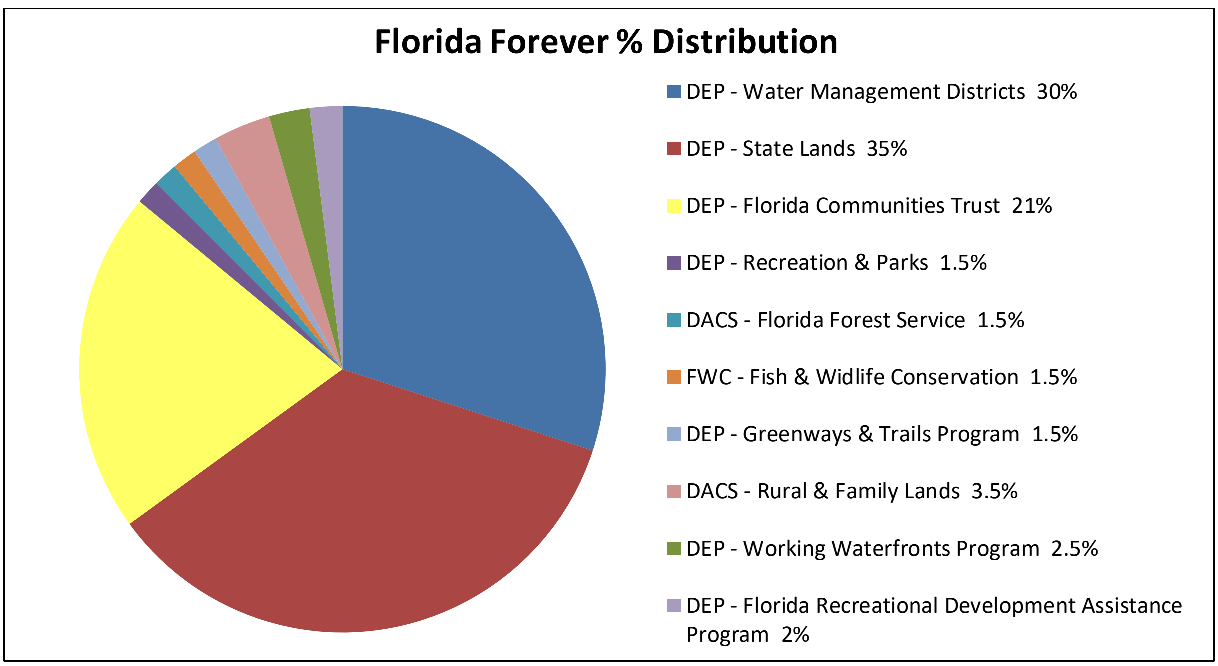
In 2016, the Legislature passed House Bill 989 (Chapter 2016-201, Laws of Florida), which designated that a portion of funds deposited into the LATF be appropriated for Everglades restoration projects. The provision requires that a minimum of the lesser of 25 percent or $200 million from the LATF be 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 included 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.

As noted in the Significant Risks section of the Outlook, there is pending litigation that warrants specific mention. A case seeks a 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 $5.2 billion for water and land conservation efforts. The trial court initially declared some of those appropriations unconstitutional because they were for the improvement, management, and restoration of natural systems and conservation lands acquired by the state *before* the adoption of the constitutional amendment. However, the First District Court of Appeal, in 2019, reversed that holding, held that the constitutionally set-aside funds could be used for a wide range of conservation purposes without regard to the date that lands were acquired, and remanded the case to the circuit court to consider the legality of appropriations made since the adoption of the constitutional amendment. The Florida Supreme Court, in 2020, declined to hear an appeal of the decision by the First District Court of Appeal. At present, the case is pending in the circuit court, and it is unclear how appropriations to the Department of Environmental Protection, Department of Agriculture and Consumer Services, Department of State, and the Fish and Wildlife Conservation Commission from those funds may be affected going forward or what legislative action, if any, might be necessary to address the uses of those funds in Fiscal Years 2015-16 through 2020-21.

Florida Forever Program – 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.



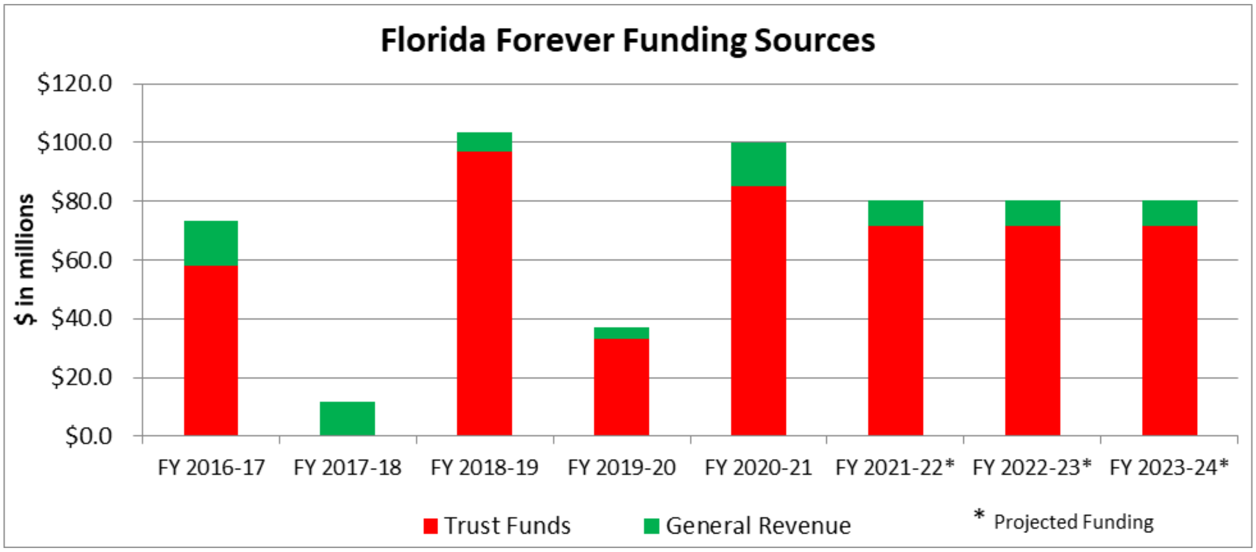
Previously, the state's land acquisition programs have been funded by bonds authorized by the Legislature and secured by a pledge of documentary stamp tax revenue or by appropriations of moneys from the General Revenue Fund or trust fund cash balances; however, the Legislature has not authorized a new 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 2020-21 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 the 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 $10.2 million and $71.7 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 (CERP), the Northern Everglades and Estuaries Protection Program, and the Everglades Restoration Investment Act.

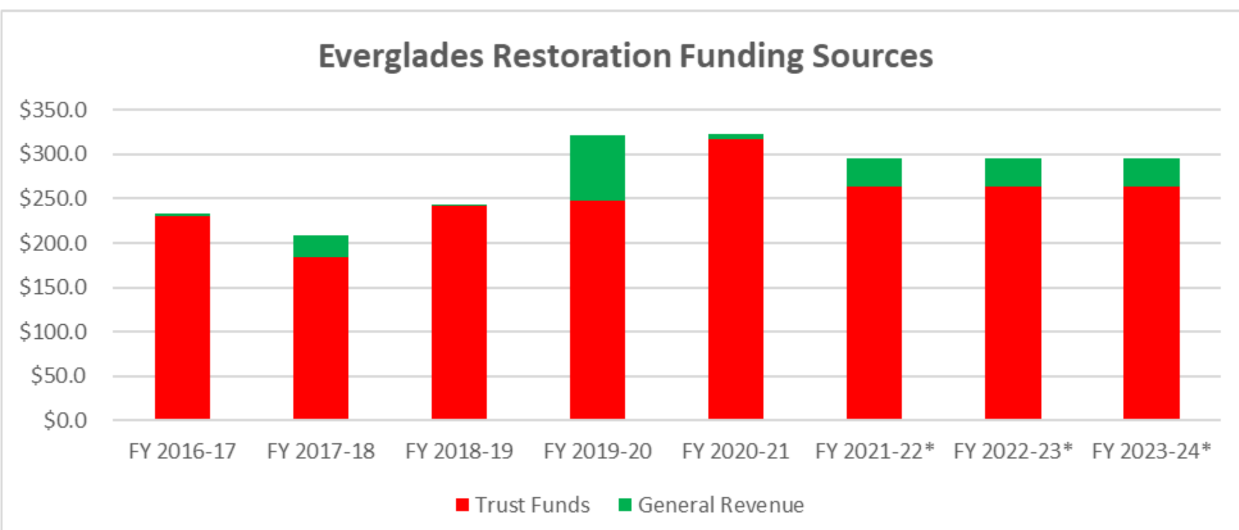
The CERP is a large, comprehensive, long-term 50-50 partnership with the federal government to restore the Everglades. The plan, originally approved by the 2000 federal Water Resources Development Act, includes more than 60 projects that will take more than 30 years to complete and will cost an estimated $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 $22.7 million for Fiscal Year 2020-21 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 $134.8 million for each year of the Outlook for Everglades restoration projects. The Outlook also assumes a three-year average of $25.6 million in nonrecurring General Revenue funds for each year of the Outlook.



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 2021-22 through 2023-24 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 2021-22 through 2023-24.

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. The Outlook assumes a three-year average of appropriations of $5.9 million from nonrecurring General Revenue funds and $2.0 million from state trust funds for each year of the Outlook.

Water Quality Improvements – The Outlook includes funding for targeted water quality improvements to achieve nutrient reductions in key waterbodies across the state and the protection and restoration of coral reefs. It also includes funding for alternative water supply projects, innovative technology solutions for harmful algal blooms, increased water quality monitoring, a water quality information portal, and support for the Blue-Green Algae Task Force. The Outlook assumes the three-year average of appropriations of $109.6 million funded from nonrecurring General Revenue funds and $0.9 million from nonrecurring state trust funds for each fiscal year during the three-year period contained in the Outlook.

Land Management – The Department of Agriculture and Consumer Services, the Department of Environmental Protection, and the Fish and Wildlife Conservation Commission manage more than 5.7 million acres of conservation and recreation lands in Florida.[6] 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 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 2020-21, the Legislature provided an additional $52.0 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 $3.5 million from nonrecurring General Revenue funds and $44.2 million from the LATF for Fiscal Years 2021-22 through 2023-24.

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

[6] Florida Natural Areas Inventory, February 2020 Summary of Florida Conservation Lands

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 $15.9 million from nonrecurring General Revenue funds and $25.1 million from the LATF for Fiscal Years 2021-22 through 2023-24.

39. 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 $52.2 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 $10.4 million for each year of the Outlook for the Drinking Water Revolving Loan Program. The Outlook also includes $12.0 million for each year of the Outlook 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 $3.0 million from nonrecurring General Revenue funds and $4.0 million from nonrecurring state trust funds for each year of the Outlook.

Florida Resilient Coastlines Program – The Florida Resilient Coastlines Program in the DEP offers technical assistance and funding to coastal communities dealing with increasingly complex flooding, erosion, and habitat shifts due to rising sea levels. The Outlook assumes a three-year average of $3.3 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, $1.4 million in recurring and $24.7 million in nonrecurring General Revenue funds, and $7.0 million from trust funds are included for each fiscal year in the Outlook. This includes funding for water conservation and supply planning, 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 2020 Transportation Revenue Estimating Conference, the Outlook includes nonrecurring General Revenue funds of $11.9 million in Fiscal Year 2021-22, $13.1 million in Fiscal Year 2022-23, and $13.8 million in Fiscal Year 2023-24.

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. During the 2018 Regular Session, the Legislature appropriated $22.0 million to satisfy the Broward County judgment and $30.0 million to satisfy the Palm Beach County judgment. The 2020 Legislature appropriated $19.2 million to satisfy the Lee County judgement. The Outlook includes $44.1 million in nonrecurring General Revenue Funds in Fiscal Year 2021-22 to satisfy the Orange County judgment.

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, red tide research 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. Due to current trust fund revenue shortfalls, the Outlook includes approximately $5.9 million from nonrecurring General Revenue funds, $1.7 million from recurring General Revenue funds and $4.4 million from trust funds for FWC programs in Fiscal Year 2021-22. The Outlook includes approximately $2.3 million from nonrecurring General Revenue funds, $1.7 million from recurring General Revenue funds, and $8.1 million from trust funds for the following two fiscal years.

General Government (Drivers #40 & #41)

40. 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 No: 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 $1.2 million in Fiscal Year 2021-22, $0.3 million in Fiscal Year 2022-23, and $0.2 million in Fiscal Year 2023-24.

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 each year of the three-year forecast, the Outlook includes approximately $1.3 million for FIN and approximately $0.4 million for MA in nonrecurring General Revenue. However, it is anticipated that, 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 (PALM). 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 department was provided $21.9 million in nonrecurring trust funds for Fiscal Year 2017-18; $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; $22.3 million in nonrecurring trust funds in Fiscal Year 2019-20 for contract deliverables and IV&V services and $6.4 million in recurring trust funds for staffing needs; and $26.4 million in nonrecurring trust funds for IV&V and contract deliverables and $6.5 million in recurring trust funds for staffing needs in Fiscal Year 2020-21. The Outlook includes $0.5 million nonrecurring General Revenue and $23.0 million from nonrecurring trust funds in Fiscal Year 2021-22, $0.7 million nonrecurring General Revenue and $23.0 million from nonrecurring trust funds for Fiscal Year 2022-23, and $1.8 million nonrecurring General Revenue and $23.9 million from nonrecurring trust funds for Fiscal Year 2023-24 for the PALM project and contract.

Statewide Law Enforcement Radio System (SLERS) – The Department of Management Services (DMS) 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 2020-21 General Appropriations Act at $21.6 million. The funding to support the $21.6 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, expires July 1, 2021.

The DMS conducted a procurement process for a replacement system to implement a new, mission critical, P25 Phase 2 service delivery, resulting in improved and expanded coverage, reliability, and audio clarity; however, a contract was never executed. The Fiscal Year 2020-21 General Appropriations Act authorizes the DMS to renew the current contract for the SLERS system and directs the DMS to procure a new business case to evaluate public safety communications, release a competitive procurement, and issue an award for the replacement of the SLERS system. At this time, the annual cost to extend the existing contract for the SLERS system is unknown. Replacement of the current SLERS system likely will require a multi-year transition period.

The Outlook includes $4.5 million from nonrecurring General Revenue for all three fiscal years covered in the Outlook to offset the loss of revenue from the expiration of the $3 fee established in section 318.18(17), Florida Statutes.

41. 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 $295.4 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 $39.5 million from nonrecurring General Revenue and $15.8 million from nonrecurring trust fund resources for each of the Fiscal Years 2021-22 through 2023-24 for general building repairs (see related Driver #44 that funds critical life safety deficiency repairs).

Administered Funds & Statewide Issues (Drivers #42 & #43)

42. State Employee Pay Issues

The Outlook includes funding for state employees pay issues of $56.0 million of recurring General Revenue and $33.9 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.

43. 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 $2.9 million each year from nonrecurring General Revenue and $11.0 million from trust funds for Fiscal Year 2021-22 through Fiscal Year 2023-24, based on the three-year appropriations average.

Criminal Justice – The Florida Department of Corrections is responsible for the maintenance, 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 $4.8 million each year in 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 repair and maintenance 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 $5.3 million each year in nonrecurring General Revenue for this purpose based on the average funding over the last three years.

For the Florida Department of Law Enforcement (FDLE), Chapter 943, Florida Statutes, establishes a statewide criminal analysis laboratory system to provide services upon request to law enforcement agencies in the State of Florida. FDLE has six laboratories which are located in Ft. Myers, Jacksonville, Orlando, Pensacola, Tallahassee and Tampa Bay. The FDLE crime laboratory system provides evidentiary analysis in 10 forensic disciplines: Biology/DNA, Chemistry, Crime Scene, Digital Evidence, DNA Database, Firearms, Latent Prints/Impression Evidence, Questioned Documents, Toxicology, and Trace Evidence. The Outlook includes $0.9 million each year in nonrecurring General Revenue for maintenance and repair of crime labs.

Judicial Branch – The state is responsible for the facility needs of the Supreme Court and the district courts of appeal. The Outlook includes $7.0 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 $8.5 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 $2.0 million of nonrecurring General Revenue and $2.4 million from trust funds for each of the Fiscal Years 2021-22 through 2023-24.

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 $47.5 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 $2.9 million from nonrecurring General Revenue funds for each of the Fiscal Years 2021-22 through 2023-24, 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)	2020-21	2021-22	2022-23	2023-24
Revenue Estimate	31,543.3	34,077.9	35,386.8	36,809.1
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	(1.1)	(0.8)	(1.5)	(1.9)
change from tax and significant fee changes				
• continuing tax and fee changes		*(68.5)*	*(68.5)*	*(68.5)*
• recurring impact of prior years' tax and fee changes		*0.0*	*(68.5)*	*(137.0)*
• 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	31,568.9	34,035.3	35,275.0	36,628.4
net change from revenue adjustments		*(68.5)*	*(137.0)*	*(205.5)*

Nonrecurring ($ millions)	2020-21	2021-22	2022-23	2023-24
Revenue Estimate	(553.2)	(386.7)	(107.5)	(8.4)
BP Settlement Agreement	0.0	0.0	0.0	0.0
FEMA Reimbursements	11.6	0.0	0.0	0.0
Nonoperating Funds	308.9	99.1	99.1	99.1
change from tax and significant fee changes				
• continuing tax and fee changes		*27.0*	*27.0*	*27.0*
• time-limited tax and fee changes		*(43.4)*	*(43.4)*	*(43.4)*
change from trust fund transfers (GAA)	*0.0*	*312.4*	*312.4*	*312.4*
Balance Forward from Prior Year	5,822.5	1,322.5	0.0	0.0
Unused Reserve from Prior Year	0.0	0.0	1,000.0	1,000.0
TOTAL	5,589.8	1,330.9	1,287.6	1,386.7
net change from revenue adjustments		*296.0*	*296.0*	*296.0*

TOTAL ($ millions)	2020-21	2021-22	2022-23	2023-24
Revenue Estimate	30,990.1	33,691.2	35,279.3	36,800.7
BP Settlement Agreement	26.7	26.7	26.7	26.7
FEMA Reimbursements	11.6	0.0	0.0	0.0
Nonoperating Funds	307.8	98.3	97.6	97.2
change from tax and significant fee changes				
• continuing tax and fee changes		*(41.5)*	*(41.5)*	*(41.5)*
• recurring impact of prior years' tax and fee changes		*0.0*	*(68.5)*	*(137.0)*
• time-limited tax and fee changes		*(43.4)*	*(43.4)*	*(43.4)*
change from trust fund transfers (GAA)	*0.0*	*312.4*	*312.4*	*312.4*
Balance Forward from Prior Year	5,822.5	1,322.5	0.0	0.0
Unused Reserve from Prior Year	0.0	0.0	1,000.0	1,000.0
TOTAL GR Available	37,158.7	35,366.2	36,562.6	38,015.1
net change from revenue adjustments		227.5	159.0	90.5

Key Revenue Adjustments to the General Revenue Fund Worksheet

Long-Range Financial Outlook Issues Summary FY 2021-22 through FY 2023-24	Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24	
	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	(41.5)	0.0	(41.5)	0.0	(41.5)	0.0
1b Recurring Impact of Prior Years' Tax and Fee Changes	0.0	0.0	(68.5)	0.0	(137.0)	0.0
1c Time-Limited Tax and Fee Changes	(43.4)	0.0	(43.4)	0.0	(43.4)	0.0
2 Trust Fund Transfers (GAA)*	312.4	0.0	312.4	0.0	312.4	0.0
Total Tier 3 - Revenue Adjustments	**227.5**	**0.0**	**159.0**	**0.0**	**90.5**	**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 five 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.[7]

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.

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

	2018-19			2019-20			2020-21		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Continuing Tax and Fee Changes	(139.6)	45.0	(94.6)	(66.4)	36.1	(30.3)	0.5	(0.2)	0.3
Time-Limited Tax and Fee Changes	0.0	(57.4)	(57.4)	0.0	(36.3)	(36.3)	0.0	(36.6)	(36.6)
Total	**(139.6)**	**(12.4)**	**(152.0)**	**(66.4)**	**(0.2)**	**(66.6)**	**0.5**	**(36.8)**	**(36.3)**

	Three-Year Average		
	Rec	NR	Total
Continuing Tax and Fee Changes	(68.5)	27.0	(41.5)
Time-Limited Tax and Fee Changes	0.0	(43.4)	(43.4)
Total	**(68.5)**	**(16.4)**	**(84.9)**

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 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 continuing impacts from legislation in Fiscal Year 2020-21 resulted in only minor adjustments to the General Revenue Fund.

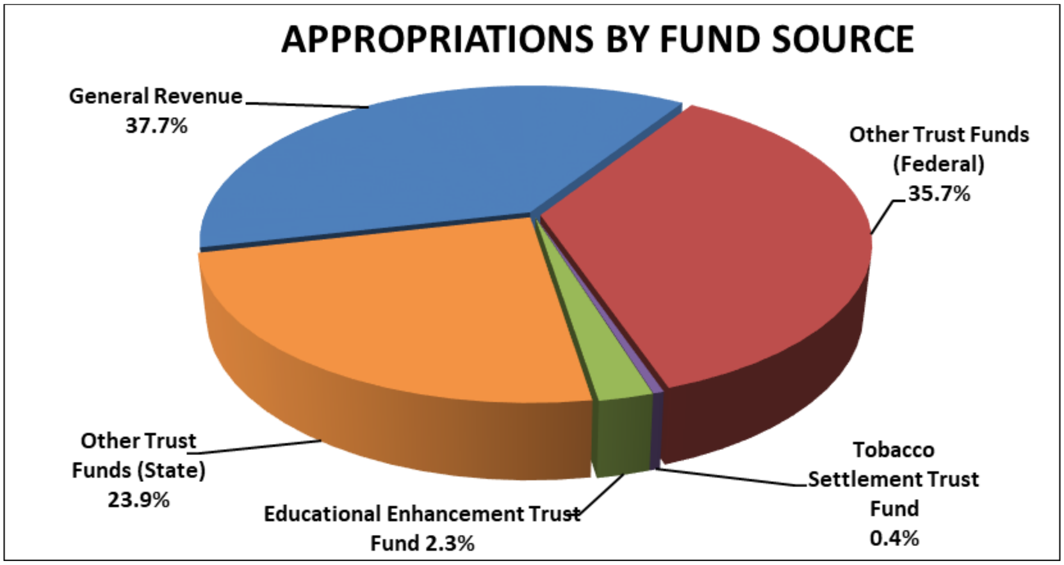
The Tier 3 Table on page 23 includes the three-year averages of tax and fee changes (both continuing and time-limited) for each of the Outlook years in order to show the effects of the Legislature continuing this policy. The average time-limited impact of $43.4 million is discretely added to each year 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.

	2021-22			2022-23			2023-24		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Year 1 Annual Effects	(68.5)	0.0	(68.5)	(68.5)	0.0	(68.5)	(68.5)	0.0	(68.5)
Year 2 Annual Effects	-	-	-	(68.5)	27.0	(41.5)	(68.5)	0.0	(68.5)
Year 3 Annual Effects	-	-	-	-	-	-	(68.5)	27.0	(41.5)
Total	**(68.5)**	**0.0**	**(68.5)**	**(137.0)**	**27.0**	**(110.0)**	**(205.5)**	**27.0**	**(178.5)**

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 2020-21, appropriations were made from 171 different trust funds, totaling $57.5 billion. Approximately $33.0 billion was appropriated from federal revenue sources and $24.5 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. Last year, the unusually large transfers in both Fiscal Years 2017-18 and 2018-19 led to a change in methodology to use a five-year average in order to smooth anomalous years. This year's Outlook continues that practice.

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 one or more trust funds and producing related sweeps. An additional adjustment was made to last year's calculation to incorporate a "reverse" transfer—the redirect of General Revenue funds to the State Transportation Trust Fund that was approved in the 2019 Session (Chapter 2019-043, Laws of Florida). This year, a similar adjustment was made to account for the redirect of General Revenue funds to the Inmate Welfare Trust Fund that was approved in the 2020 Session (Chapter 2020-98, Laws of Florida).

	Fiscal Year 2016-17	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**	**Fiscal Year 2019-20**	**Fiscal Year 2020-21**	**5-Year Average**
Total Trust Fund Transfers to General Revenue	$307.9 M	$542.3 M	$404.3 M	$336.5 M	$182.0 M	$354.6 M
Excluded Transfers		($77.0) M			($2.5) M	($15.9) M
Total with Exclusions	$307.9 M	$465.3 M	$404.3 M	$336.5 M	$179.5 M	$338.7 M
Adjustment for Redirect to State Trust Funds				($128.9) M	($2.5) M	($26.3) M
NET TRANSFER TO GR	**$307.9 M**	**$465.3 M**	**$404.3 M**	**$207.6 M**	**$177.0 M**	**$312.4 M**