State of Florida

Long-Range Financial Outlook

FISCAL YEARS 2023-24 THROUGH 2025-26

Fall 2022 Report
As Adopted by the Legislative Budget Commission
September 9, 2022

Jointly prepared by the following:
The Senate Committee on Appropriations
The House Appropriations Committee
The Legislative Office of Economic and Demographic Research

TABLE OF CONTENTS

EXECUTIVE SUMMARY

KEY POINTS

- The State of Florida's General Revenue Fund collections have far exceeded previous estimates, composing a significant part of the unused reserve balance for the Outlook forecast period.
- Projected expenditures are considerably less than the General Revenue funds expected to be available—significant surpluses are projected for all three fiscal years included in the Outlook.
- A minimum reserve equivalent to 3.9 percent of the revenue estimate is maintained in the General Revenue Fund for each year of the Outlook.
- The Outlook does not account for any new or expanded programs; new appropriations projects; or potential risks such as hurricanes or other natural disasters.

The Long-Range Financial Outlook (Outlook) is issued annually by the Legislative Budget Commission as required by article III, section 19(c)(1) of the Florida Constitution. The Outlook provides a longer-range picture of the state's fiscal position that integrates expenditure projections for the major programs driving Florida's annual budget requirements with the latest official revenue estimates. The 2022 Outlook includes projections for Fiscal Years 2023-24, 2024-25, and 2025-26. The estimates included in the Outlook are based upon the summer 2022 estimating conference results and recent historical experience. The Outlook does not predict the overall funding levels of future state budgets or the final amount of funds to be allocated to the respective budget areas—it simply presents a reasonable baseline to help the Legislature avoid future budget problems and maintain financial stability between fiscal years.

Expenditure projections, or budget drivers, are grouped into two categories: (1) Critical Needs, which are generally mandatory increases based on estimating conferences and other essential needs; and (2) Other High Priority Needs, which are issues that have been funded in most, if not all, recent budgets. This year's Outlook identifies 15 Critical Needs budget drivers and 28 Other High Priority Needs budget drivers, with total General Revenue needs of $1.9 billion in Fiscal Year 2023-24, and $2.6 billion in Fiscal Years 2024-25 and 2025-26. The combined cost for both the Critical Needs and Other High Priority Needs budget drivers shows the impact of continuing the programs and priorities funded in recent years into the three years included in the Outlook.

The revenue projections directly included in the Outlook are primarily focused on the General Revenue Fund, the Educational Enhancement Trust Fund, the State School Trust Fund, and the Tobacco Settlement Trust Fund, but the latest forecasts for many of the other projections were also used to develop the expenditure projections. Overall, the revenue forecasts were strong, with substantial balances remaining from Fiscal Year 2022-23 in the General Revenue Fund and two of the three major trust funds that are now available for use in Fiscal Year 2023-24. Similar to the budget drivers, two types of revenue adjustments affecting the General Revenue Fund are included in the Outlook: (1) tax and fee adjustments; and (2) trust fund transfers. The Outlook assumes similar adjustments will be made in future years as have been made in the recent past. In this year's Outlook, the net impact of these adjustments to the General

Revenue Fund is -$168.9 million in Fiscal Year 2023-24; -$192.9 million in Fiscal Year 2024-25; and -$216.9 million in Fiscal Year 2025-26.

The revenue and expenditures estimates included in the Outlook primarily reflect current law requirements. The budget drivers do not include any assumptions regarding funding for new programs, expansion of current programs, or new funding levels for appropriations projects. Further, the Outlook does not make any discrete adjustments for potential risks, such as major hurricanes or other natural disasters.

Within the Outlook, the estimated revenues are compared to the expenditure projections and revenue adjustments to yield either a surplus or deficit for each of year of the Outlook. A minimum reserve of 3.9 percent of estimated revenue is maintained in the General Revenue Fund for each year of the Outlook. This year's Outlook projects significant surpluses for all three fiscal years as shown in the following table.

2022 Long-Range Financial Outlook Summary General Revenue Fund ($Millions)		Year 1 FY 2023-24	Year 2 FY 2024-25	Year 3 FY 2025-26
Revenues Available		**42,649**	**43,979**	**44,824**
Unused Reserve from Prior Year		**13,688**	**15,198**	**16,334**
Expenditures	Minimum Reserve	(1,663)	(1,715)	(1,748)
	Recurring Base Budget	(39,022)	(40,002)	(41,074)
	Critical Needs Budget Drivers	(412)	(801)	(767)
	Other High Priority Needs Budget Drivers	(1,536)	(1,847)	(1,849)
	Ending Balance After Expenditures	**13,703**	**14,812**	**15,719**
Revenue Adjustments	Tax and Fee Changes	(297)	(321)	(345)
	Trust Fund Transfers	128	128	128
	Revenue Adjustments	**(169)**	**(193)**	**(217)**
Projected Surplus / (Deficit)		**13,534**	**14,619**	**15,502**

REVENUE PROJECTIONS

KEY POINTS

- The state's overall General Revenue collections move notably above the pre-pandemic forecasted levels for Fiscal Year 2022-23, Fiscal Year 2023-24, and Fiscal Year 2024-25.
- Sales Tax collections will be shaped by the end of significant federal monetary and fiscal stimulus, the return to a more normal purchasing mix of goods and services, and strong inflationary pressures.
- The major education revenues are stable or improved relative to prior forecasts.
- The outlook for tobacco-related revenues has worsened as the expected reduction in consumption becomes an increasing factor.

The revenue projections directly included in the Outlook are primarily focused on the General Revenue Fund, the Educational Enhancement Trust Fund, the State School Trust Fund, and the Tobacco Settlement Trust Fund. While many of the other projections are not described in detail in the Outlook, the latest forecasts for those sources were also used to develop the expenditure projections. A summary table of all revenue estimates adopted during the summer, including links to the official forecasts, is provided in Appendix A. 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.

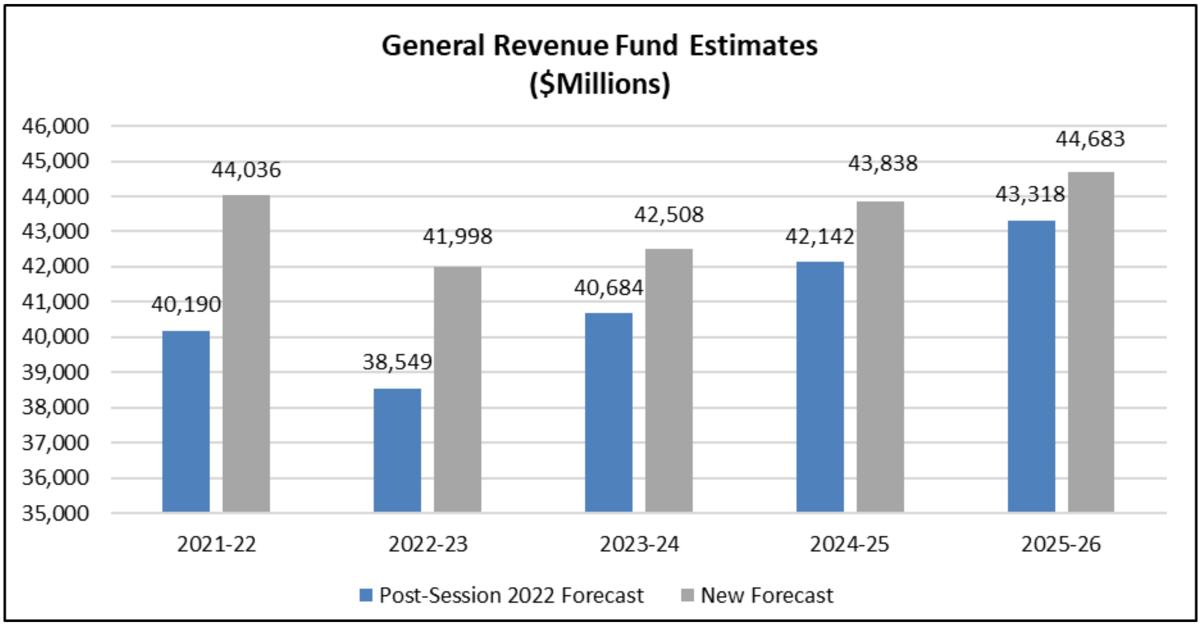
General Revenue Fund

The Revenue Estimating Conference met over the summer to revise the forecast for General Revenue collections, making sizeable adjustments to the prior forecast. The new forecast was shaped by the revised outlooks for the national and state economies, which notably lowered many of the economic metrics relative to those adopted in December 2021, largely as a result of the war in Ukraine's effects on the global economy and a significant upward shift in the level of inflation. Of particular concern, the risk associated with the national economic forecast is skewed to the downside, with almost equal probabilities that the new forecast will unfold as predicted or fall short of expectations. Economic disruption is still evident, with challenges including the end of significant federal monetary and fiscal stimulus provided during the early years of the pandemic, the rapid drawdown of personal savings over the past year, the elevated use of credit over the past few months, the continued normalization of spending on services and away from taxable goods, and strong inflationary pressures on households. Nonetheless, revenue collections since January 2022 have far exceeded expectations and the economic fundamentals, confounding the ability to predict the impact and timing of key turning points.

After coming in nearly $3.85 billion over estimate for Fiscal Year 2021-22, the Conference added a similar amount ($3.45 billion) to the overall forecast for Fiscal Year 2022-23. Despite this increase, the new forecast for collections embeds a decline of -4.6 percent from the outsized prior year. Assuming a downshift will begin sometime in the current year, the Conference increased the Fiscal Year 2023-24 forecast by $1.82 billion, with the positive annual adjustments declining thereafter ($1.70 billion for Fiscal Year 2024-25 and $1.36 billion for Fiscal Year 2025-26). The two-year combined increase for Fiscal Year 2022-23 and Fiscal Year 2023-24 adds nearly $5.3 billion to the prior forecast. These changes reflect increases over the previous estimates of 8.9 percent in Fiscal Year 2022-23 and 4.5 percent in Fiscal Year 2023-24.

By far the largest adjustment in the new forecast relates to Sales Tax, which has benefitted from the greater spending on taxable goods and the initial effect of inflation. The anticipated gain to General Revenue from Sales Tax is $2.44 billion in Fiscal Year 2022-23 and $1.20 billion in Fiscal Year 2023-24, with all six Sales Tax categories seeing increases in both years. The Conference noted future risks to Sales Tax collections include consumers returning to a typical purchasing mix of goods and services and managing personal budget constraints in a period of rising inflation.

The following chart shows the new forecast compared to the post-session forecast.



After all revenue and appropriation changes were incorporated, including those associated with federal stimulus funds related to the pandemic as well as recent FEMA reimbursements, the projected ending balance on the Financial Outlook Statement for Fiscal Year 2022-23 is $13.7 billion. This balance is assumed to be available for expenditure in Fiscal Year 2023-24.

Major Revenues for Education

The major revenue sources for expenditure on education programs, including Ad Valorem Assessments; Unclaimed Property Transfers to the State School Trust Fund (SSTF); and transfers to the Educational Enhancement Trust Fund (EETF) from Lottery Ticket Sales and the Slot Machine Tax, have mixed results and are treated separately below.

Ad Valorem Assessments

Estimates of the statewide property tax roll are primarily used in the appropriations process to calculate the Required Local Effort (RLE) millage rates, which are the expected rates local school districts must levy in order to generate the required local funding for participation in the Florida Education Finance Program.

The 2022 certified school taxable value came in at $2.93 trillion or $304.17 billion higher than expected. Largely embedding this unexpected increase, the new projection for 2023 is $3.17 trillion or $387.78 billion higher than the previous expectation for Fiscal Year 2023-24. While not as strong as the 20.07 percent growth seen in 2022, the new estimate still represents growth of 8.10 percent over the prior year, with the value of one mil projected to be $3.04 billion. Growth in future years continues to be moderate as tightening monetary policy and elevated interest rates dampen activity. The new estimates for 2024 and 2025 are $3.39 trillion (based on 6.78 percent growth) and $3.58 trillion (based on 5.76 percent growth), respectively.

Unclaimed Property

Estimates of receipts and refunds to owners from unclaimed property are used to determine the distribution into the State School Trust Fund (SSTF). At the end of Fiscal Year 2021-22, $263.3 million had been transferred to the trust fund, an increase of $71.2 million or 37.1 percent above the estimate. Even though the Conference anticipates that receipts will stay strong in Fiscal Year 2022-23, the recent drop in the equities market is expected to cause a year-over-year decline in transfers relative to Fiscal Year 2021-22 and flattened transfer levels thereafter. The new forecast projects transfers to the SSTF of $226.2 million for Fiscal Year 2022-23, $216.6 million for Fiscal Year 2023-24, $228.1 million for Fiscal Year 2024-25, and $234.2 million for Fiscal Year 2025-26.

After all revenue and appropriation changes were incorporated, the projected ending balance on the Financial Outlook Statement for Fiscal Year 2022-23 is $138.2 million. This balance is assumed to be available for expenditure in Fiscal Year 2023-24.

Lottery Ticket Sales and Slot Machine Revenues

Both lottery ticket sales and slot machine revenues support the Educational Enhancement Trust Fund (EETF).

Final Lottery ticket sales for Fiscal Year 2021-22 were just over $9.32 billion, which was $370.3 million or 4.1 percent higher than the expectation at the January 2022 estimating conference. The associated transfer to the EETF topped $2.38 billion for the year, which was a gain of $199.5 million to the estimate or 9.1 percent. Despite the strong showing in Fiscal Year 2021-22, the softening economy and pressures on disposable personal income provided some hints that sales were starting to slow at the end of the year. The forecast for transfers to the EETF is little changed from the prior forecast, with $2.21 billion projected for Fiscal Year 2022-23, $2.25 billion for Fiscal Year 2023-24, $2.24 billion for Fiscal Year 2024-25, and $2.26 billion for Fiscal Year 2025-26.

Slot machine tax collections for Fiscal Year 2021-22 were $241.0 million, or $9.8 million over the forecast adopted in January, as facilities continued to return to more normal operations after a series of pandemic-related interruptions. Despite strong growth early in the year, June collections fell below the prior year, and preliminary July data indicated the same. Coupling these results with increased national economic headwinds and the delayed impact that inflation may have on consumers as they adjust spending habits to account for the losses in disposable income, the Conference made only modest increases to the forecast, leading to new estimates of $242.6 million for Fiscal Year 2022-23, $245.4 million for Fiscal Year 2023-24, $247.9 million for Fiscal Year 2024-25, and $250.7 million for Fiscal Year 2025-26.

After all revenue and appropriation changes were incorporated for both revenue sources, the projected ending balance on the Financial Outlook Statement for Fiscal Year 2022-23 is $384.0 million. This balance is assumed to be available for expenditure in Fiscal Year 2023-24.

Tobacco-Related Revenues

Tobacco-related revenues affect expenditures in the Health and Human Services area, particularly those sources supporting the Tobacco Settlement Trust Fund and the Health Care Trust Fund in the Medicaid program. The Revenue Estimating Conference met over the summer to adopt new forecasts for both Tobacco Tax and Surcharge revenues and the Tobacco Settlement payments, both of which were markedly lower than prior forecasts. Reduced tobacco-related revenues may require additional General Revenue Fund expenditures.

Total Tobacco Tax and Surcharge collections are actually derived from two different sources: the Cigarette Tax and Surcharge and the Other Tobacco Products (OTP) Tax and Surcharge. For the Cigarette Tax and Surcharge, the Conference lowered the forecast for the sold packs to reflect both the weaker than expected current collections and industry data that predicts reduced future consumption. Each year of the forecast declines from the prior year. For OTP, the Conference adopted a reduced forecast for the tax base after seeing the first negative growth in this category since Fiscal Year 2013-14. While positive growth is expected in each year, the growth rates are weaker—meaning the forecast never returns to the levels adopted at the previous conference. The distribution most affected by these changes is made to the Health Care Trust Fund. The transfers are lower than previously expected by $16.3 million in Fiscal Year 2023-24, by $16.1 million in Fiscal Year 2024-25, and by $15.9 million in Fiscal Year 2025-26.

The Tobacco Settlement payments from the original settling manufacturers in Fiscal Year 2021-22 totaled $411.8 million, only $1.7 million less than forecast. Even so, the change in the long term view of cigarette usage produces a lower forecast in all future years. The reductions to annual payments are $22.3 million for Fiscal Year 2022-23, $24.7 million for Fiscal Year 2023-24, $27.6 million for Fiscal Year 2024-25, and $30.7 million for Fiscal Year 2025-26. After all revenue and appropriation changes were incorporated, the Tobacco Settlement Trust Fund is now in a projected deficit for the current year, with appropriations exceeding expenditures on the Financial Outlook Statement by $11.6 million. Current law requires the negative balance to be cleared prior to the end of the fiscal year.

EXPENDITURE PROJECTIONS

KEY POINTS

- There are 15 Critical Needs budget drivers and 28 Other High Priority Needs budget drivers included in the Outlook.
- The projected General Revenue need is $1.9 billion in Fiscal Year 2023-24; $2.6 billion in Fiscal Year 2024-25; and $2.6 billion in Fiscal Year 2025-26.
- Across the three years of the Outlook, the largest General Revenue needs are in the Natural Resources, Administered Funds & Statewide Issues, Human Services, and Higher Education policy areas.

To develop the expenditure projections included in the Outlook, referred to as budget drivers, all major programs that have historically driven significant increases in the state's budget were analyzed. Forecasts of future workload increases were developed for each of the major cost drivers using a variety of methods, including the most recent projections from estimating conferences held during the summer, as well as historical funding averages. Exceptional funding needs—the fiscal impact of special issues outside of normal workload and caseload requirements—are identified and addressed when necessary for state operations. When historical funding averages are used, the Outlook relies on three-year averages of pre-veto appropriations, unless otherwise noted. Although emphasis is placed on recurring budget programs that the state is expected or required to continue from year to year, estimates for ongoing programs traditionally funded with nonrecurring funds are also included in the Outlook.

The budget drivers are grouped by policy areas and are categorized as either Critical Needs or Other High Priority Needs. Critical Needs are issues that can generally be thought of as the minimum funding requirements for core government functions within the current policy framework, absent significant law or structural changes. Other High Priority Needs are issues that have been funded in most, if not all, recent budgets. The budget drivers do not include any assumptions regarding funding for new programs, expansion of current programs, or new funding for appropriations projects.

This year's Outlook identifies 15 Critical Needs budget drivers and 28 Other High Priority Needs budget drivers, with total General Revenue needs of $1.9 billion in Fiscal Year 2023-24; $2.6 billion in Fiscal Year 2024-25; and $2.6 billion in Fiscal Year 2025-26. Combining both types of budget drivers provides 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.

General Revenue Fund Dollar Value of Critical Needs and Other High Priority Needs ($Millions)	**Fiscal Year 2023-24**	**Fiscal Year 2024-25**	**Fiscal Year 2025-26**
Critical Needs	412.0	800.9	767.5
Other High Priority Needs	1,535.7	1,846.7	1,848.7
Critical Needs and Other High Priority Needs	**1,947.7**	**2,647.5**	**2,616.2**

Across the three years included in the Outlook, the total projected need for new General Revenue spending is over $7.2 billion. Combined, the General Revenue budget drivers in the Administered Funds and Statewide Issues, Natural Resources, Human Services, and Higher Education policy areas represent 88 percent of the three-year total.

General Revenue Fund Total Critical Needs and Other High Priority Needs by Policy Area ($Millions)	**Fiscal Year 2023-24**	**Fiscal Year 2024-25**	**Fiscal Year 2025-26**	**Three-Year Total**	**% of Three-Year Total**
Pre K-12 Education	(298.0)	230.3	258.7	190.9	2.6%
Higher Education	385.2	468.3	448.6	1,302.1	18.1%
Human Services	526.7	384.5	414.4	1,325.6	18.4%
Criminal Justice & Judicial Branch	34.0	34.0	34.0	101.9	1.4%
Transportation & Economic Development	102.0	103.6	102.0	307.6	4.3%
Natural Resources	326.2	633.1	636.6	1,595.9	22.1%
General Government	90.5	89.2	87.0	266.6	3.7%
Administered Funds & Statewide Issues	781.2	704.5	635.0	2,120.7	29.4%
Total New Issues	**1,947.7**	**2,647.5**	**2,616.2**	**7,211.4**	**100.0%**

Note: totals may not add due to rounding.

The policy areas differ in their General Revenue needs by year. Three policy areas have greater needs in the second year of the Outlook: Pre K-12 Education, Higher Education, and Natural Resources. For these policy areas, the Outlook maximizes the use of 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 Land Acquisition Trust Fund based on projected balances forward and revenue changes in the trust funds over the three-year forecast period. The policy areas most significantly impacted by these adjustments are the two education policy areas and natural resources, where the availability of trust funds decreases the need for General Revenue in Fiscal Year 2023-24 by $573.0 million and $281.1 million, respectively. The largest adjustments occur in the first year of the Outlook as prior year trust fund balances are utilized.

Focusing solely on the new General Revenue increases needed each year does not present a complete picture of the expenditure impacts on the state's long-term budget. Over the entire three-year period, nearly 61 percent of the new General Revenue funding must be recurring to support the ongoing nature of the expenditure. Those recurring expenditures accumulate, or stack on top of each other, in the subsequent years. As shown in the following table, of the $1.9 billion needed for the budget drivers in Fiscal Year 2023-24, $980.4 million will also be needed in Fiscal Year 2024-25 (and again in Fiscal Year 2025-26) to continue those programs. In effect, the $7.2 billion in new funding over the Outlook period ultimately results in $10.2 billion in additional costs over the forecast period. Both effects are accounted for in the Outlook.

General Revenue Fund Recurring and Nonrecurring Budget Driver Impact ($Millions)	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Three-Year Total	% of Three-Year Total
New Recurring Drivers for Each Year	980.4	1,071.9	1,115.9	3,168.2	
Continuation of Year 1 Recurring Drivers		980.4	980.4	1,960.7	
Continuation of Year 2 Recurring Drivers			1,071.9	1,071.9	
Cumulative Impact of Recurring Drivers	980.4	2,052.3	3,168.2	6,200.8	60.5%
Nonrecurring Drivers for Each Year	967.4	1,575.6	1,500.3	4,043.3	39.5%
Grand Total	**1,947.7**	**3,627.9**	**4,668.5**	**10,244.1**	

Note: totals may not add due to rounding.

On the following pages, the Critical Needs and Other High Priority Needs budget drivers with the largest General Revenue needs are discussed, and all of the drivers are listed in a table format, along with a brief description of the assumptions behind the projections.

Critical Needs

Within Critical Needs, the most significant General Revenue budget drivers across the three years of the Outlook are in the Pre K-12 Education, Human Services, and Administered Funds and Statewide Issues policy areas. The four largest General Revenue budget drivers are shown in the following table.

General Revenue Fund Significant Critical Needs Budget Drivers ($Millions)	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Three-Year Total
Driver #2 - Workload and Enrollment - Florida Education Finance Program	182.5	223.1	254.0	659.6
Driver #6 - Medicaid Program	173.1	27.3	57.6	258.1
Driver #12 - State Match for Federal Emergency Management Agency (FEMA) Funding	243.9	160.0	84.1	488.0
Driver #15 - Increases in Employer-Paid Benefits for State Employees	279.5	322.8	329.2	931.6
Grand Total	**879.1**	**733.3**	**724.9**	**2,337.2**

Note: totals may not add due to rounding.

<u>Workload and Enrollment – Florida Education Finance Program</u>

The Florida Education Finance Program (FEFP) is the state's formula to appropriate funds to school districts for K-12 public school operations, which includes charter schools, and to fund The Family Empowerment Scholarship Program. 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. This program is expected to serve nearly 3 million students in Fiscal Year 2022-23, including students funded in the FEFP through the receipt of a Family Empowerment Scholarship.

Within the Outlook, Critical Needs funding is provided in Driver #2 to fund projected enrollment growth; increase the total funds per full-time-equivalent (FTE) student; and maintain the prior year millage rate for the Required Local Effort (RLE). Over the three-year forecast period, enrollment for funding purposes is estimated to increase by 109,841.47 FTE, as adopted by the Education Estimating Conference in July 2022.[1] This forecasted increase includes the estimated number of students coming into the FEFP through the receipt of a Family Empowerment Scholarship. The Outlook includes a total funds per FTE student increase of 2.67 percent annually to reflect historical funding trends. State funding projections are based on maintaining the prior year RLE millage rate, thus allowing the RLE to increase by its full value, and maintaining the nonvoted discretionary millage of 0.748 mills; both are consistent with the policy adopted by the Legislature for Fiscal Year 2022-23. The tax rolls for Fiscal Years 2023-24 through 2025-26, as projected by the Revenue Estimating Conference in August 2022, provide increased taxable value, which offsets the need for state funding throughout the three-year forecast period.[2] The following table shows the calculations used to develop the FEFP state funding projections.

Florida Education Finance Program	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26
FTE Student Enrollment Growth	45,271.66	36,574.58	27,995.23
Total Funds per FTE Student Increased by Three-Year Average[3]	$8,436.13	$8,661.37	$8,892.63
Enrollment Growth Funding	$372.0 million	$300.5 million	$230.0 million
Total Funds per FTE Student Increase Funding	$664.5 million	$698.5 million	$727.8 million
State Funding Offset for Total Local Funds Increase	($854.0) million	($775.9) million	($703.8) million
State Funds Included in Driver #2	**$182.5 million**	**$223.1 million**	**$254.0 million**

Note: totals may not add due to rounding.

<u>Medicaid Program</u>

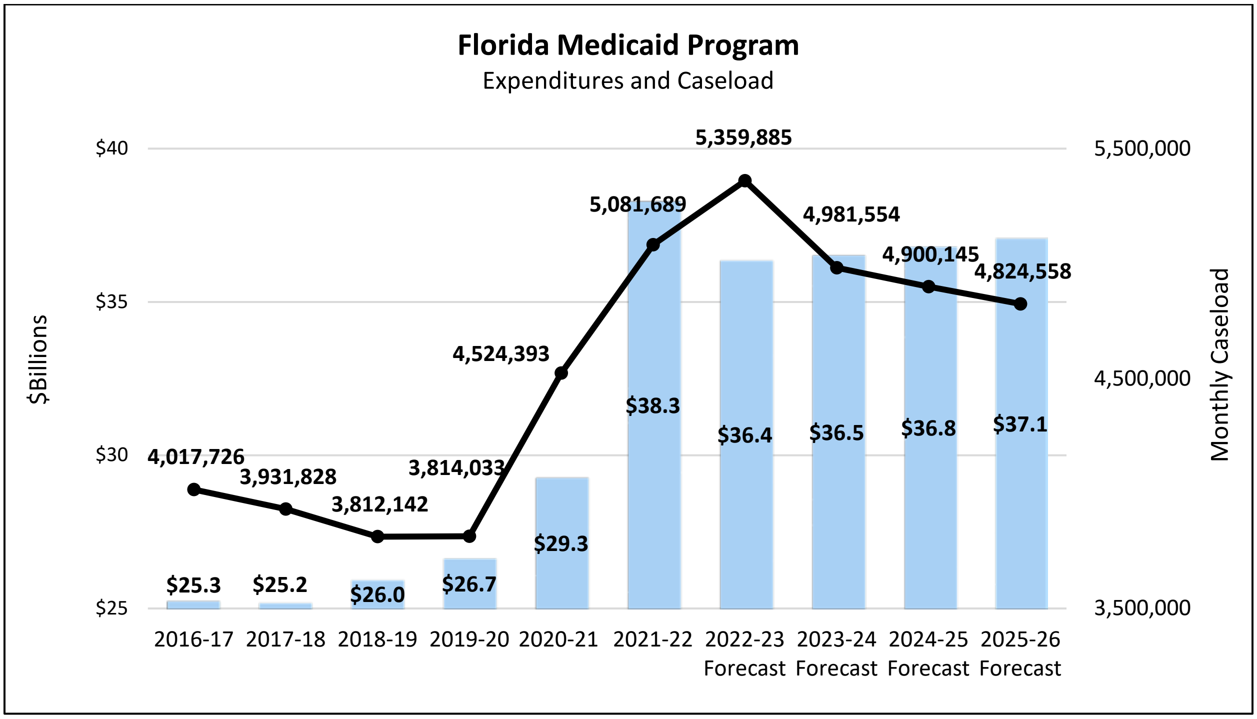
The Medicaid program (Title XIX of the Social Security Act) provides health care coverage to certain persons who qualify as low-income children, elderly, disabled, or families with dependent children. Medicaid is a federal and state matching program. It is the largest single program in the state budget, representing 34.2 percent of the total state budget, and is also the largest source of federal funding for the state.

[1] The forecast for full-time student membership is available at http://edr.state.fl.us/Content/conferences/publicschools/index.cfm.

[2] The forecast for Ad Valorem assessments is available at http://edr.state.fl.us/Content/conferences/advalorem/index.cfm.

[3] The total funds per FTE student are calculated based on the Fiscal Year 2022-23 FEFP 2nd calculation, which is $8,216.74 per FTE.

Within the Outlook, Critical Needs funding is provided in Driver #6 to fund caseloads and expenditures as projected by the Social Services Estimating Conferences held in July and August 2022.[4] As a result of the caseload increases that have already materialized, as well as the uncertainty arising from the future course of the current federal COVID-19 Public Health Emergency (PHE), Medicaid enrollment is expected to increase by 278,196 to nearly 5.4 million beneficiaries in Fiscal Year 2022-23, an increase of 5.5 percent over Fiscal Year 2021-22. This caseload estimate is well above the pre-pandemic peak of 4.0 million beneficiaries in Fiscal Year 2016-17. Beginning in Fiscal Year 2023-24, caseloads are expected to decline each year, decreasing by 535,327 beneficiaries (10 percent) over the three-year period. Despite the expected decline, caseloads are projected to remain significantly higher than the pre-pandemic peak throughout the three-year forecast period.



In Fiscal Year 2022-23, Medicaid service expenditures are expected to reach $36.4 billion. Total Medicaid expenditures for Fiscal Year 2023-24 are expected to be $36.5 billion, a decrease of $1.05 billion below the recurring base budget. The Outlook includes an increase in recurring General Revenue funds of $153.4 million to meet the state's share of the total need in Fiscal Year 2023-24. The federal PHE provides an additional 6.2 percentage point increase to the Federal Medical Assistance Percentage (FMAP) that continues while the PHE is in place. Currently, the enhanced FMAP is scheduled to end on October 13, 2022. A key component of the General Revenue increase is the need for additional state funds to make up for the loss of the enhanced FMAP. The Outlook also includes an increase of recurring General Revenue of $40.8 million in Fiscal Year 2024-25 and an increase of $60.1 million in Fiscal Year 2025-26 to fund the state's share. When the Medicaid state matching funds that are budgeted in other Health and Human Services departments are included, the recurring General Revenue needs are nearly $173.1 million in Fiscal Year 2023-24, $27.3 million in Fiscal Year 2024-25, and $57.6 million in Fiscal Year 2025-26.

[4] The forecast for Medicaid is available at http://edr.state.fl.us/Content/conferences/medicaid/index.cfm.

State Match for Federal Emergency Management Agency (FEMA) Funding

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. 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. This driver includes funding for the state match for hurricanes and other natural disasters or emergencies, including COVID-19 response efforts.

Within the Outlook, Critical Needs funding is provided in Driver #12 to meet the outstanding state obligation for all open federally declared disasters. Based on the most recent quarterly estimate from the Division of Emergency Management, the Outlook includes nonrecurring General Revenue funds of $243.9 million in Fiscal Year 2023-24, $160 million in Fiscal Year 2024-25, and $84.1 million in Fiscal Year 2025-26. The Outlook does not contemplate any change in cost-share adjustments or include 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.

Increases in Employer-Paid Benefits for State Employees

Health Insurance – The State Group Health Insurance Program is a $3.2 billion program that provides health insurance for approximately 350,000 state and university employees, retirees, and their families. The total expenses associated with the program are expected to increase by $274.8 million in Fiscal Year 2023-24, $320.3 million in Fiscal Year 2024-25, and $276.1 million in Fiscal Year 2025-26, as projected by the August 2022 Self-Insurance Estimating Conference. The State Employees' Health Insurance Trust Fund is projected to have a surplus of $427.7 million at the end of Fiscal Year 2022-23. However, due to the rising projected expenditures and relatively stable estimated revenues, the trust fund has estimated deficits of $169.0 million in Fiscal Year 2023-24; $866.4 million in Fiscal Year 2024-25; and $1,154.4 million in Fiscal Year 2025-26.[5]

In recent years the Legislature has implemented different funding policies in the General Appropriations Act to address the need for additional revenue in the State Employees' Health Insurance Trust Fund. In Fiscal Year 2020-21, employer-paid premiums were increased by 6.5 percent. In Fiscal Year 2021-22, no changes to premiums or additional funding was provided. In Fiscal Year 2022-23, a one-time transfer of $200 million from the General Revenue Fund was authorized, while premiums remained unchanged.

For the Outlook, funds are included based on applying both of the recent funding policies to each year of the forecast period. The funding associated with the annualized cost of a 6.5 percent increase to employer-paid premiums, combined with a $200 million transfer from the General Revenue Fund results in the following amounts included in this driver: $288.9 million for Fiscal Year 2023-24; $358.9 million for Fiscal Year 2024-25; and $369.3 million for Fiscal Year 2025-26. The funding included in this driver is adequate to avoid an estimated deficit in the State Employee's Health Insurance Trust Fund for Fiscal Year 2023-24. For years two and three of the forecast period, however, the trust fund would likely retain significant projected deficits if estimated expenditure growth is realized.

[5] The forecast for the State Employees' Health Insurance Trust Fund is available at http://edr.state.fl.us/Content/conferences/healthinsurance/index.cfm.

In the 2022 Session, the Legislature approved two actions that could significantly impact out-year projections. First, the Legislature directed the Department of Management Services (DMS) to contract for a comprehensive cost containment analysis of the State Group Health Insurance Program to be completed in January 2023.[6] Second, the Legislature required the Department to release competitive procurements for preferred provider organization plans, health maintenance organization services, and pharmacy benefits manager services to become effective January 1, 2024.[7]

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 2022 FRS Actuarial Assumption Conference and the Fiscal Year 2021-22 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. Within the Outlook, Critical Needs funding of approximately $24.6 million from both the General Revenue Fund and trust funds is provided each year of the three-year forecast period.

[6] Specific Appropriation 2849, Fiscal Year 2022-23 General Appropriations Act (Ch. 2022-156, L.O.F.)
[7] Sec. 83, Ch. 2022-157, L.O.F.

Critical Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
PRE K - 12 EDUCATION							
#1 Maintain Current Budget - Florida Education Finance Program	(502.2)	502.2	(10.9)	10.9	(15.3)	15.3	Driver #1 maximizes the use of state trust funds prior to using General Revenue to fund the Florida Education Finance Program. Adjustments are made to the General Revenue Fund, the Educational Enhancement Trust Fund, and the State School Trust Fund based on projected balances forward and revenue changes in the trust funds over the three-year forecast period, as adopted by the August 2022 Revenue Estimating Conference. [8]
#2 Workload and Enrollment - Florida Education Finance Program	182.5	0.0	223.1	0.0	254.0	0.0	Driver #2 funds enrollment growth of 109,841.47 full-time-equivalent students over the three-year forecast period, as projected by the July 2022 Education Estimating Conference, [9] and increases the total funds per student based on a three-year average increase of 2.67 percent. State funding projections are based on maintaining the prior year millage rate for the Required Local Effort and maintaining the nonvoted discretionary millage of 0.748 mills; both are consistent with the policy adopted by the Legislature for Fiscal Year 2022-23. The program is expected to serve nearly 3 million students in Fiscal Year 2022-23.

Table continues on the following page.

[8] The Financial Outlook Statements are available for the Educational Enhancement Trust Fund at http://edr.state.fl.us/Content/revenues/outlook-statements/educational-enhancement-tf/index.cfm and the State School Trust Fund at http://edr.state.fl.us/Content/revenues/outlook-statements/state-school-tf/index.cfm.
[9] The forecast for full-time student membership is available at http://edr.state.fl.us/Content/conferences/publicschools/index.cfm

Critical Needs Driver Number and Title		FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#3	Workload and Enrollment - Voluntary Prekindergarten Education Program	(2.1)	0.0	(6.3)	0.0	(5.0)	0.0	Driver #3 adjusts funding to reflect the forecast adopted by the August 2022 Early Learning Programs Estimating Conference. [10] Enrollment is projected to decrease by 3,754 FTE over the three-year period. Funding per student is maintained at the Fiscal Year 2022-23 base student allocation amount of $2,803 for the school year program and $2,393 for the summer program. The program is expected to serve 155,093 students in Fiscal Year 2022-23.
HIGHER EDUCATION								
#4	Workload and Enrollment - Bright Futures and Children and Spouses of Deceased/ Disabled Veterans	0.9	(6.4)	1.3	9.8	1.2	10.7	Driver #4 funds changes in the number of eligible recipients, as projected by the August 2022 Education Estimating Conference. [11] Over the three-year period, there are projected to be 5,644 additional eligible students for a Bright Futures award and 779 additional eligible students for a Children and Spouses of Deceased/ Disabled Veterans (CSDDV) award. In Fiscal Year 2022-23, there are projected to be 124,912 Bright Futures awards and 3,079 CSDDV awards.
#5	Educational Enhancement Trust Fund Adjustment	(70.7)	70.7	11.2	(11.2)	(9.0)	9.0	Driver #5 maximizes the use of state trust funds prior to using General Revenue to fund higher education programs. Adjustments are made to the General Revenue Fund and the Educational Enhancement Trust Fund based on projected balances forward and revenue changes in the trust funds over the three-year forecast period, as adopted by the August 2022 Revenue Estimating Conference. [12]

[10] The forecast for the Voluntary Prekindergarten Education Program is available at http://edr.state.fl.us/Content/conferences/vpk/index.cfm.
[11] The forecast for Postsecondary Student Financial Aid Programs is available at http://edr.state.fl.us/Content/conferences/financialaid/index.cfm.
[12] The Financial Outlook Statements are available online for the Educational Enhancement Trust Fund (http://edr.state.fl.us/Content/revenues/outlook-statements/educational-enhancement-tf/index.cfm) and the State School Trust Fund (http://edr.state.fl.us/Content/revenues/outlook-statements/state-school-tf/index.cfm).

Critical Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
HUMAN SERVICES							
#6 Medicaid Program	173.1	(1,227.7)	27.3	260.4	57.6	208.9	Driver #6 funds the caseload and expenditures estimates adopted by the July and August 2022 Social Services Estimating Conferences. [13] Caseloads are expected to be 4.98 million in Fiscal Year 2023-24; 4.90 million in Fiscal Year 2024-25; and 4.82 million in Fiscal Year 2025-26. The program is expected to serve 5.36 million eligible Floridians in Fiscal Year 2022-23. The estimated costs for caseload, service utilization, Federal Medical Assistance Percentage, and medical inflation are projected based on historical trends and other forecasting methodologies.
#7 Kidcare Program	43.6	122.7	20.9	71.2	15.8	45.3	Driver #7 funds the caseload and expenditures estimates adopted by the July and August 2022 Social Services Estimating Conferences. [14] June 30 caseloads are projected to be 254,542 in 2024; 265,989 in 2025; and 274,380 in 2026. The program is expected to serve 191,251 eligible children in 2023. The estimated costs for caseload, service utilization, Federal Medical Assistance Percentage, and medical inflation are projected based on historical trends and other forecasting methodologies.
#8 Temporary Assistance for Needy Families Cash Assistance	(31.1)	0.0	(4.8)	0.0	(0.0)	0.0	Driver #8 funds the caseload and expenditure estimates adopted by the July 2022 Social Services Estimating Conference. [15] Caseloads are projected to decrease by 1,858 over the three-year period. The program is expected to serve 27,358 eligible cases during Fiscal Year 2022-2023.

[13] The forecast for Medicaid is available at http://edr.state.fl.us/Content/conferences/medicaid/index.cfm.
[14] The forecast for Kidcare is available at http://edr.state.fl.us/Content/conferences/kidcare/index.cfm.
[15] The forecast for Temporary Assistance for Needy Families Cash Assistance is available at http://edr.state.fl.us/Content/conferences/tanf/index.cfm.

Critical Needs Driver Number and Title	FY 2023-24 Total GR	FY 2023-24 Total Major TF	FY 2024-25 Total GR	FY 2024-25 Total Major TF	FY 2025-26 Total GR	FY 2025-26 Total Major TF	Driver Description and Assumptions
#9 Tobacco Awareness Education Program	0.0	6.1	0.0	2.8	0.0	1.6	Driver #9 provides the constitutionally-required levels of funding for the tobacco education and prevention program. The amounts are based on the tobacco expenditures projected by the July 2022 Revenue Estimating Conference, adjusted by applying the Consumer Price Index adopted by the July 2022 National Economic Estimating Conference. [16]
GENERAL GOVERNMENT							
#10 Non-Florida Retirement System (FRS) Pensions and Benefits	0.1	0.0	0.2	0.0	0.3	0.0	Driver #10 provides funds for the non-FRS pension and benefit programs based on estimates provided by the Division of Retirement. Funding is provided for the Florida National Guard and is based upon changes to the federal military pay scales, cost-of-living adjustments to federal retirement benefits, and growth in the number of participants.
#11 Fiscally Constrained Counties - Property Tax	58.3	0.0	55.7	0.0	54.4	0.0	Driver #11 funds the estimates adopted by the August 2022 Revenue Estimating Conference to offset reductions in ad valorem tax revenue in fiscally constrained counties that resulted from constitutional amendments approved in 2008. [17]

Table continues on the following page.

[16] The forecast of the National Economic Estimating Conference is available at http://edr.state.fl.us/Content/conferences/useconomic/index.cfm.

[17] The forecast for Fiscally Constrained Counties is available at http://edr.state.fl.us/Content/conferences/advalorem/FiscallyConstrainedCountiesTable.pdf. *See also* sections 218.12 and 218.125, Florida Statutes.

Critical Needs Driver Number and Title		FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
ADMINISTERED FUNDS AND STATEWIDE ISSUES								
#12	State Match for Federal Emergency Management Agency Funding - State Disaster Funding (Declared Disasters)	243.9	0.0	160.0	0.0	84.1	0.0	Driver #12 funds the state matching requirement for all open federally declared disasters and is based on the most recent quarterly estimate from the Division of Emergency Management. The state match covers previous hurricanes and other natural disasters or other emergencies, including COVID-19 response efforts. These amounts do not contemplate any change in cost share adjustments or include cost estimates for emergencies yet to occur or for which damage assessments are ongoing.
#13	Risk Management Insurance	36.1	0.0	0.0	0.0	0.0	0.0	Driver #13 funds the state's self-insurance program, which provides insurance coverage to state agencies and state universities for workers' compensation, property loss, auto liability, federal civil rights, and general liability. The August 2022 Self-Insurance Estimating Conference[18] projects that the Risk Management Trust Fund will have a shortfall in future years and will need General Revenue to cover anticipated expenditures. Additionally, the Department of Corrections needs an additional $6,058,171 of recurring general revenue funding in order to satisfy its premium payments to the trust fund.
#14	Division of Administrative Hearings Assessments	0.3	0.0	0.3	0.0	0.3	0.0	Driver #14 provides funding to support the Division's operations based on the three-year average of actual appropriations. Agencies pay assessments with trust funds, General Revenue, or a blend of both funding sources.

[18] The forecast for the Risk Management Trust Fund is available at http://edr.state.fl.us/Content/conferences/riskmanagement/index.cfm.

Critical Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#15 Increases in Employer-Paid Benefits for State Employees	279.5	58.6	322.8	85.3	329.2	89.3	Driver #15 funds increases for the state employee health insurance program and the Florida Retirement System (FRS). For the state employee health insurance program,[19] funds are included based on applying the two recent funding policies for this program for each year of the Outlook. This includes a 6.5 percent increase to employer-paid premiums and a $200 million transfer from the General Revenue Fund. Funds are also included to fund the normal cost and amortization of unfunded actuarial liabilities of the FRS based on a three-year average increase of appropriations. The historical average is used because the results of the 2022 FRS Actuarial Assumption Conference and the Fiscal Year 2021-22 Annual Actuarial Valuation were not available at the time of this Outlook. [20]
Total Critical Needs	**412.0**	**(473.7)**	**800.9**	**429.2**	**767.5**	**380.2**	

[19] The forecast for the State Employees Health Insurance Trust Fund is available at http://edr.state.fl.us/Content/conferences/healthinsurance/index.cfm.

[20] The results of the most recent Actuarial Assumption Conference are available at http://edr.state.fl.us/Content/conferences/actuarial/index.cfm. This Conference is held annually in the fall.

Other High Priority Needs

While the Critical Needs expenditure projections are largely associated with the results of estimating conferences, the projections for Other High Priority Needs generally reflect the Legislature's most recent budget decisions and funding priorities. In this year's Outlook, the largest General Revenue Other High Priority Needs drivers are in the Natural Resources, Higher Education, and Human Services policy areas as shown in the following table.

General Revenue Fund Significant Other High Priority Needs – By Policy Area ($Millions)	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Three-Year Total
Natural Resources – Driver #s 38,39	326.2	633.1	636.6	1,595.9
Higher Education – Driver #s 17-21	455.0	455.8	456.3	1,367.1
Human Services – Driver #s 22-28	341.1	341.1	341.1	1,023.2
Grand Total	**1,122.2**	**1,430.0**	**1,433.9**	**3,986.1**

Note: totals may not add due to rounding.

<u>Natural Resources – Other High Priority Needs</u>

The policy area with the greatest Other High Priority Needs, totaling nearly $1.6 billion over the Outlook period, is related to Florida's natural resources and includes two budget drivers: Water and Land Conservation (Driver #38) and Other Agricultural and Environmental Programs (Driver #39). The funding projections for these two drivers are primarily based on the projected balances and expected revenues in the Land Acquisition Trust Fund (LATF), as well as three-year averages of appropriations. Based on the August 2022 Revenue Estimating Conference results, the revenue to be distributed to the LATF over the three years of the Outlook is estimated to be $1,329.2 million for Fiscal Year 2023-24; $1,341.2 million for Fiscal Year 2024-25; and $1,143.7 million for Fiscal Year 2025-26.[21] The Outlook assumes a reserve within the LATF similar to reserves established for the other trust funds included in the Outlook.

For the Water and Land Conservation budget driver, the Outlook includes nonrecurring General Revenue funds of $40.2 million in Fiscal Year 2023-24 and $306.6 million in Fiscal Years 2024-25 and 2025-26. The General Revenue need is lower in the first year of the Outlook because of prior year carry forward balances and increased revenue projections in the LATF. The components included in the calculation of this driver are the Florida Forever Program for land acquisition; Everglades Restoration; Land Management; Lake Apopka Restoration; various Water Quality Improvement Programs; Total Maximum Daily Loads; Nonpoint Source Pollution Prevention; Innovative Technologies to combat or cleanup harmful algal blooms and provide grants for red tide response; Water Quality Enhancements and Accountability, including water quality monitoring, development and maintenance of the water quality information portal, and support for the Blue-Green Algae Task Force; Alternative Water Supply; and Beach Restoration.

For the Other Agriculture and Environmental Programs budget driver, the Outlook includes recurring General Revenue funds of $9.8 million in each year of the forecast period, as well as nonrecurring General

[21] The forecast for Documentary Stamp Tax collections and distributions is available at http://edr.state.fl.us/Content/conferences/docstamp/index.cfm.

Revenue funds of $276.1 million in Fiscal Year 2023-24, $316.7 million in Fiscal Year 2024-25, and $320.1 million in Fiscal Year 2025-26. The initiatives included in the calculation of this driver are the following: Water Projects; Drinking Water and Wastewater Revolving Loan Programs; Florida Keys Area of Critical State Concern; Florida Resilient Coastlines Program; Agricultural Programs, including Florida Forest Service equipment, the Florida Agricultural Promotion Campaign, Farm Share and Food Banks, aircraft acquisition and maintenance, Agriculture Education and Promotion Facilities, the Florida State Fair, Citrus Research, Citrus Recovery, and the transfer of General Revenue funding to the Agricultural Emergency Eradication Trust Fund; and Fish and Wildlife Conservation Programs, including vehicles and vessels replacement, aircraft acquisition and maintenance, artificial reef construction, red tide research, derelict vessels removal, and nonnative species management.

Higher Education – Other High Priority Needs

The next largest policy area in terms of Other High Priority Needs is Higher Education, totaling close to $1.4 billion over the Outlook period. The Outlook includes the annual restoration of $265 million of nonrecurring General Revenue funds that were provided in Fiscal Year 2022-23 as performance-based funding for the State University System (Driver #17). Although these funds historically have been provided from recurring General Revenue, the Legislature appropriated the funds as nonrecurring in Fiscal Year 2021-22 and Fiscal Year 2022-23. The Outlook does not assume the funds will be provided specifically for performance-based funding—the policy regarding the uses of any appropriated funds would be determined by the Legislature.

The Outlook also includes workload funding for Florida's public higher education delivery systems based on the three-year average increase of appropriations for each system, excluding funded appropriations projects. Specifically, for each forecasted year, the Outlook includes $6.7 million for school district workforce education programs (Driver #18), $58.2 million for Florida College System institutions (Driver #19), and $124.9 million for State University System Education and General Activities (E&G) and the Institute for Food and Agricultural Sciences (Driver #20). Additionally, this policy area includes funding for additional students estimated to be eligible for the Effective Access to Student Education (EASE) grant program and Benacquisto Scholarship program (Driver #21).[22]

Human Services – Other High Priority Needs

Lastly, approximately $1.0 billion over the forecast period is included for Other High Priority Needs associated with health and human services provided to Florida's families. The most significant budget driver in this policy area is Children and Family Services (Driver #23), totaling nearly $600 million over the Outlook period. This driver includes funding for Community-Based Care lead agencies core services operations to keep families together and safe; child welfare initiatives aimed at reducing the number of children in out of home care; adoption maintenance subsidies to families that adopt a child from the child welfare system; and resources for foster families to support the care of foster children. Funding is also included for mental health and substance abuse services provided through community providers with a focus on response to the Opioid crisis; various mental health teams that serve adults and children in crisis; mobile response teams for schools; and crisis stabilization and detoxification facilities.

The Outlook also includes general revenue and federal matching funding to assist individuals on the waiting list for home and community based services for persons with intellectual and developmental

[22] The forecasts for each financial assistance program are available at http://edr.state.fl.us/Content/conferences/financialaid/index.cfm

disabilities (Driver #25). These funds are provided to ensure those most vulnerable can live productive and fulfilling lives in their community. Additionally, this policy area includes funding, based on three-year averages for Medicaid provider rate increases, public health programs, Veterans' services, services for the elderly, and information technology (Driver #s 22, 24, 26-28).

Other High Priority Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
PRE K - 12 EDUCATION							
#16 Workload and Enrollment - Other Pre K-12 Programs	23.9	0.0	24.4	0.0	25.0	0.0	Driver #16 provides funding for the Florida School for the Deaf and the Blind based on the three-year average increase of appropriations, and for the VPK program based on the amount of additional funds over workload needed to achieve a 4.93 percent three-year average increase in the VPK base student allocation.
HIGHER EDUCATION							
#17 Maintain Current Budget - Higher Education	265.0	0.0	265.0	0.0	265.0	0.0	Driver #17 provides nonrecurring funds each year to continue nonrecurring funds provided in Fiscal Year 2022-23 for State University System Performance funding.
#18 Workload - District Workforce	6.7	0.0	6.7	0.0	6.7	0.0	Driver #18 funds increases for school district workforce education programs based on the three-year average increase of appropriations, excluding funded appropriations projects.
#19 Workload - Florida Colleges	58.2	0.0	58.2	0.0	58.2	0.0	Driver #19 funds increases for the Florida College System institutions based on the three-year average increase of appropriations, excluding funded appropriations projects.
#20 Workload - State Universities	124.9	0.0	124.9	0.0	124.9	0.0	Driver #20 funds increases to State University Education and General Activities (E&G) and the Institute for Food and Agricultural Sciences (IFAS) based on the three-year average increase of appropriations, excluding funded appropriations projects.

Table continues on the following page.

Other High Priority Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#21 Workload and Adjustments - Other Higher Education Programs	0.2	0.0	1.1	0.0	1.6	0.0	Driver #21 provides funding for additional students eligible for the Effective Access to Student Education (EASE) grant program and the Benacquisto Scholarship program. Over the three-year period, there are projected to be 937 additional eligible students for an EASE award and 124 additional eligible students for a Benacquisto award. The amounts are based on the results of the August 2022 Education Estimating Conference. [23]
HUMAN SERVICES							
#22 Medicaid Services	58.9	92.0	58.9	92.0	58.9	92.0	Driver #22 provides additional funding for Medicaid Waiver slots for the elderly and for Medicaid provider rate increases based on the three-year average of appropriations.
#23 Children and Family Services	199.1	220.5	199.1	220.5	199.1	220.5	Driver #23 uses three-year averages of appropriations to determine funding needs for the anticipated growth of the following issues: maintenance adoption subsidies; Community-Based Care 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; mental health services administered through community-based providers; and funding needs resulting from recent federal changes.

Table continues on the following page.

[23] The forecasts for each financial assistance program are available at http://edr.state.fl.us/Content/conferences/financialaid/index.cfm.

Other High Priority Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#24 Health Services	10.5	24.5	10.5	24.5	10.5	24.5	Driver #24 provides 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, epidemiology, and Minority Health Initiatives based on three-year averages of appropriations.
#25 Developmental Disabilities	42.8	69.2	42.8	69.2	42.8	69.2	Driver #25 uses three-year averages of appropriations to determine funding needs for reducing the waitlist for Developmental Disabilities Waiver services, additional client needs, additional administrative resources to manage growth in Waiver services, replacement of motor vehicles, agency-nursing contracts, and rate increases for Medicaid Waiver providers.
#26 Veterans' Services	4.5	2.2	4.5	2.2	4.5	2.2	Driver #26 provides funding for Florida is for Veterans, Inc., for the Entrepreneurship Program and the Veterans Workforce Training Grant Program, veterans’ home resident equipment, and routine maintenance and repair at the State Veterans’ Nursing Homes. The amounts are based on three-year averages of appropriations.
#27 Elderly Services	17.4	0.3	17.4	0.3	17.4	0.3	Driver #27 provides funding for reducing the waitlists for the Community Care for the Elderly program, the Home Care for the Elderly program, and to provide respite services for the Alzheimer’s clients based on the three-year averages of appropriations. Funding also includes the Public Guardianship program and the Aging Resource Centers based on three-year averages of appropriations.

Table continues on the following page.

Other High Priority Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#28 Human Services Information Technology/Infrastructure	7.8	84.7	7.8	84.7	7.8	84.7	Driver #28 provides funding for the completion of the Agency for Persons with Disabilities' Client Data Management System; the various Department of Veterans' Affairs Information Technology enhancements, the Florida Medicaid Management Information System (FMMIS) transition, facility regulation issues in the Agency for Health Care Administration; initiatives to modernize, the Department of Children and Families' Florida System (ACCESS) and Florida Safe Families Network (FSFN), and improvements to the Children's Legal Services case management system, and continuation of the Enterprise Client Information, the Department of Health Centralized Online Reporting, Tracking, and Notification Enterprise (CORTNE) Accounting and Budgeting System, and Tracking System (eCIRTS) Project in the Department of Elder Affairs.
CRIMINAL JUSTICE AND JUDICIAL BRANCH							
#29 Justice Administration Entities	1.0	0.2	1.0	0.2	1.0	0.2	Driver #29 funds increases for workload for the Justice Administration entities, including the Criminal Conflict and Civil Regional Counsels and Capital Collateral Regional Counsels. The amounts are based on three-year averages of appropriations, including supplemental appropriations.
#30 Department of Corrections Operations	1.6	0.0	1.6	0.0	1.6	0.0	Driver #30 provides funding related to education and training programs. The amounts are based on the three-year average increase of appropriations.
#31 Juvenile Justice Programs	2.6	0.0	2.6	0.0	2.6	0.0	Driver #31 funds community supervision and prevention programs based on the three-year average increase of appropriations.

Other High Priority Needs **Driver Number and Title**	**FY 2023-24**		**FY 2024-25**		**FY 2025-26**		**Driver Description and Assumptions**
	Total GR	**Total Major TF**	**Total GR**	**Total Major TF**	**Total GR**	**Total Major TF**	
#32 Other Criminal and Civil Justice Programs and Operations	22.5	8.0	22.5	8.0	22.5	8.0	Driver #32 provides funding based on the three-year average increase of appropriations for safety equipment and security cameras at correctional and juvenile justice facilities; motor vehicle fleet replacements; and information technology projects.
#33 Judicial Branch	6.3	0.1	6.3	0.1	6.3	0.1	Driver #33 provides funding for problem-solving courts and the certification of additional judgeships based on the three-year average increase of appropriations.
TRANSPORTATION AND ECONOMIC DEVELOPMENT							
#34 Department of Transportation Adopted Work Program (Fiscal Year 2023 – 2026)	0.0	9,745.2	0.0	8,644.1	0.0	8,709.3	Driver #34 funds the list of transportation projects included in the Adopted Five Year Work Program, which uses estimates from the March 2022 Revenue Estimating Conference. [24] Changes in project commitments and revenue estimates after July 1, 2022, will be incorporated into the Tentative Work Program in March 2023.
#35 Economic Development and Workforce Programs	36.9	0.0	36.9	0.0	36.9	0.0	Driver #35 provides funding for various programs and activities including the Job Growth Grant Fund and contract payments for traditional economic development programs. The amounts are based on the three-year average of appropriations for each program.
#36 National Guard Armories and Military Affairs Priorities	5.4	0.0	5.4	0.0	5.4	0.0	Driver #36 provides funding for ongoing maintenance and repairs to Florida armories based on the three-year average of appropriations. In addition, this driver provides funding based on the three-year average of appropriations for the National Guard tuition assistance program and workers compensation claims for troops who become injured while on state active duty.

[24] The forecast for revenues flowing into the State Transportation Trust Fund is available at http://edr.state.fl.us/Content/conferences/transportation/index.cfm.

Other High Priority Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#37 Library, Cultural, Historical, and Election Priorities	59.7	0.0	61.4	0.0	59.7	0.0	Driver #37 uses three-year averages of appropriations to fund a variety of programs including state aid to libraries; public library construction grants; cultural grants programs; cultural facility grants; historical resources grants; and elections costs for statewide litigation and special elections. In addition, funding is provided in Fiscal Year 2024-25 for advertising constitutional amendments based on the average funding in the two most recent general election years.
NATURAL RESOURCES							
#38 Water and Land Conservation	40.2	896.4	306.6	630.0	306.6	630.0	Driver #38 provides funding for a variety of conservation programs including the Florida Forever Program, Everglades Restoration, Lake Apopka, Water Quality Improvements, Alternative Water Supply, Beach Restoration, and Land Management. Funding levels are based on revenues available in the Land Acquisition Trust Fund (LATF), as projected by the August 2022 Revenue Estimating Conference,[25] and three-year averages of appropriations.
#39 Other Agricultural and Environmental Programs	286.0	50.9	326.5	36.2	329.9	36.2	Driver #39 uses three-year averages of appropriations to fund a variety of programs including Water Projects; Drinking Water and Wastewater Revolving Loan Programs; Florida Keys Restoration Projects; Florida Resilient Coastlines Program; Florida State Fair; Citrus Recovery Program; Agricultural Programs; and Fish and Wildlife Conservation Programs.

[25] The forecast for Documentary Stamp Tax collections and distributions is available at http://edr.state.fl.us/Content/conferences/docstamp/index.cfm.

Other High Priority Needs Driver Number and Title	FY 2023-24		FY 2024-25		FY 2025-26		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
GENERAL GOVERNMENT							
#40 Other General Government Priorities	0.8	37.9	1.9	37.9	1.0	37.9	Driver #40 funds contract costs associated with tower leases for the Statewide Law Enforcement Radio System. Funding is also provided for contract costs for the Florida Accounting Information Resource replacement based on a three-year average of appropriations. In addition, funding is provided for aerial photography for small counties based on estimates from the Department of Revenue.
#41 State Building Pool - General Repairs and Maintenance	31.3	20.3	31.3	20.3	31.3	20.3	Driver #41 funds general repairs and maintenance for the Florida Facilities Pool (state-owned facilities located throughout Florida) based on the three-year average of appropriations.
ADMINISTERED FUNDS AND STATEWIDE ISSUES							
#42 State Employee Pay Issues	146.0	118.5	146.0	118.5	146.0	118.5	Driver #42 provides funding for state employees pay issues based upon the three-year average funding levels for competitive pay, merit pay, and retention pay adjustments.
#43 Maintenance, Repairs, and Capital Improvements - Statewide Buildings - Critical	75.4	21.9	75.4	21.9	75.4	21.9	Driver #43 provides funding based on three-year appropriations averages for critical maintenance and repair projects at state-owned facilities throughout the state, including health services facilities, justice and judicial branch facilities, agricultural and wildlife conservation infrastructure, transportation facilities, and highway safety facilities. Funds are also provided for life safety and ADA repairs of facilities in the Florida Facilities Pool based on three-year averages of appropriations.
Total Other High Priority Needs	**1,535.7**	**11,392.6**	**1,846.7**	**10,010.4**	**1,848.7**	**10,075.7**	

REVENUE ADJUSTMENTS

KEY POINTS

- The Outlook includes tax and fee adjustments to the General Revenue Fund totaling -$296.8 million in Fiscal Year 2023-24; -$320.8 million in Fiscal Year 2024-25; and -$344.8 million in Fiscal Year 2025-26.
- The increasingly negative impact is a result of the cumulative effect of continuing the adjustments that are recurring in nature.
- These negative adjustments are partially offset by trust fund transfers to the General Revenue Fund. The Outlook assumes annual transfers of $127.9 million.

The Outlook includes revenue adjustments to the General Revenue Fund that reflect recent legislative actions which alter the revenue-side of the state's fiscal picture. These adjustments are based on specific tax and fee changes and trust fund transfers that have occurred over the past three years, but the numbers used in the Outlook are simply representative of future levels and do not refer to specific initiatives or plans.

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 each year, the Revenue Estimating Conference produces a final impact for each revenue change. These impacts are compiled into the *Measures Affecting Revenues*.[26] The Outlook includes a three-year average of the state tax and fee changes that affect the General Revenue Fund.

Some of the impacts included in the measures are time-limited, nonrecurring changes that only affect a single year (e.g., Sales Tax holidays), while others are continuing, recurring changes that affect all future years. Because continuing changes to taxes often have delayed effective dates or other implementation issues, the effect of the changes in the first fiscal year of implementation can be less than a full year's effect. To distinguish between the two types of revenue adjustments, the tax and fee changes are grouped into two categories: continuing and time-limited. The continuing tax and fee changes are recurring adjustments to the funds that are otherwise available and build over time. The time-limited tax and fee changes are confined to each year and are held constant in the Outlook.

Typically, only a small percentage of the measures are positive. By far the greater share results in savings to the affected payers and a reduction in state revenues. The total for each fiscal year is a net number and—after averaging across the three years—is used in the Outlook to reflect the overall level of expected annual change. An exception was made last year to address a unique circumstance. Two of the more significant measures from the 2021 Legislative Session and Special Session A relate to changes that, given

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

their nature, cannot be replicated in the future: Chapter 2021-2, Laws of Florida, relating to the tax treatment of online sales, and Chapter 2021-268, Laws of Florida, regarding the implementation of the 2021 Gaming Compact between the Seminole Tribe of Florida and the State of Florida. They were and continue to be excluded from the Fiscal Year 2020-21 data.

In each of the years used to calculate the three-year average, the largest time-limited impacts were the various Sales Tax holidays for selected items. There was a greater than normal number of these holidays in 2022, including items such as impact resistant windows, doors and garage doors; back-to-school clothing, supplies and computers; baby and toddler clothing and shoes; Energy Star appliances; diapers; and disaster preparedness supplies. The largest continuing impacts were related to a positive measure from a legislative change to the Corporate Income tax research and experimentation amortization schedule in Fiscal Year 2022-23, a redistribution related to Motor Vehicle Titles in Fiscal Year 2022-23, the creation of the New Worlds Reading Credit in Fiscal Year 2021-22, and the increase to Moffitt Cancer Center distribution in Fiscal Year 2021-22. With the introduction each year of new tax and fee impacts that are recurring, the impacts stack as the years progress. The following table shows how the cumulative impact of the continuing items is calculated.

($Millions)	Fiscal Year 2023-24			Fiscal Year 2024-25			Fiscal Year 2025-26		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Year 1	(24.0)	7.2	(16.8)	(24.0)	0.0	(24.0)	(24.0)	0.0	(24.0)
Year 2	-	-	-	(24.0)	7.2	(16.8)	(24.0)	0.0	(24.0)
Year 3	-	-	-	-	-	-	(24.0)	7.2	(16.8)
TOTAL	**(24.0)**	**7.2**	**(16.8)**	**(48.0)**	**7.2**	**(40.8)**	**(72.0)**	**7.2**	**(64.8)**

Note: totals may not add due to rounding.

After adding the time-limited changes, the final revenue adjustments included in the Outlook are displayed in the following table. In magnitude, the continuing tax changes are slightly lower than the adjustments used in last year's Outlook, but the time-limited adjustments are over four times as large. Some of the new holidays span multiple fiscal years, and the calculation used for this Outlook sums the entire amount committed across years to produce a single representative cost for the measure.

($Millions)	Fiscal Year 2023-24			Fiscal Year 2024-25			Fiscal Year 2025-26		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Continuing Tax/ Fee Changes	(24.0)	7.2	(16.8)	(48.0)	7.2	(16.8)	(72.0)	7.2	(64.8)
Time-Limited Tax/ Fee Changes	-	(280.0)	(280.0)	-	(280.0)	(280.0)	-	(280.0)	(280.0)
TOTAL	**(24.0)**	**(272.8)**	**(296.8)**	**(48.0)**	**(272.8)**	**(320.8)**	**(72.0)**	**(272.8)**	**(344.8)**

Trust Fund Transfers to General Revenue

For various reasons, trust funds are created to set aside or earmark a portion of state revenue for particular uses. For Fiscal Year 2022-23, appropriations were made from 169 different trust funds, totaling $68.2 billion. Approximately $39.2 billion was appropriated from federal revenue sources and $29.0 billion from state revenue sources.

The annual General Appropriations Act typically includes transfers of unobligated fund balances from trust funds to the General Revenue Fund. Like last year, this year's Outlook relies on a three-year average of trust fund transfers to General Revenue to produce a representative level for the future. The average is calculated using pre-veto levels and is exclusive of transfers related to constitutional amendments, transfers associated with estimating conferences, and transfers related to permanent law changes significantly affecting one or more trust funds and producing related sweeps.

In addition, the three-year average makes adjustments for the redirections of General Revenue funds to state trust funds such as occurred with the Inmate Welfare Trust Fund in 2020 (Chapter 2020-98, Laws of Florida) and the Highway Safety and Motor Vehicles Operating Trust Fund in 2022 (Chapter 2022-155, Laws of Florida). Trust fund transfers in prior years that were subsequently prohibited were not included. An example includes the statutory change that prohibits certain transfers from the housing trust funds to the General Revenue Fund (Chapter 2021-039, Laws of Florida).

Calculation of Trust Fund Transfers to the General Revenue Fund ($Millions)	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Three-Year Average*
Total Transfers to General Revenue	182.0	559.3	40.0	260.4
Adjustment for Excluded Transfers	(2.5)	---	---	
Adjustment for Redirect to State Trust Funds	(2.5)	---	(30.0)	
Adjustment for Prohibited Transfers	---	(362.5)	---	
NET TRANSFER TO GENERAL REVENUE	**177.0**	**196.8**	**10.0**	**127.9**

**Excluded transfers and adjustments are not averaged; they are deducted in their entirety from the respective year.*

STATE RESERVES

KEY POINTS

- The state's reserves for Fiscal Year 2022-23 are estimated to be $17.4 billion, including $13.7 billion of unallocated General Revenue.
- An unallocated reserve equal to 3.9 percent of the estimated revenue is maintained in the General Revenue Fund for each year of the Outlook. This equals approximately $1.7 billion.

The Budget Stabilization Fund (BSF), the Emergency Preparedness and Response Fund, and unallocated General Revenue compose the state's reserves.[27] The constitutionally-required BSF is the state's structural reserve that must contain an amount equal to at least 5 percent but no more than 10 percent of General Revenue collections in the last completed fiscal year.[28] The Emergency Preparedness and Response Fund was created in the 2022 Session to be used as a primary source of funding for preparing or responding to a disaster declared by the Governor as a state of emergency.[29] Unallocated General Revenue is the working capital balance of the state and consists of moneys in the General Revenue Fund that are in excess of the amount needed to meet General Revenue Fund appropriations for the current fiscal year.[30] The funds also remain available for the Legislature to respond to revenue shortfalls, program deficits, or other expenditures of the state.

Total reserves for Fiscal Year 2022-23 are projected to be $17.4 billion. The anticipated reserves reflect the unallocated funds that are expected to remain on June 30, assuming revenues meet the estimates and all authorized expenditures are made before the end of the fiscal year. The following table shows a 10-year history of anticipated state reserves at the time each year's Outlook was developed.

Reserves ($Millions) Outlook Year	Baseline Fiscal Year	Unallocated General Revenue	Budget Stabilization Fund	Lawton Chiles Endowment Fund	Emergency Preparedness & Response Fund	Total Anticipated Reserves	General Revenue Estimate	% of GR Estimate
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	29,332.8	11.7%
2017	2017-18	1,458.5	1,416.5	713.4	-	3,588.4	30,926.0	11.6%
2018	2018-19	1,226.1	1,483.0	763.1	-	3,472.2	32,243.8	10.8%
2019	2019-20	1,452.9	1,574.2	773.6	-	3,800.7	32,943.3	11.5%
2020	2020-21	1,366.6	1,674.2	867.2	-	3,908.0	30,990.1	12.6%
2021	2021-22	7,324.0	2,723.5	-	-	10,047.5	36,901.0	27.2%
2022	**2022-23**	**13,719.4**	**3,140.2**	**-**	**499.0**	**17,358.6**	**41,998.2**	**41.3%**

[27] Chapter 2021-43, L.O.F., terminated the Lawton Chiles Endowment Fund, which previously functioned as part of the state's reserves. The legislation directed the State Board of Administration to liquidate the assets of the fund and transfer them to the BSF.

[28] Art. III, s. 19(g), Fla. Const. and s. 215.32, FS.

[29] Ch. 2022-2, L.O.F.

[30] Sec. 215.32(2)(a), F.S.

For Fiscal Year 2022-23, the unallocated General Revenue reserve is estimated to be $13.7 billion, as shown on the Financial Outlook Statement adopted by the Revenue Estimating Conference in August 2022.[31] This positive ending balance takes into account all available funds, including the Fiscal Year 2021-22 actual revenue collections and the revised forecast for Fiscal Year 2022-23, as well as anticipated expenditures.

Within the Long-Range Financial Outlook, a minimum General Revenue reserve of approximately $1.7 billion is maintained for each year of the forecast period, equivalent to 3.9 percent of the revenue estimate. The 2021 Outlook also assumed a 3.9 percent reserve level, while previous versions of the Outlook assumed a minimum General Revenue reserve of $1.0 billion for each forecasted year rather than a percentage calculation. The 2011 Outlook was the first one issued by the Legislative Budget Commission that included a $1.0 billion reserve. At the time, that level of reserve equated to 3.9 percent of the revenue estimate for Fiscal Year 2012-13. Calculating the minimum General Revenue reserve based on a percentage of the revenue estimate now allows for the assumed reserve amount to increase along with the revenue forecast.

The Outlook also accounts for reserves that have been created for each of the three major trust funds (i.e., Educational Enhancement, State School, and Tobacco Settlement). The amounts for these trust funds are calculated by applying the same 3.9 percent minimum reserve to each fund's revenue estimate as is done for the General Revenue Fund.

Finally, the Outlook typically provides for the constitutionally-required transfers to the Budget Stabilization Fund to achieve the required balance of 5 percent of General Revenue collections. Based on the August 2022 General Revenue estimates, no transfers are required during the three-year forecast period.

[31] The General Revenue Fund Financial Outlook Statement is available at http://edr.state.fl.us/Content/revenues/outlook-statements/general-revenue/index.cfm.

ECONOMIC AND DEMOGRAPHIC TRENDS

KEY POINTS

- Most economic variables performed slightly better than or as well as expected in Fiscal Year 2021-22; however, many of the forecasted growth rates for the short term have been lowered, especially in Fiscal Year 2022-23.
- A weaker national economic outlook with strong headwinds from inflation colors the new forecast, but the long-term growth path from the estimating conference held immediately prior to the pandemic is generally maintained and, in some cases, exceeded.
- Florida's unique demographics will present challenging issues for the state's policy makers over the next three decades. The effects of the aging Baby Boom population will be most immediate.

Key Economic Trends

The Florida Economic Estimating Conference met over the summer to adopt a new forecast for the state's economy. Most economic variables performed slightly better than or as well as expected in Fiscal Year 2021-22; however, many of the forecasted growth rates for the short term have been lowered, especially in Fiscal Year 2022-23. A weaker national economic outlook with strong headwinds from inflation colors the new forecast, but the long-term growth path from the estimating conference held immediately prior to the pandemic is generally maintained and, in some cases, exceeded.

Economic disruption is still evident, with many ongoing challenges. These include the end of significant federal monetary and fiscal stimulus provided during the early years of the pandemic; the rapid drawdown of personal savings over the past year; the elevated use of credit over the past few months; the continued normalization of spending on services and away from taxable goods; and, strong inflationary pressures on households. How these economic challenges ultimately transition to a normal state will be pivotal to the actual performance of Florida's economy over the next few years.

One measure for assessing the economic health of states is the year-to-year change in real Gross Domestic Product (GDP), which is all goods and services produced or exchanged within a state. Florida's quarterly GDP movements have generally tracked the nation as a whole since the beginning of the pandemic. Buffeted by a series of economic shocks, the state's GDP fell -0.5 percent in Fiscal Year 2019-20, grew 2.5 percent in Fiscal Year 2020-21, and expanded at more than double that rate (5.2 percent) in Fiscal Year 2021-22. The Conference anticipates that the state will expand only 1.0 percent this fiscal year as economic imbalances weigh down the economy, but beginning next year (Fiscal Year 2023-24), it will grow at a more characteristic 2.0 percent per year.

Normally, personal income growth is another important gauge of the state's economic health; however, its changes have been in stark contrast to GDP, driven largely by the ebb and flow of federal dollars into Florida households and businesses. After facing extreme highs and lows across the four quarters in Fiscal

Year 2020-21, the final annual growth rate was 7.9 percent, the highest rate since 2015. Fiscal Year 2021-22 brought moderately lower growth of 5.5 percent as the benefit from workers returning to their jobs or leveraging the tight labor market into better paying opportunities competed with the end of federal relief measures. The Conference expects growth of 6.4 percent in Fiscal Year 2022-23, largely on the continuing strength of salary growth. Thereafter, annual growth rates are expected to remain solidly at or above 4.0 percent.

The key measures of employment are job growth and the unemployment rate. Along with the nation and the world, the job market in Florida experienced an unprecedented contraction in the second quarter of 2020 when a large part of the Florida economy either shut down or sent workers home to slow the spread of the Coronavirus. Employment dropped by over 1.2 million jobs from February 2020 to April 2020, a loss of 14.1 percent from the pre-pandemic level. In Fiscal Year 2021-22, Florida's lost jobs were largely restored, with the total moving above the 2018-19 pre-pandemic level. The growth rate is expected to edge down to 3.3 percent in Fiscal Year 2022-23, before leveling off at an annual average of 1.0 percent throughout the remainder of the forecast.

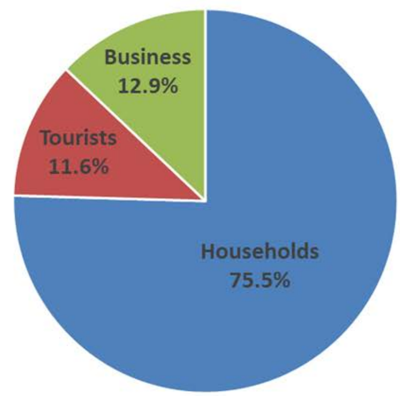
Florida's unemployment rate had been below 4.0 percent from February 2018 through February 2020. With the onset of the pandemic, the unemployment rate spiked to 13.9 percent in May 2020, surpassing the prior peak rate of 10.9 percent experienced in the first four months of 2010 during the Great Recession. Just over two years later, Florida's monthly unemployment rate is now approaching its lowest recorded rate in modern times: the first half of 2006 when it was 2.4 percent. The Conference expects the unemployment rate to average 3.8 percent in Fiscal Year 2022-23 and, due to the Federal Reserve's actions to cool off the economy through higher interest rates, start an upward drift until it reaches 4.2 percent in Fiscal Year 2024-25. After this, the rate is projected to plateau at or slightly above 4.0 percent. The Conference assumes the "full employment" unemployment rate is about this level.

Two areas of the state's economy indirectly benefited from the Federal Reserve's actions to protect the wider economy from the worst of the pandemic effects, but with a future payback: real estate and construction. Throughout the worst of the crisis, these economic sectors thrived as the federal funds rate neared zero and pushed interest rates to historic lows. By the second quarter of the 2021 calendar year, single-family starts were +62.5 percent higher than the same period in the prior year, while multi-family starts were +82.7 percent higher. Growing by 17.1 percent, total private housing starts reached a 16-year high of almost 239,000 units in Fiscal Year 2021-22, yet they were still far from the housing boom peak of over 272,000 units in Fiscal Year 2004-05. In December 2021, the 30-year mortgage fixed rate was 3.1 percent, and the Mortgage Bankers Association expects the 30-year fixed rate to reach 5.2 percent by the fourth quarter of the 2022 calendar year due to the Federal Reserve's most probable series of interest rate hikes. Moving in step, private housing starts are projected to slump by a cumulative 22.6 percent by the end of the fiscal year. Back-to-back annual declines are expected over most of the remaining nine years of the forecast as interest rates and residential construction activity return to the levels expected pre-pandemic. At the end of the 10-year forecast period, total private housing starts achieve only 55.7 percent of the peak in Fiscal Year 2004-05, aligning with similar projections in the pre-pandemic forecast. Reflecting the overall constraints in the construction industry, construction employment does not return to its peak level from Fiscal Year 2005-06 during the 10-year forecast window.

Finally, 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 long as 12 to 15 months after the outbreak ends for tourism to return to pre-disease levels. The magnitude of this event is greater, and the timing is less clear due to the continuously emerging new variants of COVID-19. The total number of tourists declined nearly -70.0 percent from the prior year in the second quarter of 2020. After that dramatic drop, tourism managed to recover gradually, buttressed by the increased number of domestic visitors travelling to Florida by air or car. It took two years to reach recovery from this pandemic in domestic visitors, while Canadian and international visitors are still at depressed levels. The Conference estimates that total visitors, growing by 39.4 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a different composition. The Conference expects 2.4 percent growth during Fiscal Year 2022-23, after which the annual growth rate moderates from approximately 4.0 percent to 3.1 percent by the end of the forecast period. While the new forecast levels never exceed the pre-pandemic forecast levels for those years, they come close in the latter part of the 10-year forecast horizon.

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 FY 2019-20, sales tax collections provided nearly $24.6 billion or 76.2% of Florida's total pandemic-reduced General Revenue collections for the year. Of this amount, an estimated 11.6% ($2.86 billion) was directly attributable to purchases made by tourists, primarily in the first two quarters of the year. By the last quarter of the year, much of the spending activity had shifted to households.

Contributions to General Revenue from Sales Tax (with CST) Collections in FY 2019-20, By Source

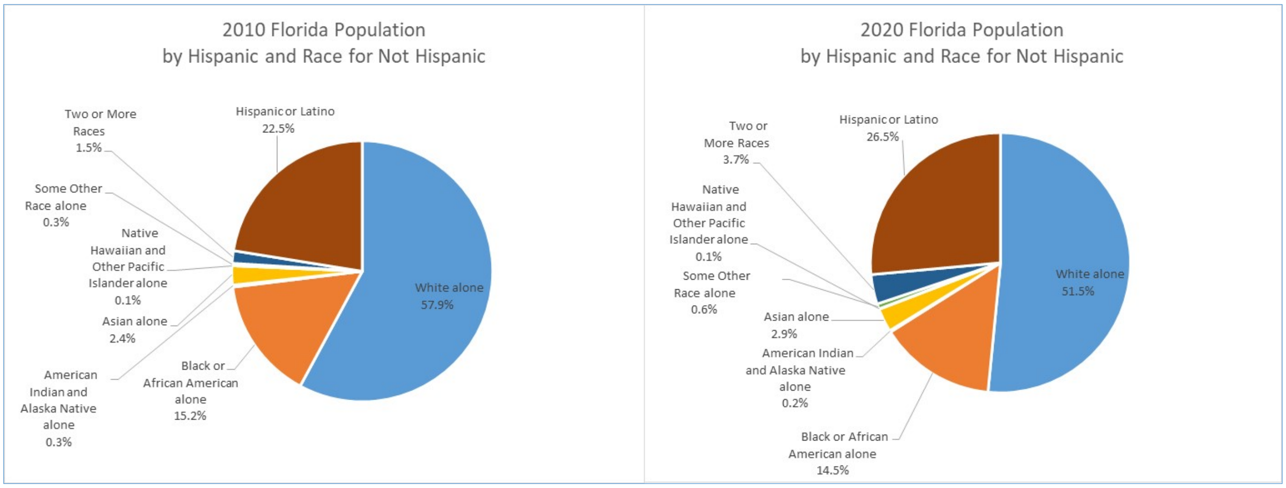


Key Demographic Trends

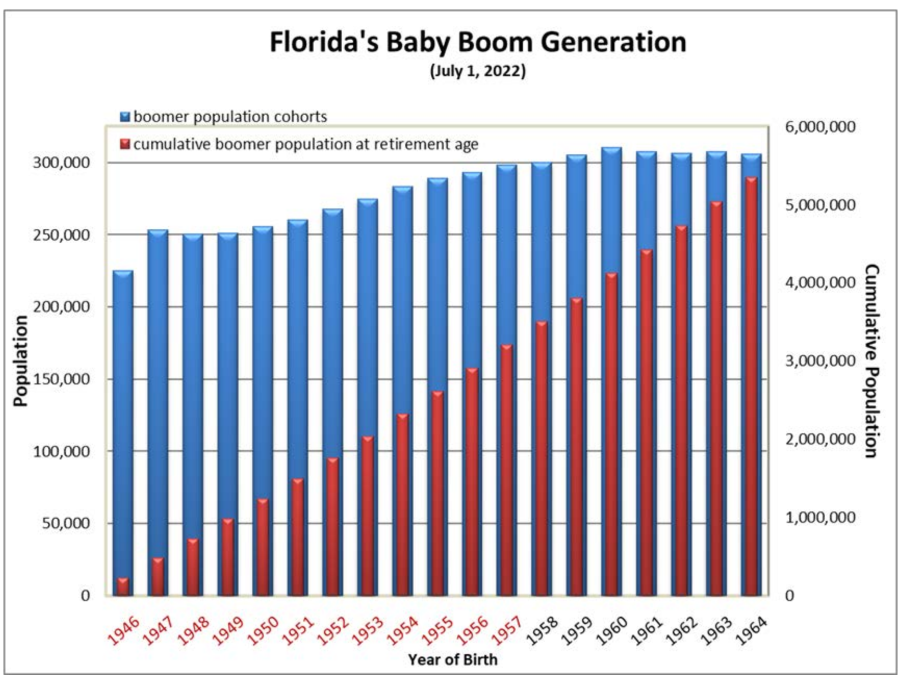
Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Between 2021 and 2030, state growth is forecast to average 1.24 percent per year, with all of the growth now expected to come from more people moving into the state than leaving. Nationally, average annual growth is expected to be less than half of that level—about 0.65 percent between 2021 and 2030.

Future growth is building on the foundation of the past decade. The 2020 decennial census determined that Florida's resident population grew from 18.8 million in 2010 to 21.5 million in 2020, an increase of just over 2.7 million persons or 14.6 percent. The state's annual growth was particularly strong over the second half of the decade, gradually increasing from 322,220 to 348,338 additional persons per year. In the first full year of the pandemic (between April 1, 2020 and 2021), Florida's strong migration trends continued, increasing population by 360,758 residents (1.67 percent) despite the losses from more deaths than births.

Although more detailed 2020 Census results are not yet available, it appears the state is seeing an increasingly diverse population in terms of race, ethnicity, and age. Although caution should be used when relying on decennial data to make comparisons over time since the methods have been revised, the following charts show the changes that have occurred since the 2010 Census in Florida's race and ethnicity distributions.



Age-related data from the 2020 Census has yet to be released from the Census Bureau; however, the Legislative Office of Economic and Demographic Research works continuously with the University of Florida's Bureau of Economic and Business Research to produce updated single age estimates. Almost 60 percent of the state's baby boomers (born in the period 1946 through 1964) have now reached retirement age. Adding the silent and greatest generations to the baby boomer cohort, about one-third (32.5 percent) of Florida's population is now 58 years or older. The sheer size of this aging population will have knock-on effects for Florida's future economy, as well as implications for the labor force, health care services, modes of service delivery, and overall tax collections. As this cohort continues to age, the effects will vary over time, with the positive benefits nearing their end over this decade and the challenges still ahead.



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. Although there is a widespread misconception that hurricanes are somehow beneficial to the state from an economic perspective, state government typically has expenditures greater than any incremental increase in the revenue estimate.[32] The Outlook does not account for future financial impacts related to any potential hurricanes in 2022 or thereafter.

In addition to the budgetary and revenue effects associated with hurricanes, there is an impact on state debt. Besides the direct 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.

For the 2022 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 $16.2 billion, consisting of $12.7 billion in projected cash by December 31, 2022, and $3.5 billion in pre-event bonds. The projected fund balance has been reduced to account for loss reserves for 2017 Hurricane Irma and 2018 Hurricane Michael, for which the FHCF is currently paying claims. Given recent financial market conditions, it is estimated the FHCF would be able to bond for approximately $8.0 billion during the next 12 months if a large event occurs during the contract year. This estimated claims paying capacity of $20.7 billion ($12.7 billion cash plus $8.0 billion bonding capacity) is $3.7 billion above the total potential statutory maximum claims paying obligation of $17.0 billion. The $17.0 billion translates to an approximate 1-in-30 year event (3.33 percent probability) or an event that causes $26.5 billion in FHCF covered industry residential losses for the 2022 storm season.

For the 2022 storm season, Citizens' probable maximum loss for a 100-year storm event is $11 billion. Citizens currently has claims paying ability of approximately $13.4 billion consisting of a cash surplus of $6.8 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.

Additionally, an *Agreement to Provide Cut Through Endorsements* was executed between Citizens and some private carriers authorized to conduct business in Florida effective August 3, 2022, and expiring June 1, 2023. As stipulated by the agreement, Citizens may provide additional claims paying resources for the benefit of policyholders insured by the authorized insurer in the event that the authorized insurer becomes insolvent, and the outstanding claim(s) exceeds the statutory per claim limit of the Florida

[32] Legislative Office of Economic and Demographic Research analysis of the 2004 and 2005 hurricanes.

Insurance Guaranty Fund (FIGA). This increases the potential overall liability of Citizens'. However, the amount is unknown considering claims payments would first come from the insurer, any insurer reinsurance, or FIGA before Citizens' would pay any claims.

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 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 are capped and represent the maximum federal matching payments a state is permitted to claim. In Fiscal Year 2022-23, \$355.3 million in DSH funding was appropriated by the Legislature, with \$245 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 aggregate reduction amounts were originally scheduled to begin in Federal Fiscal Year 2014 and run through Federal Fiscal Year 2020. After subsequent legislation delayed the start date, the Centers for Medicare and Medicaid Services (CMS) released a final rule in September 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 and limits the reduction to be applied to each state to 90 percent of its original unreduced allotment.

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. Under current law, the Medicaid DSH reductions are scheduled to occur from Federal Fiscal Year 2024 through Federal Fiscal Year 2027. The aggregate reductions to the Medicaid DSH allotments equal \$8.0 billion for each of those years.

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 Annual Comprehensive Financial Report (Note 16) contains a list of those legal matters which have significant associated loss contingencies.[33]

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

[33] Florida's Annual Comprehensive Financial Report is available at https://www.myfloridacfo.com/transparency/state-financial-reports.

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.

Potential Constitutional Amendments

The following proposed amendments to the Florida Constitution are on the ballot for the 2022 General Election and may alter key assumptions of this Outlook.[34] All three proposals were made by joint resolution of the Legislature and will require 60 percent approval from voters to pass.

1. Limitation on Assessment of Real Property Used for Residential Purposes: Proposing an amendment to the State Constitution, effective January 1, 2023, to authorize the Legislature, by general law, to prohibit the consideration of any change or improvement made to real property used for residential purposes to improve the property's resistance to flood damage in determining the assessed value of such property for ad valorem taxation purposes.

2. Abolishing the Constitution Revision Commission: Proposing an amendment to the State Constitution to abolish the Constitution Revision Commission, which meets at 20-year intervals and is scheduled to next convene in 2037, as a method of submitting proposed amendments or revisions to the State Constitution to electors of the state for approval. This amendment does not affect the ability to revise or amend the State Constitution through citizen initiative, constitutional convention, the Taxation and Budget Reform Commission, or legislative joint resolution.

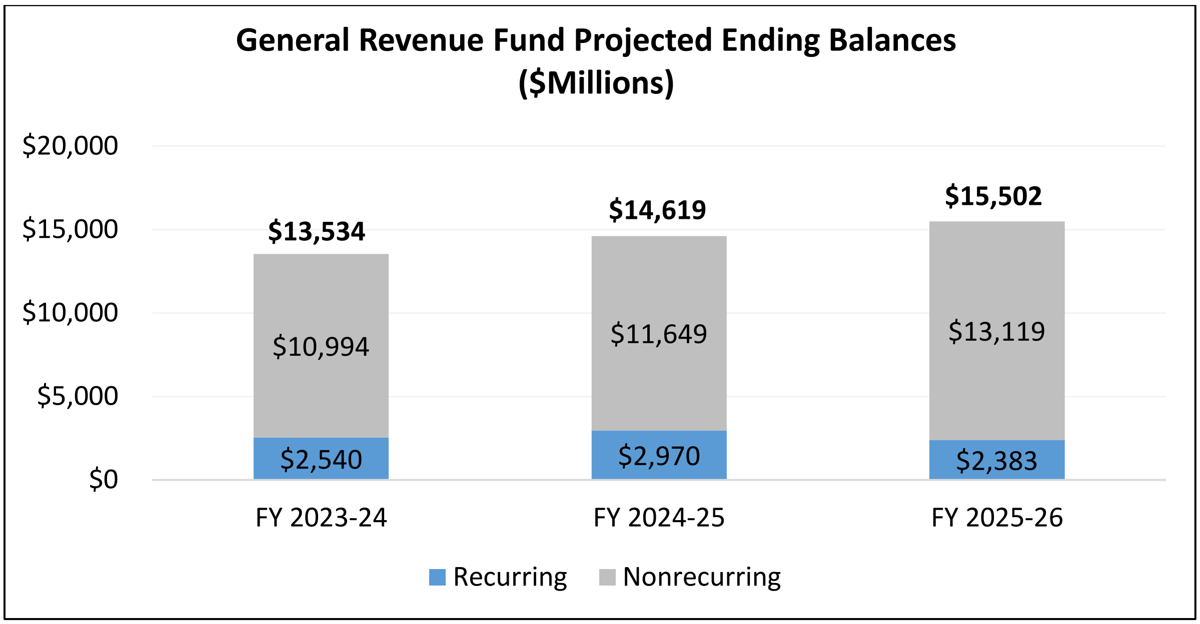
3. Additional Homestead Property Tax Exemption for Specified Critical Public Services Workforce: Proposing an amendment to the State Constitution to authorize the Legislature, by general law, to grant an additional homestead tax exemption for nonschool levies of up to $50,000 of the assessed value of homestead property owned by classroom teachers, law enforcement officers, correctional officers, firefighters, emergency medical technicians, paramedics, child welfare services professionals, active duty members of the United States Armed Forces, and Florida National Guard members. This amendment shall take effect January 1, 2023.

[34] More information about the proposed amendments is available at https://dos.elections.myflorida.com/initiatives/.

FISCAL STRATEGIES

While the Long-Range Financial Outlook does not predict the overall funding levels of future state budgets, or the final amount of funds to be allocated to the respective policy areas, it does present a reasonable baseline that identifies issues facing the Legislature in developing the next fiscal year's budget.

Overall, the forecasted General Revenue growth (*recurring* and *nonrecurring*) is sufficient to support anticipated spending and a minimum reserve for each year of the Outlook. Fiscal strategies will not be required—the projected budget is in balance as constitutionally required and is growing more slowly than available revenues.



Within the Outlook, the projected ending balance for Fiscal Year 2023-24 is just over $13.5 billion, or about 32 percent of the estimated revenues. These funds would be available to carry forward into the next fiscal year. In the alternative, the Legislature could choose to use some or all of the balance to bolster the state's reserves; increase discretionary spending; or provide additional tax reductions. However, the increasingly positive budget outlook each year is reliant on the projected balance forward levels being available and the minimum reserve not being used. This creates a natural limit to how much spending could occur while still remaining positive in the two subsequent years.

For example, if the entire ending balance is spent in the first year (with the recurring on recurring programs and the nonrecurring on one-time investments), the second and third years of the forecast would both show significant negative ending balances of $1.46 billion and $1.66 billion, respectively. In part, this is because recurring investments, either expenditures or tax reductions, made in Year 1 of the Outlook period have a compounding effect over time and would reduce future ending balances. Similarly, if the entire recurring ending balance is spent in the first year on recurring investments, the projected recurring ending balance in the third year of the forecast would be negative.

Although there are significant surpluses projected for all three years of the Outlook, they are largely nonrecurring funds. Florida's constitution caps the amount of nonrecurring funds that can be appropriated for recurring purposes.[35] Thus, future decisions regarding the introduction of new programs, significant program enhancements, or revenue adjustments beyond the recurring levels contemplated in the Outlook will need to be made with consideration of out-year impacts. It is also important to consider the Significant Risks outlined in this Outlook, which have the potential to alter key assumptions and, therefore, the level of revenues and/or expenditures used to make these projections.

[35] Pursuant to article III, section 19(a)(2) of the Florida Constitution, "Unless approved by a three-fifths vote of the membership of each house, appropriations made for recurring purposes from nonrecurring general revenue funds for any fiscal year shall not exceed three percent of the total general revenue funds estimated to be available at the time such appropriation is made."

APPENDIX A – SUMMER REVENUE ESTIMATING CONFERENCE RESULTS

Revenue Estimating Conference – Summer 2022 Forecasts ($Millions)	**Fiscal Year 2021-22**		**Fiscal Year 2022-23**		**Fiscal Year 2023-24**		**Fiscal Year 2024-25**		**Fiscal Year 2025-26**		**Link to Forecast**
	Previous Forecast	**Actual**	**Previous Forecast**	**New Forecast**	**Previous Forecast**	**New Forecast**	**Previous Forecast**	**New Forecast**	**Previous Forecast**	**New Forecast**	
Article V Fees & Transfers	653.7	636.2	672.4	651.5	665.7	660.5	664.0	668.7	659.4	672.3	http://edr.state.fl.us/Content/conferences/articleV/index.cfm
Documentary Stamp Tax Collections	4,423.3	5,359.0	3,519.6	4,523.7	3,458.5	4,037.6	3,441.3	4,073.9	3,475.6	3,475.6	http://edr.state.fl.us/Content/conferences/docstamp/index.cfm
General Revenue Fund	40,189.8	44,035.7	38,549.4	41,998.2	40,683.9	42,508.4	42,141.8	43,838.3	43,318.4	44,682.8	http://edr.state.fl.us/Content/conferences/generalrevenue/index.cfm
Gross Receipts Tax	1,145.0	1,206.4	1,152.9	1,252.4	1,165.0	1,238.1	1,175.8	1,234.7	1,191.4	1,248.5	http://edr.state.fl.us/Content/conferences/grossreceipts/index.cfm
Highway Safety Licenses and Fees	2,756.8	2,833.2	2,705.6	2,762.4	2,710.9	2,753.9	2,773.0	2,805.4	2,837.4	2,866.3	http://edr.state.fl.us/Content/conferences/highwaysafetyfees/index.cfm
Indian Gaming Revenues	337.5	187.5	463.5	-	481.4	-	498.8	-	516.2	-	http://edr.state.fl.us/Content/conferences/Indian-gaming/index.cfm
Lottery Revenues - Transfer to Educational Enhancement Trust Fund	2,182.5	2,382.0	2,176.7	2,207.5	2,249.4	2,252.6	2,241.5	2,243.1	2,265.4	2,264.5	http://edr.state.fl.us/Content/conferences/lottery/index.cfm

Revenue Estimating Conference – Summer 2022 Forecasts ($Millions)	Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24		Fiscal Year 2024-25		Fiscal Year 2025-26		Link to Forecast
	Previous Forecast	Actual	Previous Forecast	New Forecast	Previous Forecast	New Forecast	Previous Forecast	New Forecast	Previous Forecast	New Forecast	
Public Education Capital Outlay and Debt Service (PECO) Trust Fund - No Bonding	243.7	243.7	414.8	356.4	484.5	788.1	569.1	640.6	703.3	768.0	http://edr.state.fl.us/Content/conferences/peco/index.cfm
Revenues Flowing to State Transportation Trust Fund	4,198.7	4,260.0	4,317.3	4,372.6	4,493.7	4,608.1	4,602.4	4,743.1	4,693.3	4,825.9	http://edr.state.fl.us/Content/conferences/transportation/index.cfm
School Taxable Value	2,629,264	2,933,438	2,783,206	3,170,984	2,937,423	3,386,113	3,089,613	3,581,048	3,244,970	3,783,369	http://edr.state.fl.us/Content/conferences/advalorem/index.cfm
Slot Machine Revenues - Transfer to Educational Enhancement Trust Fund	231.2	241.0	234.6	242.6	238.0	245.4	241.2	247.9	244.3	250.7	http://edr.state.fl.us/Content/conferences/slotmachines/index.cfm
Tobacco Settlement Payments	413.8	412.1	426.2	403.9	442.5	417.9	459.5	432.0	476.8	446.1	http://edr.state.fl.us/Content/conferences/tobaccosettlement/index.cfm
Tobacco Tax and Surcharge	1,073.1	1,059.0	1,053.3	1,031.9	1,034.2	1,010.2	1,015.9	992.2	998.0	974.7	http://edr.state.fl.us/Content/conferences/tobaccotaxsurcharge/index.cfm
Unclaimed Property - Transfer to State School Trust Fund	192.1	263.3	174.8	226.2	186.5	216.6	192.3	228.1	201.8	234.2	http://edr.state.fl.us/Content/conferences/stateschooltrustfund/index.cfm

APPENDIX B – PROJECTED ENDING BALANCE CALCULATIONS

GENERAL REVENUE FUNDS AVAILABLE PROJECTION - CRITICAL NEEDS + OTHER HIGH PRIORITY NEEDS + REVENUE ADJUSTMENTS
($ MILLIONS)

	Fiscal Year 2023-24			Fiscal Year 2024-25			Fiscal Year 2025-26		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1 **Funds Available:**									
2 Balance Forward [1]	0.0	13,687.5	13,687.5	0.0	13,534.4	13,534.4	0.0	14,618.9	14,618.9
3 Unused Reserve from Prior Year	0.0	0.0	0.0	0.0	1,663.3	1,663.3	0.0	1,715.2	1,715.2
4 Revenue Estimate	42,566.9	82.0	42,648.9	44,092.4	(113.1)	43,979.3	44,645.4	178.2	44,823.6
5 *Revenue Adjustments*									
6 Tax and Fee Changes [2]	(24.0)	(272.8)	(296.8)	(48.0)	(272.8)	(320.8)	(72.0)	(272.8)	(344.8)
7 Trust Fund Transfers (GAA)	0.0	127.9	127.9	0.0	127.9	127.9	0.0	127.9	127.9
8 **Total Funds Available**	**42,542.9**	**13,624.6**	**56,167.5**	**44,044.4**	**14,939.7**	**58,984.1**	**44,573.4**	**16,367.4**	**60,940.8**
9									
10 **Estimated Expenditures:**									
11 Recurring Base Budget	39,022.1	0.0	39,022.1	40,002.5	0.0	40,002.5	41,074.4	0.0	41,074.4
12									
13 **New Issues by GAA Section:**									
14 Pre K-12 Education	122.4	(420.5)	(298.0)	235.7	(5.4)	230.3	263.0	(4.3)	258.7
15 Higher Education	120.2	265.0	385.2	203.3	265.0	468.3	183.6	265.0	448.6
16 Education Fixed Capital Outlay [3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17 Human Services	480.7	46.0	526.7	338.5	46.0	384.5	368.4	46.0	414.4
18 Criminal Justice & Judicial Branch	14.6	19.4	34.0	14.6	19.4	34.0	14.6	19.4	34.0
19 Transportation & Economic Development	0.0	102.0	102.0	0.0	103.6	103.6	0.0	102.0	102.0
20 Natural Resources	9.8	316.3	326.2	9.8	623.3	633.1	9.8	626.7	636.6
21 General Government	0.7	89.8	90.5	0.9	88.3	89.2	1.0	86.0	87.0
22 Administered Funds & Statewide Issues	231.9	549.3	781.2	269.1	435.4	704.5	275.5	359.5	635.0
23 **Total New Issues**	980.4	967.4	1,947.7	1,071.9	1,575.6	2,647.5	1,115.9	1,500.3	2,616.2
24									
25 Transfer to Budget Stabilization Fund [4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26									
27 **Total Estimated Expenditures**	**40,002.5**	**967.4**	**40,969.8**	**41,074.4**	**1,575.6**	**42,650.0**	**42,190.3**	**1,500.3**	**43,690.6**
28 Reserves	0.0	1,663.3	1,663.3	0.0	1,715.2	1,715.2	0.0	1,748.1	1,748.1
29 **Ending Balance**	**2,540.4**	**10,993.9**	**13,534.4**	**2,970.0**	**11,648.9**	**14,618.9**	**2,383.1**	**13,119.0**	**15,502.1**

Totals may not add due to rounding.

[1] The balance forward for Fiscal Year 2023-24 is adjusted to account for General Revenue needed to cover estimated Fiscal Year 2022-23 deficits for the distribution to Fiscally Constrained Counties ($20.1 million), Tobacco Settlement Trust Fund ($11.6 million), and Benacquisto Scholarship Program ($0.1 million)

[2] The continuing impact of the recurring tax and fee changes results in a cumulative effect for Fiscal Years 2024-25 and 2025-26.

[3] Previous Long-Range Financial Outlooks included a budget driver for Education Fixed Capital Outlay. The new forecast for the Public Education Capital Outlay (PECO) Trust Fund projects sufficient revenues to support the three-year average of appropriations for fixed capital outlay projects. Thus, no General Revenue needs were identified for this year's Outlook.

[4] Based on the August 2022 General Revenue Fund estimates, no transfers to the Budget Stabilization Fund are required during the three-year forecast period.

APPENDIX C – HISTORICAL TABLES

General Revenue Fund Collections

10-Year History ($ Millions)

Fiscal Year	Post-Session Forecast	August Forecast	Difference (Aug - PS)	Incremental Growth	Percent Growth
2012-13	25,314.6	[redacted]	[redacted]	[redacted]	7.2%
2013-14	26,198.0	[redacted]	[redacted]	[redacted]	3.5%
2014-15	27,681.1	[redacted]	[redacted]	[redacted]	5.7%
2015-16	28,325.4	[redacted]	[redacted]	[redacted]	2.3%
2016-17	29,594.5	[redacted]	[redacted]	[redacted]	4.5%
2017-18	31,218.2	[redacted]	[redacted]	[redacted]	5.5%
2018-19	33,413.8	[redacted]	[redacted]	[redacted]	7.0%
2019-20	31,366.2	[redacted]	[redacted]	[redacted]	-6.1%
2020-21	36,280.9	[redacted]	[redacted]	[redacted]	15.7%
2021-22	40,189.8	44,035.7	3,845.9	7,754.8	21.4%
2022-23	38,549.4	41,998.2	3,448.8	(2,037.5)	-4.6%
2023-24	40,683.9	42,508.4	1,824.5	510.2	1.2%
2024-25	42,141.8	43,838.3	1,696.5	1,329.9	3.1%
2025-26	43,318.4	44,682.8	1,364.4	844.5	1.9%

Long-Range Financial Outlook Results

10-Year History ($ Millions)

Outlook	For the Period Beginning	General Revenue Ending Balance			Level of Reserves[1]
		Year 1	Year 2	Year 3	
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
2021	Fiscal Year 2022-23	6,990.3	8,237.6	10,275.3	1,500.6
2022	Fiscal Year 2023-24	13,534.4	14,618.9	15,502.1	1,663.3

[1] Beginning with the 2021 Outlook, reserve amounts vary for each year of the forecast as they are based on a percentage of the General Revenue estimate, the reserve amount for Year 1 of the forecast period is displayed.