State of Florida

Long-Range Financial Outlook

FISCAL YEARS 2022-23 THROUGH 2024-25

Fall 2021 Report
As Adopted by the Legislative Budget Commission
September 3, 2021

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

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EXECUTIVE SUMMARY

KEY POINTS

- The State of Florida's General Revenue Fund collections are projected to be above the pre-pandemic forecasted levels for Fiscal Year 2021-22 and Fiscal Year 2022-23 and are expected to increase approximately four percent per year throughout the three-year 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 2021 Outlook includes projections for Fiscal Years 2022-23, 2023-24, and 2024-25. The estimates included in the Outlook are based upon the summer 2021 estimating conference results and recent historical experience.

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 $2.4 billion in Fiscal Year 2022-23; $1.9 billion in Fiscal Year 2023-24; and $1.8 billion in Fiscal Year 2024-25. 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.

Revenue projections within the Outlook focus on the General Revenue Fund, the Educational Enhancement Trust Fund, the State School Trust Fund, and the Tobacco Settlement Trust Fund. Official forecasts from the Revenue Estimating Conference are used; however, 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 $67.5 million in Fiscal Year 2022-23; $21.8 million in Fiscal Year 2023-24; and -$23.9 million in Fiscal Year 2024-25.

The Revenue Estimating Conference met in August 2021 and revised the forecast for General Revenue collections, making sizeable adjustments to the forecast adopted in April 2021. The Conference has increasingly gained confidence that the economy is largely returning to normal. By the end of Fiscal Year 2020-21, revenue collections had gained $2.3 billion to the Conference expectations in April, mostly due to a stimulus-infused economy, coupled with a faster than expected reopening in the last quarter of the fiscal year. Reflecting the expected return to normalcy over the next year, the Conference increased the prior forecast by $1.4 billion (4.0 percent) in Fiscal Year 2021-22 and by $1.2 billion (3.2 percent) in Fiscal Year 2022-23, for a two-year combined increase of $2.6 billion. The largest adjustment in the forecast relates to Sales Tax. The new forecast anticipates gains to General Revenue of $1.37 billion in Fiscal Year 2021-22 and $668.5 million in Fiscal Year 2022-23, with all six Sales Tax categories seeing increases in both years.

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 shows there are significant projected surpluses for all three fiscal years.

2021 Long-Range Financial Outlook Summary General Revenue Fund ($Millions)		Year 1 FY 2022-23	Year 2 FY 2023-24	Year 3 FY 2024-25
Revenues Available		**38,476**	**40,028**	**41,607**
Unused Reserve from Prior Year		**7,324**	**8,491**	**9,799**
Expenditures	Minimum Reserve	(1,501)	(1,561)	(1,623)
	Recurring Base Budget	(34,961)	(36,842)	(37,708)
	Critical Needs Budget Drivers	(1,239)	(589)	(477)
	Other High Priority Needs Budget Drivers	(1,177)	(1,311)	(1,298)
	Ending Balance After Expenditures	**6,923**	**8,216**	**10,299**
Revenue Adjustments	Tax and Fee Changes	(85)	(130)	(176)
	Trust Fund Transfers	152	152	152
	Revenue Adjustments	**68**	**22**	**(24)**
Projected Surplus / (Deficit)		**6,990**	**8,238**	**10,275**

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. 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.

REVENUE PROJECTIONS

KEY POINTS

- The state's overall General Revenue collections move notably above the pre-pandemic forecasted levels for Fiscal Year 2021-22 and Fiscal Year 2022-23 by approximately $600 million each year, after adjusting for legislative actions.
- Even though signs of a return to pre-pandemic life appear to be firmly in place, the Revenue Estimating Conference noted the future risk to Sales Tax collections associated with people returning to a normal purchasing mix of goods and services, as well as a more typical savings rate.
- The Educational Enhancement and State School trust funds are expected to end the current fiscal year with sizeable balances that will supplement the funds available for expenditure in Fiscal Year 2022-23.
- The Tobacco Settlement Trust Fund is projected to have steady growth throughout the Outlook period.

The revenue projections 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. The revenue forecasts for these funds are discussed in this section of the Outlook. While not described in detail within the Outlook, the latest revenue estimates for other revenue sources were also used to develop the expenditure projections. A summary table of the revenue estimates adopted during the summer, including links to the official forecasts, is provided in Appendix A. In addition, revenues supporting other trust funds have been estimated and used in the areas where they are relevant to the expenditure forecast. 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

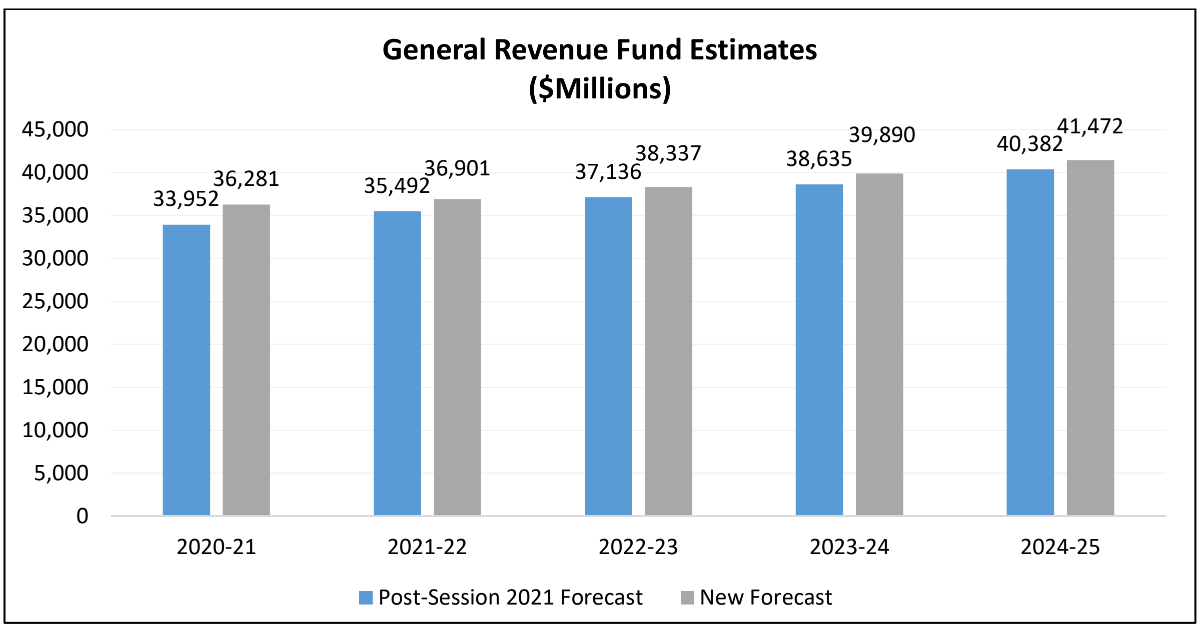
The Revenue Estimating Conference met in August 2021 and revised the forecast for General Revenue collections, making sizeable adjustments to the forecast adopted in April 2021. After Florida's economy shrank 0.5 percent in Fiscal Year 2019-20, it appears to have grown 2.0 percent in Fiscal Year 2020-21. The turnaround was led by a stronger than anticipated response to the back-to-back federal stimulus packages in December 2020 and March 2021, coupled with a faster than expected reopening of the economy in the last quarter of the fiscal year.

Through June 2021, revenue collections had gained $2.3 billion to the Conference expectations in April. Because the economy is largely returning to normal, the Conference has gained confidence in adding to the prior forecast for Fiscal Year 2021-22 and Fiscal Year 2022-23, even though some areas will be receding from heightened activity levels associated with the federal response to the pandemic. Anticipated revenues were revised upward by $1.4 billion in Fiscal Year 2021-22 and by $1.2 billion in Fiscal Year 2022-23, for a two-year combined increase of $2.6 billion. These changes reflect increases over the previous estimates of 4.0 percent in Fiscal Year 2021-22 and 3.2 percent in Fiscal Year 2022-23.

By far the largest adjustment in the forecast relates to Sales Tax. General Revenue collections from Sales Tax were $1.3 billion (5.2 percent) over the estimate for Fiscal Year 2020-21. Much of this gain was attributable to the most recent rounds of federal stimulus checks to households, redirected spending from the hard-hit service sector, and some consumers' ability to draw down atypically large savings that built up during the pandemic. The new forecast anticipates gains to General Revenue of $1.37 billion in Fiscal Year 2021-22 and $668.5 million in Fiscal Year 2022-23, with all six Sales Tax categories seeing increases in both years. Even though signs of a return to pre-pandemic life appear to be firmly in place, the Conference noted the future risk to Sales Tax collections associated with people returning to a normal purchasing mix of goods and services, as well as a more typical savings rate. Sales Tax benefited from these behavioral changes over the past seventeen months.

Apart from Sales Tax, the greatest gain to the forecast comes from Corporate Income Tax. While the Conference significantly increased the forecast, the temporary tax rate reduction and refund provisions in section 220.1105, Florida Statutes, will, once again, be triggered for taxable years beginning on or after January 1, 2021, and before January 1, 2022. Thereafter, the provisions of section 220.1105, Florida Statutes, no longer apply. After taking this into account, the forecast was increased by $307.2 million in Fiscal Year 2021-22 and by $536.0 million in Fiscal Year 2022-23.

With the changes described above, the state's overall General Revenue collections move notably above the pre-pandemic forecasted levels for Fiscal Year 2021-22 and Fiscal Year 2022-23 by approximately $1.2 billion each year; however, about one-half of the annual difference is attributable to the addition of Indian Gaming Revenues and retained online Sales Tax dollars which were previously not included. Because the recovery is largely in place, future growth rates over the prior year are smoother relative to the prior expectations and are projected to be approximately four percent per year over the three-year forecast period. The following chart shows the new forecast compared to the previous forecast.[1]



[1] The forecast for the General Revenue Fund is available at http://edr.state.fl.us/Content/conferences/generalrevenue/index.cfm.

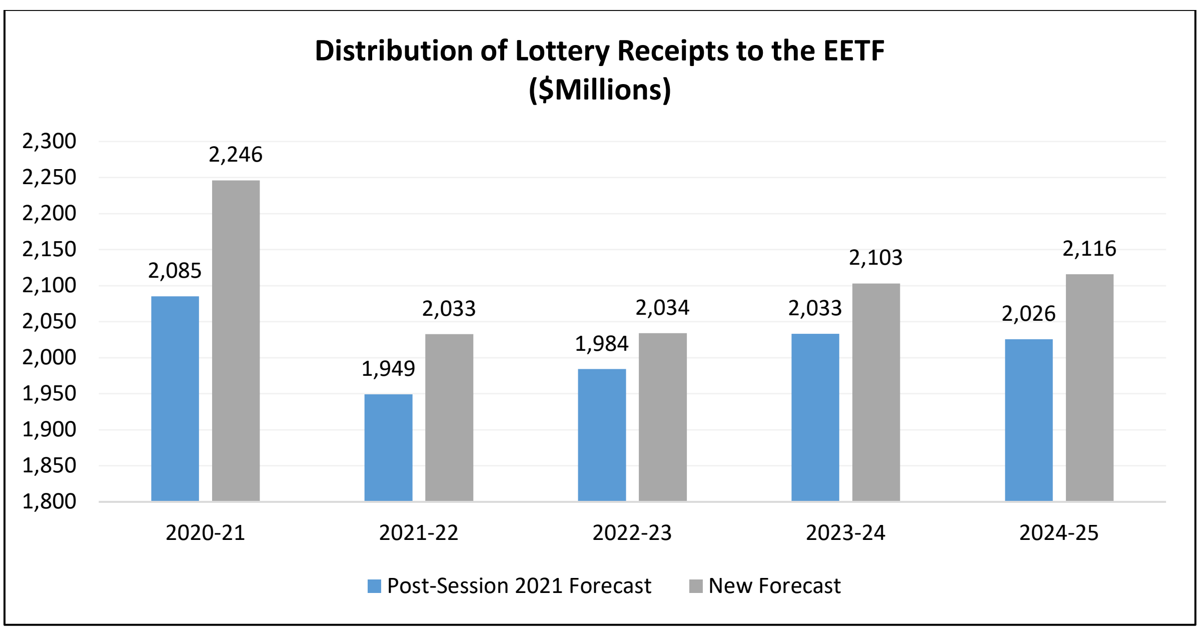
For Fiscal Year 2021-22, the Financial Outlook Statement for the General Revenue Fund adopted in August 2021 shows a projected positive ending balance of $7.3 billion after accounting for all available funds and anticipated expenditures, including those associated with federal stimulus funds related to the pandemic. Excluding the carry forward balances from prior years, General Revenue collections are expected to grow over the prior year in Fiscal Years 2022-23, 2023-24, and 2024-25 by $1.4 billion, $1.6 billion, and $1.6 billion, respectively.

Educational Enhancement Trust Fund

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

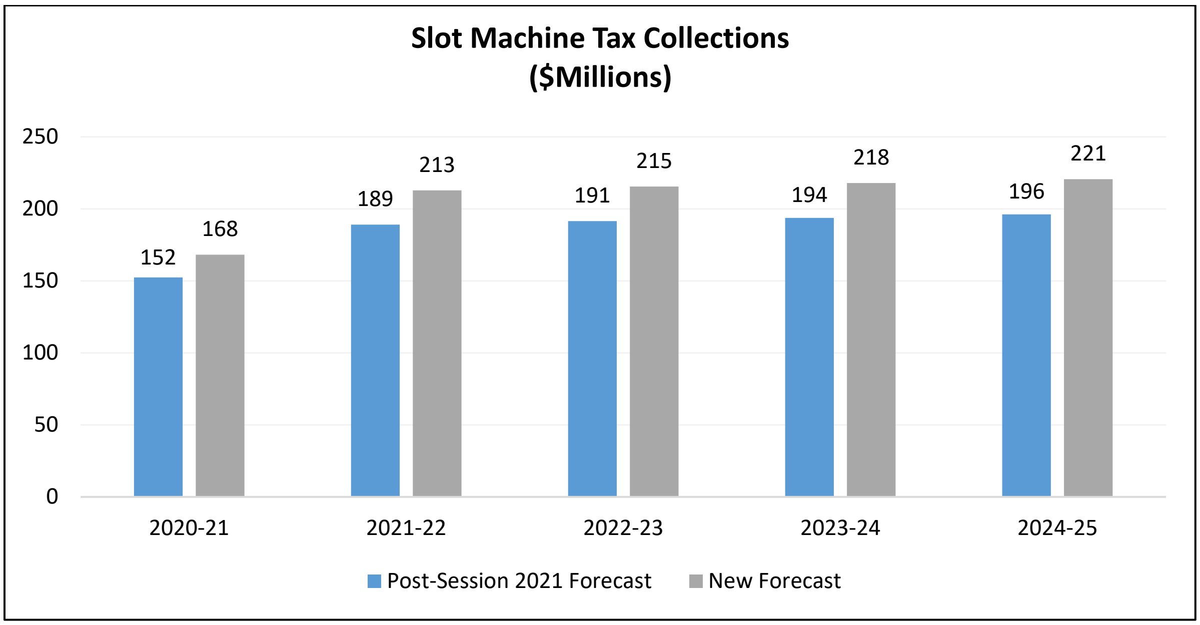
At the end of Fiscal Year 2020-21, collective Lottery ticket sales were $320.3 million above the estimate. After taking account of all components, the transfer to the EETF was $161.0 million greater than expected for this period. A significant part of the gain was related to heightened sales of Scratch-Off tickets during the Coronavirus outbreak.

Even though the Revenue Estimating Conference increased the overall sales forecast by $293.5 million in Fiscal Year 2021-22 relative to the prior forecast, the resulting sales level reflects a decline of -7.4 percent or $668.2 million from the prior year. This drop is based on the expectation that the pandemic-induced surge in activity will slowly weaken through the year. In each of the subsequent fiscal years, the sales forecast was steadily increased by adding anywhere from $138.0 million in Fiscal Year 2022-23 to $440.8 million in Fiscal Year 2025-26. This was a combined result of retaining only some of the increased sales activity while generally returning to pre-pandemic growth rates. The final expected transfers to the EETF followed the same pattern, increasing by $83.2 million in Fiscal Year 2021-22; $49.9 million in Fiscal Year 2022-23; and $69.7 million in Fiscal Year 2023-24. The forecasted distributions to the EETF are shown in the following chart.



Final collections for slot machine revenues were $15.9 million over estimate in Fiscal Year 2020-21. Today, all facilities are fully operating, although with an average of 55 percent of the number of machines that were in use in Fiscal Year 2018-19. Expectations are that this percentage will increase to nearly 86 percent for Fiscal Year 2021-22.

Because of the recent gain to the estimate, the Revenue Estimating Conference increased the forecast by a similar amount in each year relative to the previous forecast made in February 2021. In Fiscal Year 2021-22, tax collections are expected to grow by 26.6 percent over the prior year based on the assumption that conditions have nearly returned to normal. The forecasted distributions to the EETF are shown in the following chart.



For Fiscal Year 2021-22, the EETF has a projected positive balance of $326.2 million after accounting for all available funds and anticipated expenditures. This carry forward balance will supplement the funds available for expenditure in Fiscal Year 2022-23. Excluding carry forward balances and interest earnings from prior years, revenues in the EETF are expected to grow over the prior year in Fiscal Years 2022-23, 2023-24, and 2024-25 by $4.0 million, $71.6 million, and $15.3 million, respectively.

State School Trust Fund

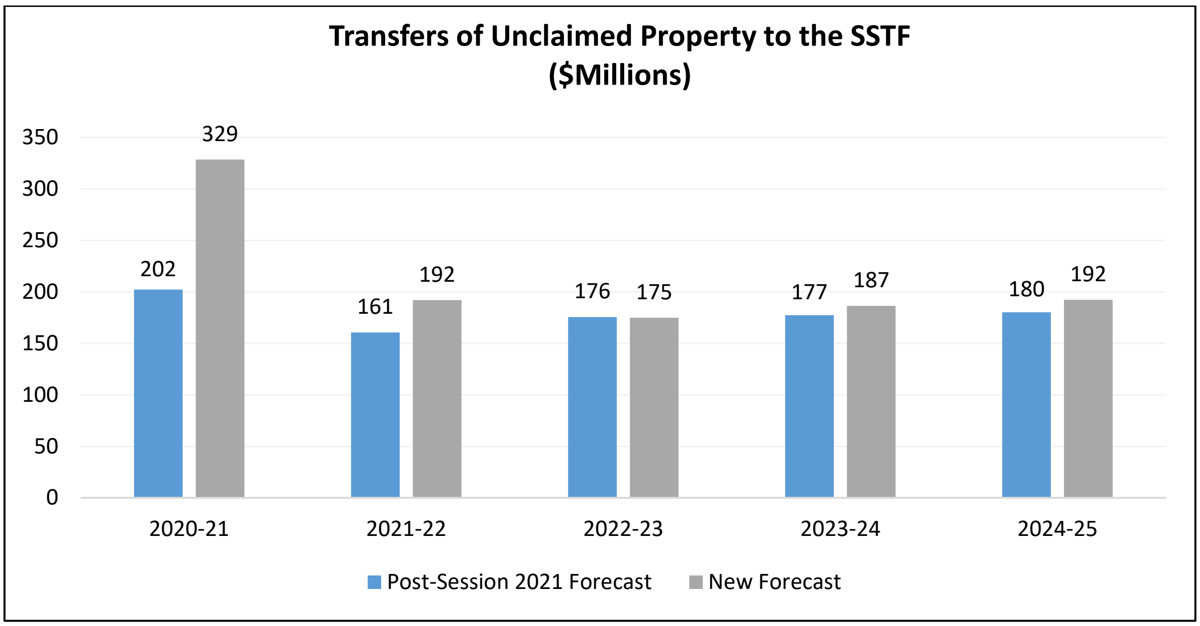
Used exclusively to meet public school needs, the State School Trust Fund (SSTF) contains revenue primarily derived from unclaimed property. In Fiscal Year 2020-21, the State of Florida received $685.4 million in receipts, which was $159.4 million above the previous estimate adopted in February 2021. In contrast, refunds were only $3.2 million above the prior estimate, leading to a total distribution of $343.4 million for the year. At the end of Fiscal Year 2020-21, $328.5 million had been transferred to the SSTF, which was $126.3 million above the previous estimate. The difference will be transferred in Fiscal Year 2021-22.

Receipts came in significantly higher than anticipated primarily for two reasons. First, the preliminary data review suggests that some companies delayed transferring unclaimed property due to COVID-related issues in Fiscal Year 2019-20. This delay led to those companies transferring larger amounts of receipts in

Fiscal Year 2020-21, essentially reflecting the combined period. The exact amount, however, is unknown; a complete analysis cannot be completed until the fall.

Second, the ongoing strength in the U.S equities market has led to higher receipts from the portion of unclaimed property receipts related to dormant financial accounts. These dormant financial accounts are divested from the financial system when received by the Division of Unclaimed Property within the Department of Financial Services. When the divestment coincides with a strong equity market, total receipts are higher.

The new forecast projects Fiscal Year 2021-22 receipts of $546.5 million and Fiscal Year 2021-22 refunds at $370.3 million, and the projected transfer to the SSTF is increased to $192.1 million. The higher transfer is attributable to the large existing balance in the Unclaimed Property Trust Fund and the expectation that the Fiscal Year 2020-21 surge in receipts will cause successive delays in refund processing throughout Fiscal Year 2021-22 due to capacity limitations at the Division of Unclaimed Property. The chart below shows the new forecast compared to the previous forecast for the current and upcoming fiscal years.



For Fiscal Year 2021-22, the SSTF has a projected positive ending balance of $161.1 million after accounting for all available funds and anticipated expenditures. This carry forward balance will supplement the funds available for expenditure in Fiscal Year 2022-23. By Fiscal Year 2022-23, the equity market is expected to have returned to normal growth and the effects of the COVID-related delays to have worked their way through the system. As a result, the transfer to the SSTF nearly matches the prior forecast for Fiscal Year 2022-23, and grows by $9.1 million in Fiscal Year 2023-24 and $12.1 million in Fiscal Year 2024-25.

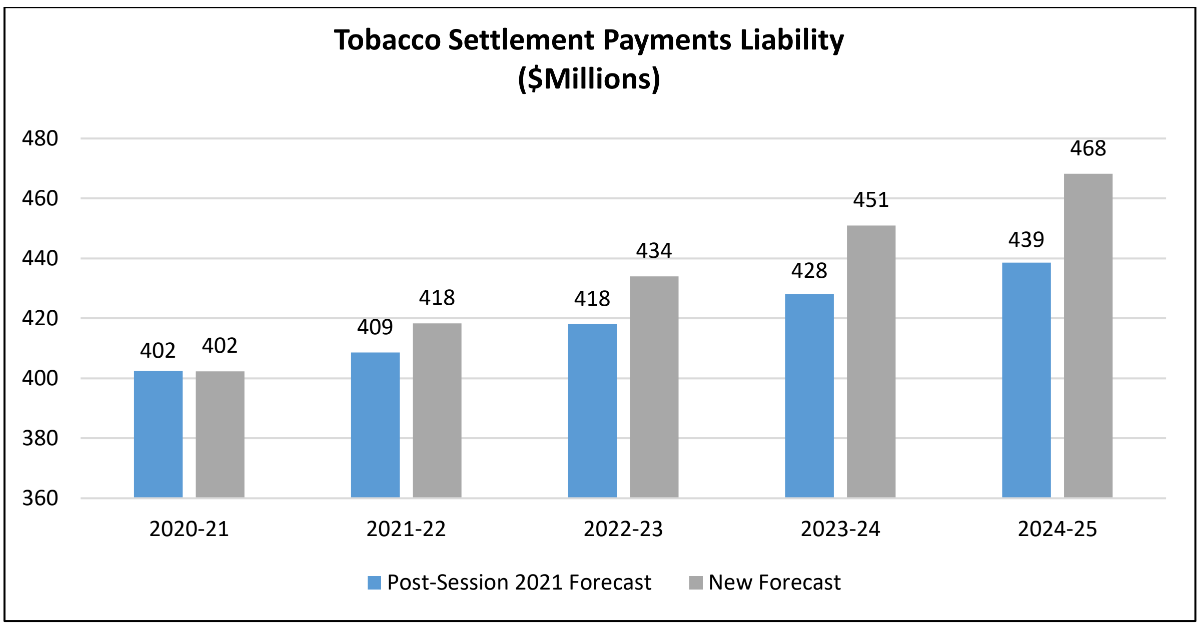
Tobacco Settlement Trust Fund

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

The last payments expected in Fiscal Year 2020-21 (the Florida Profit Adjustments and other revisions) were received in April. After the final adjustments, the payments from the original settling manufacturers were essentially on forecast.

For estimated total liability, the Revenue Estimating Conference adjusted the forecast based on the Consumer Price Index series adopted by the National Economic Estimating Conference in July.[2] This allowed an updated Consumer Price Index series to be used in the calculation beginning Fiscal Year 2021-22. Other adjustments to the forecast since the March 2021 Conference include the annual percent change in U.S. Cigarette Volume beginning in Fiscal Year 2021-22. The growth rate was revised to -2.0 percent in the first year of the forecast instead of the -2.53 percent growth rate in the prior forecast, which increased the new forecast by $9.7 million for Fiscal Year 2021-22. The Conference retained the out-year growth rates adopted at the previous Conference.

The growth rate forecast for Actual Net Operating Profits was revised to include data from the most recent twelve years. The forecast changed from 4.8 percent at the previous Conference to 8.0 percent in the first three years of the new forecast. Thereafter, the forecasted growth rates gradually decrease by 0.5 percent each year until Fiscal Year 2030-31 when the 4.8 percent rate is restored. The chart below shows the new projected amounts of settlement payments to the State of Florida compared to the previous estimate.



Compared to the post-Session forecast, the new forecast grows by $15.9 million in Fiscal Year 2022-23, $22.8 million in Fiscal Year 2023-24, and $29.6 million in Fiscal Year 2024-25. The Tobacco Settlement Trust Fund is expected to have a positive balance of $22.0 million after accounting for all available funds and anticipated expenditures. This carry forward balance will supplement the funds available for expenditure in Fiscal Year 2022-23.

[2] Results from the National Economic Estimating Conference are available at http://edr.state.fl.us/Content/conferences/useconomic/index.cfm.

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 $2.4 billion in Fiscal Year 2022-23; $1.9 billion in Fiscal Year 2023-24; and $1.8 billion in Fiscal Year 2024-25.
- ❖ Across the three years of the Outlook, the largest General Revenue needs are in the Human Services, Higher Education, and Administered Funds & Statewide Issues 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 $2.4 billion in Fiscal Year 2022-23; $1.9 billion in Fiscal Year 2023-24; and $1.8 billion in Fiscal Year 2024-25. 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 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Critical Needs	1,239.4	588.9	476.9
Other High Priority Needs	1,176.5	1,311.1	1,298.4
Critical Needs and Other High Priority Needs	**2,415.9**	**1,900.0**	**1,775.3**

Across the three years included in the Outlook, the total projected need for new General Revenue spending is nearly $6.1 billion. Combined, the General Revenue budget drivers in the Human Services, Higher Education, and Administered Funds & Statewide Issues policy areas represent 65.8 percent of the three-year total.

General Revenue Fund Total Critical Needs and Other High Priority Needs by Policy Area ($Millions)	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Three-Year Total	% of Three-Year Total
Pre K-12 Education	(62.7)	336.3	298.4	572.0	9.4%
Higher Education	383.6	412.7	457.2	1,253.6	20.6%
Human Services	1,381.4	302.9	189.3	1,873.6	30.8%
Criminal Justice & Judicial Branch	57.3	57.3	40.0	154.6	2.5%
Transportation & Economic Development	95.6	93.4	95.6	284.6	4.7%
Natural Resources	185.6	329.8	330.2	845.6	13.9%
General Government	80.5	74.0	76.8	231.3	3.8%
Administered Funds & Statewide Issues	294.5	293.5	287.8	875.8	14.4%
Total New Issues	**2,415.9**	**1,900.0**	**1,775.3**	**6,091.2**	**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 impact of these adjustments is most significant in the two education policy areas where the availability of trust funds decreases the need for General Revenue by $541.0 million in Fiscal Year 2022-23; $104.5 million in Fiscal Year 2023-24; and $35.1 million in Fiscal Year 2024-25. The largest adjustments occur in the first year of the Outlook as prior year trust fund balances are utilized.

In contrast, the General Revenue need for the Human Services policy area is significantly greater in the first year of the Outlook and is primarily related to the Medicaid program. The federal Families First Coronavirus Response Act, signed into law on March 18, 2020, provides a temporary 6.2 percentage point increase in the Federal Medical Assistance Percentage (FMAP), which extends through the last day of the calendar quarter in which the COVID-19 Public Health Emergency terminates. Currently, the enhanced FMAP is scheduled to end on December 31, 2021. While the Medicaid caseload is projected to decrease beginning in Fiscal Year 2022-23, an increase of $1.1 billion of General Revenue is needed in Fiscal Year 2022-23 to fund the state's increased share of the cost for the program.

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 76 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 $2.4 billion needed for the budget drivers in Fiscal Year 2022-23, $1.9 billion will also be needed in Fiscal Year 2023-24 (and again in Fiscal Year 2024-25) to continue those programs. In effect, the $6.1 billion in new funding over the Outlook period ultimately results in $10.7 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	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Three-Year Total	% of Three-Year Total
New Recurring Drivers for Each Year	1,881.1	866.3	748.4	3,495.9	
Continuation of Year 1 Recurring Drivers		1,881.1	1,881.1	3,762.2	
Continuation of Year 2 Recurring Drivers			866.3	866.3	
Cumulative Impact of Recurring Drivers	1,881.1	2,747.4	3,495.9	8,124.4	75.8%
Nonrecurring Drivers for Each Year	534.8	1,033.7	1,026.9	2,595.3	24.2%
Grand Total	**2,415.9**	**3,781.1**	**4,522.8**	**10,719.7**	

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 & Statewide Issues policy areas. The four largest General Revenue budget drivers, shown in the following table, are projected to have total General Revenue needs of $1.7 billion in Fiscal Year 2022-23, $633.5 million in Fiscal Year 2023-24, and $462.7 million in Fiscal Year 2024-25.

General Revenue Fund Significant Critical Needs Budget Drivers ($Millions)	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	3-Year Total
Driver #2 - Workload and Enrollment - Florida Education Finance Program	390.3	381.6	322.1	1,094.0
Driver #6 - Medicaid Program	1,160.8	71.9	(30.2)	1,202.4
Driver #12 - State Match for Federal Emergency Management Agency (FEMA) Funding	104.0	70.1	57.6	231.7
Driver #15 - Increases in Employer-Paid Benefits for State Employees	77.0	109.8	113.2	300.1
Grand Total	**1,732.1**	**633.5**	**462.7**	**2,828.3**

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 certain school choice scholarships. 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 2.93 million students in Fiscal Year 2021-22, 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 156,341 FTE, as adopted by the Education Estimating Conference in August 2021.[3] 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 2.14 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 2021-22. The tax rolls for Fiscal Years 2022-23 through 2024-25, as projected by the Revenue Estimating Conference in August 2021, provide increased taxable value, which offsets the need for state funding throughout the three-year forecast period.[4] The following table shows the calculations used to develop the FEFP state funding projections.

Florida Education Finance Program	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
FTE Student Enrollment Growth	58,308.72	54,035.63	43,996.68
Total Funds per FTE Student Increased by Three-Year Average[5]	$7,978.28	$8,149.01	$8,323.40
Enrollment Growth Funding	$447.9 million	$431.1 million	$358.5 million
Total Funds per FTE Student Increase Funding	$499.2 million	$519.2 million	$537.9 million
State Funding Offset for Total Local Funds Increase	($556.9) million	($568.7) million	($574.4) million
State Funds Included in Driver #2	**$390.3 million**	**$381.6 million**	**$322.1 million**

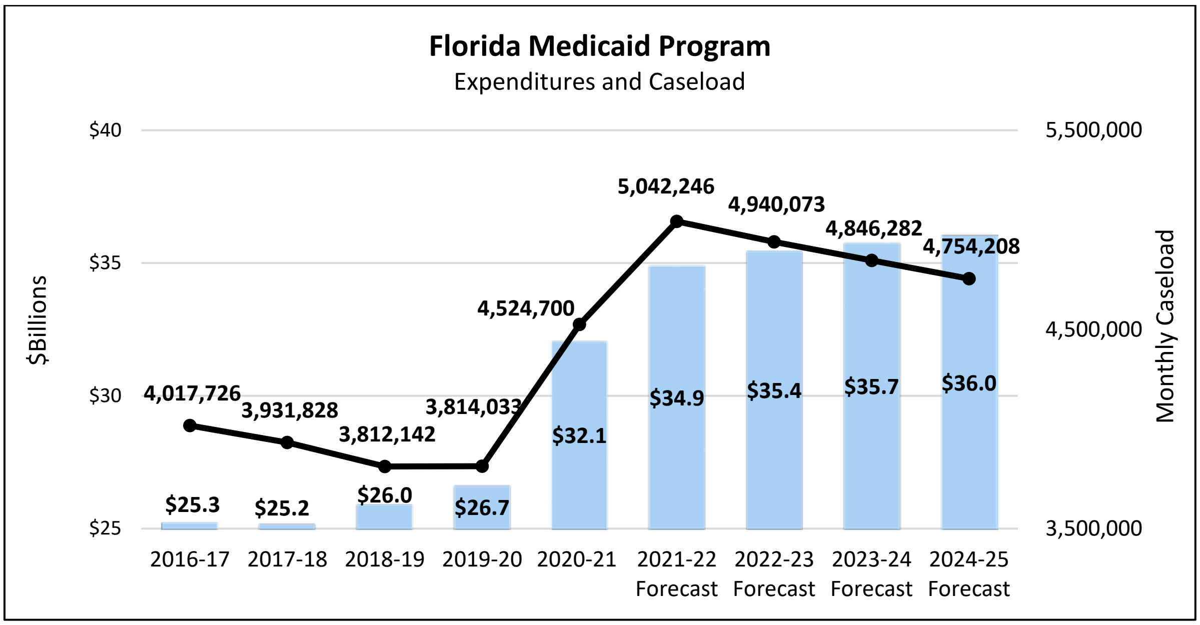
Note: totals may not add due to rounding.

Medicaid Program

The Medicaid program (Title XIX of the Social Security Act) provides health care coverage to certain persons who qualify as low-income children, elderly, disabled, or families with dependent children. Medicaid is a federal and state matching program. It is the largest single program in the state budget, representing 33.9 percent of the total state budget, and is also the largest source of federal funding for the state.

[3] The forecast for public schools enrollment is available at http://edr.state.fl.us/Content/conferences/publicschools/index.cfm.
[4] The forecast for Ad Valorem assessments is available at http://edr.state.fl.us/Content/conferences/advalorem/index.cfm.
[5] The total funds per FTE student are calculated based on the Fiscal Year 2021-22 FEFP 2nd calculation, which is $7,811.12 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 2021.[6] 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 517,546 to more than 5.0 million beneficiaries in Fiscal Year 2021-22, an increase of 11.4 percent over Fiscal Year 2020-21. This caseload estimate is well above the pre-pandemic peak of 4.0 million beneficiaries in Fiscal Year 2016-17. Beginning in Fiscal Year 2022-23, caseloads are expected to decline each year, decreasing by 288,038 beneficiaries (5.7 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 2021-22, Medicaid service expenditures are expected to reach $34.9 billion. Total Medicaid expenditures for Fiscal Year 2022-23 are expected to be $35.4 billion, an increase of $1.4 billion above the recurring base budget. The Outlook includes an increase in recurring General Revenue funds of $1.1 billion to meet the state's share of the total need in Fiscal Year 2022-23. 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 December 31, 2021. 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 $81.0 million in Fiscal Year 2023-24 and a decrease of -$23.3 million in Fiscal Year 2024-25 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 $1.2 billion in Fiscal Year 2022-23, $71.9 million in Fiscal Year 2023-24, and -$30.2 million in Fiscal Year 2024-25.

Increases in Employer-Paid Benefits for State Employees

Health Insurance – The State Group Health Insurance Program is a $2.9 billion program that provides health insurance for approximately 362,000 state and university employees, retirees, and their families.

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

The total expenses associated with the program are expected to increase by $202.0 million in Fiscal Year 2022-23, $209.9 million in Fiscal Year 2023-24, and $260.4 million in Fiscal Year 2024-25, as projected by the August 2021 Self-Insurance Estimating Conference.[7]

In order to meet expenses and maintain a positive balance in the State Employees' Health Insurance Trust Fund at the end of the three-year period, the Outlook assumes a 5.0 percent annual increase in employer-paid premium contributions on December 1, 2022; December 1, 2023; and December 1, 2024. Under these assumptions, state contributions are expected to increase by approximately $43.3 million from the General Revenue Fund and $26.8 million from trust funds in Fiscal Year 2022-23; $76.1 million from the General Revenue Fund and $47.1 million from trust funds in Fiscal Year 2023-24; and $79.5 million from the General Revenue Fund and $49.2 million from trust funds in Fiscal Year 2024-25. No changes to the benefits offered under the insurance program or to employee-paid premium contributions are assumed in the Outlook.

Florida Retirement System (FRS) – Since Fiscal Year 2013-14, the Legislature has provided full funding for the normal cost and amortization of unfunded actuarial liabilities of the FRS. As a result, if the assumptions used during the FRS Annual Actuarial Valuation are achieved and remain unchanged and no additional benefits are enacted, no additional expenditures would be needed. The results of the 2021 FRS Actuarial Assumption Conference and the Fiscal Year 2020-21 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 $33.8 million from the General Revenue Fund and $23.7 million from trust funds is provided each year of the three-year forecast period.

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. Historically this driver has included funding for the state match for hurricanes and other natural disasters. In last year's Long-Range Financial Outlook, initial estimates included the match required for COVID-19 response efforts. However, the federal government has since approved a cost-share adjustment that provides for 100 percent federal funding. Thus, this year's Outlook reflects estimates that include no required state match for 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 $104.0 million in Fiscal Year 2022-23, $70.1 million in Fiscal Year 2023-24, and $57.6 million in Fiscal Year 2024-25. 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.

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

Critical Needs Driver Number and Title	FY 2022-23		FY 2023-24		FY 2024-25		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	(452.5)	452.5	(44.9)	44.9	(19.2)	19.2	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 2021 Revenue Estimating Conference.[8]
#2 Workload and Enrollment - Florida Education Finance Program	390.3	0.0	381.6	0.0	322.1	0.0	Driver #2 funds enrollment growth of 156,341 full-time-equivalent students over the three-year forecast period, as projected by the August 2021 Education Estimating Conference,[9] and increases the total funds per student based on a three-year average increase of 2.14 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 2021-22. The program is expected to serve 2.93 million students in Fiscal Year 2021-22.

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 public schools enrollment is available at http://edr.state.fl.us/Content/conferences/publicschools/index.cfm

Critical Needs Driver Number and Title	FY 2022-23		FY 2023-24		FY 2024-25		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	(2.0)	0.0	(1.9)	0.0	(6.0)	0.0	Driver #3 adjusts funding to reflect the forecast adopted by the August 2021 Early Learning Programs Estimating Conference.[10] Enrollment is projected to decrease by 3,101 FTE over the three-year period. Funding per student is maintained at the Fiscal Year 2021-22 base student allocation amount of $2,486 for the school year program and $2,122 for the summer program. The program is expected to serve 157,779 students in Fiscal Year 2021-22.
HIGHER EDUCATION							
#4 Workload and Enrollment - Bright Futures and Children and Spouses of Deceased/ Disabled Veterans	1.2	(21.2)	1.1	(18.2)	1.0	(8.2)	Driver #4 funds changes in the number of eligible recipients, as projected by the August 2021 Education Estimating Conference.[11] Over the three-year period, there are projected to be 6,368 fewer eligible students for a Bright Futures award and 636 additional eligible students for a Children and Spouses of Deceased/ Disabled Veterans (CSDDV) award. In Fiscal Year 2021-22, there are projected to be 125,322 Bright Futures awards and 2,580 CSDDV awards.
#5 Educational Enhancement Trust Fund Adjustment	(88.5)	88.5	(59.6)	59.6	(15.9)	15.9	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 fund over the three-year forecast period, as adopted by the August 2021 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 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
HUMAN SERVICES							
#6 Medicaid Program	1,160.8	273.8	71.9	224.9	(30.2)	327.0	Driver #6 funds the caseload and expenditures estimates adopted by the July and August 2021 Social Services Estimating Conferences.[13] Caseloads are expected to be 4.94 million in Fiscal Year 2022-23; 4.85 million in Fiscal Year 2023-24; and 4.75 million in Fiscal Year 2024-25. The program is expected to serve 5.04 million eligible Floridians in Fiscal Year 2021-22. 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	20.6	33.3	24.4	78.1	15.6	52.6	Driver #7 funds the caseload and expenditures estimates adopted by the July and August 2021 Social Services Estimating Conferences.[14] June 30 caseloads are projected to be 264,495 in 2023; 279,712 in 2024; and 291,355 in 2025. The program is expected to serve 211,282 eligible children in 2022. 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	(8.4)	0.0	(1.9)	0.0	(4.6)	0.0	Driver #8 funds the caseload and expenditure estimates adopted by the July 2021 Social Services Estimating Conference.[15] Caseloads are projected to decrease by 3,500 over the three-year period. The program is expected to serve 39,841 eligible cases during Fiscal Year 2021-22.

[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 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#9 Tobacco Awareness Education Program	0.0	2.7	0.0	1.8	0.0	1.7	Driver #9 funds 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 2021 Revenue Estimating Conference, adjusted by applying the Consumer Price Index adopted by the July 2021 National Economic Estimating Conference.[16]
GENERAL GOVERNMENT							
#10 Non-Florida Retirement System (FRS) Pensions and Benefits	0.1	0.0	0.3	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	36.6	0.0	37.9	0.0	39.4	0.0	Driver #11 funds the estimates adopted by the August 2021 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 2022-23		FY 2023-24		FY 2024-25		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)	104.0	0.0	70.1	0.0	57.6	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 match typically covers previous hurricanes and natural disasters. No match is required for COVID-19 response efforts since the federal government approved a cost-share adjustment that provides for 100 percent federal funding. 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	0.0	0.0	0.0	0.0	3.4	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 2021 Self-Insurance Estimating Conference[18] projects that the Risk Management Trust Fund will maintain a surplus in funds through Fiscal Year 2023-24. In Fiscal Year 2024-25, $3.4 million is provided from the General Revenue Fund to meet anticipated expenditures.
#14	Division of Administrative Hearings Assessments	0.1	0.1	0.1	0.1	0.1	0.1	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 2022-23		FY 2023-24		FY 2024-25		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	77.0	50.5	109.8	70.8	113.2	72.9	Driver #15 funds increases needed for the state employee health insurance program and the Florida Retirement System (FRS). Based on the August 2021 Self-Insurance Estimating Conference, a five percent annual increase in employer-paid premium contributions is assumed to meet expenses and maintain a positive balance in the trust fund at the end of the three-year period.[19] 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 2021 FRS Actuarial Assumption Conference and the Fiscal Year 2020-21 Annual Actuarial Valuation were not available at the time of this Outlook.[20]
Total Critical Needs	**1,239.4**	**880.1**	**588.9**	**462.1**	**476.9**	**481.2**	

[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 Higher Education and Natural Resources policy areas as shown in the following table.

General Revenue Fund Significant Other High Priority Needs Budget Drivers ($Millions)	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	3-Year Total
Driver #17 - Maintain Current Budget - Higher Education	333.9	333.9	333.9	1,001.8
Driver #38 - Water and Land Conservation	36.5	172.8	172.8	382.2
Driver #39 - Other Agricultural and Environmental Programs	149.0	157.0	157.4	463.5
Grand Total	**519.5**	**663.8**	**664.2**	**1,847.4**

Note: totals may not add due to rounding.

<u>Maintain Current Budget - Higher Education</u>

The largest General Revenue Other High Priority Needs driver is in the Higher Education policy area. The Outlook includes $333.9 million of nonrecurring General Revenue each year for Driver #17, Maintain Current Budget – Higher Education, which has three distinct components. The first and largest component is the restoration of $265 million of nonrecurring General Revenue funds that were provided in Fiscal Year 2021-22 as performance-based funding for the State University System. Although these funds historically have been provided from recurring General Revenue, the Legislature appropriated the funds as nonrecurring in Fiscal Year 2021-22. This driver maintains historical funding levels for the State University System by restoring $265 million as nonrecurring General Revenue funds in each year of the Outlook. 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 second component of the Maintain Current Budget – Higher Education driver is the restoration of $33.9 million in nonrecurring funds provided in Fiscal Year 2021-22 for the Effective Access to Student Education (EASE) Grant. Similar to university performance, this driver component maintains historical funding levels by providing nonrecurring General Revenue funds in each year of the Outlook; however, the policy regarding institutional eligibility and funding would be determined by the Legislature.

The third and final component of the Maintain Current Budget – Higher Education driver is the restoration of nonrecurring funds provided in Fiscal Year 2021-22 for the Open Door Grant Program, established in Chapter 2021-164, Laws of Florida. The Outlook includes $35 million of nonrecurring General Revenue funds in each year of the forecast period, including $15 million for school district technical centers and $20 million for Florida Colleges.

Water and Land Conservation / Other Agriculture and Environmental Programs

The next most significant General Revenue Other High Priority Needs budget drivers are related to Florida's natural resources: 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 2021 Revenue Estimating Conference results, the revenue to be distributed to the LATF over the three years of the Outlook is estimated to be $1,203.6 million for Fiscal Year 2022-23; $1,182.7 million for Fiscal Year 2023-24; and $1,176.8 million for Fiscal Year 2024-25.[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 $36.5 million in Fiscal Year 2022-23 and $172.8 million in Fiscal Years 2023-24 and 2024-25. 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; Water Quality Improvements (WQI), including the Water Quality Improvements Grant Program, Lake Okeechobee Watershed Restoration Project, Indian River Lagoon WQI, Biscayne Bay WQI, Springs Coast Watershed and Peace River Basin WQI, Coral Reef Protection and Restoration, and St. Johns, Suwannee, and Apalachicola Rivers Watersheds and Springs Coast WQI; 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 $3.5 million in each year of the forecast period, as well as nonrecurring General Revenue funds of $145.5 million in Fiscal Year 2022-23, $153.5 million in Fiscal Year 2023-24, and $153.9 million in Fiscal Year 2024-25. 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, the Agricultural Water Supply Planning and Conservation Program, Farm Share and Food Banks, aircraft acquisition and maintenance, Agriculture Education and Promotion Facilities, Citrus Greening, 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, law enforcement body cameras, and nonnative species management.

[21] 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 2022-23		FY 2023-24		FY 2024-25		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	1.5	0.0	1.5	0.0	1.5	0.0	Driver #16 provides funding for the Florida School for the Deaf and the Blind. Amounts are based on the three-year average increase of appropriations.
HIGHER EDUCATION							
#17 Maintain Current Budget - Higher Education	333.9	0.0	333.9	0.0	333.9	0.0	Driver #17 provides nonrecurring funds each year to continue nonrecurring funds provided in Fiscal Year 2021-22 for State University System Performance funding, the Open Door Grant Program at school district technical centers and Florida Colleges, and the Effective Access to Student Education grant program.
#18 Workload - District Workforce	6.0	0.0	6.0	0.0	6.0	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	39.6	0.0	39.6	0.0	39.6	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	90.7	0.0	90.7	0.0	90.7	0.0	Driver #20 funds increases for State Universities based on the three-year average increase of appropriations, excluding funded appropriations projects.
#21 Workload and Adjustments - Other Higher Education Programs	0.7	0.0	1.0	0.0	1.9	0.0	Driver #21 provides funding for additional students eligible for the Effective Access to Student Education grant program and the Benacquisto Scholarship program. The amounts are based on the results of the August 2021 Education Estimating Conference.[22]

[22] 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 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
HUMAN SERVICES							
#22 Medicaid Services	22.4	41.8	22.4	41.8	22.4	41.8	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	82.4	116.3	82.4	116.3	82.4	116.3	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; and mental health services administered through community-based providers; and funding needs resulting from recent federal changes.
#24 Health Services	9.2	35.3	9.2	35.3	9.2	35.3	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	73.8	119.0	73.8	119.0	73.8	119.0	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, supported employment and internship programs, and rate increases for Medicaid Waiver providers.

Other High Priority Needs Driver Number and Title	FY 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#26 Veterans' Services	1.7	0.7	1.7	0.7	1.7	0.7	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 handicap transport vans. The amounts are based on three-year averages of appropriations.
#27 Elderly Services	12.2	0.3	12.2	0.3	12.2	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.
#28 Human Services Information Technology/Infrastructure	6.8	53.4	6.8	53.4	6.8	53.4	Driver #28 provides funding for the completion of the Agency for Persons with Disabilities' Client Data Management System, the Department of Veterans' Affairs computer replacement program and security enhancements, the Florida Medicaid Management Information System (FMMIS) transition, facility regulation issues in the Agency for Health Care Administration, restoration of nonrecurring funds for cloud conversion for the Department of Children and Families' Florida Safe Families Network (FSFN), Child Welfare Information Technology, and continuation of the Enterprise Client Information, 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.

Other High Priority Needs Driver Number and Title	FY 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
CRIMINAL JUSTICE AND JUDICIAL BRANCH							
#29 Justice Administration Entities	6.8	0.3	6.8	0.3	6.8	0.3	Driver #29 funds increases for due process and conflict case costs for the judicial system; 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	17.3	0.0	17.3	0.0	0.0	0.0	Driver #30 provides funding related to the four year transition of correctional officers from 12 hour to 8.5 hour shifts. The amounts are based on the average increase in funding for this issue over the last two fiscal years.
#31 Juvenile Justice Programs	6.2	1.0	6.2	1.0	6.2	1.0	Driver #31 funds residential commitment programs, community supervision, and prevention programs based on the three-year average increase of appropriations.
#32 Other Criminal and Civil Justice Programs and Operations	23.1	8.5	23.1	8.5	23.1	8.5	Driver #32 provides funding based on the three-year average increase of appropriations for education and training programs for inmates and offenders; safety and security cameras at correctional and juvenile justice facilities; motor vehicle fleet replacements; and information technology projects.
#33 Judicial Branch	3.9	0.1	3.9	0.1	3.9	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.

Table continues on the following page.

Other High Priority Needs Driver Number and Title	FY 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
TRANSPORTATION AND ECONOMIC DEVELOPMENT							
#34 Department of Transportation Adopted Work Program (Fiscal Year 2022 – 2025)	0.0	9,272.0	0.0	8,484.6	0.0	8,051.1	Driver #34 funds the list of transportation projects included in the Adopted Five Year Work Program, which uses estimates from the March 2021 Revenue Estimating Conference.[23] Changes in project commitments and revenue estimates after July 1, 2021, will be incorporated into the Tentative Work Program in January 2022.
#35 Economic Development and Workforce Programs	48.8	0.0	48.8	0.0	48.8	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	4.9	0.0	4.9	0.0	4.9	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.
#37 Library, Cultural, Historical, and Election Priorities	41.8	0.0	39.7	0.0	41.8	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 2022-23 and Fiscal Year 2024-25 for advertising constitutional amendments based on the average funding in the two most recent general election years.

[23] 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 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
NATURAL RESOURCES							
#38 Water and Land Conservation	36.5	533.7	172.8	397.3	172.8	397.3	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 2021 Revenue Estimating Conference,[24] and three-year averages of appropriations. In Fiscal Year 2022-23, prior year carry forward balances and increased revenue projections in the LATF reduce the amount of General Revenue needed.
#39 Other Agricultural and Environmental Programs	149.0	27.7	157.0	23.4	157.4	23.4	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; Agricultural Programs; and Fish and Wildlife Conservation Programs.
GENERAL GOVERNMENT							
#40 Other General Government Priorities	10.1	31.7	2.2	25.6	3.4	23.8	Driver #40 funds contract costs associated with the Florida Interoperability Network and Mutual Aid channels and the Statewide Law Enforcement Radio System, as estimated by the Department of Management Services. Funding is also provided for contract costs for the Florida Accounting Information Resource replacement as estimated by the Department of Financial Services. In addition, funding is provided for aerial photography for small counties based on estimates from the Department of Revenue.

[24] 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 2022-23		FY 2023-24		FY 2024-25		Driver Description and Assumptions
	Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#41 State Building Pool - General Repairs and Maintenance	33.7	16.4	33.7	16.4	33.7	16.4	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	58.6	32.0	58.6	32.0	58.6	32.0	Driver #42 provides funding for state employees pay issues based on the three-year average of appropriations for competitive pay adjustments, merit and retention pay adjustments, and minimum wage adjustments.
#43 Maintenance, Repairs, and Capital Improvements - Statewide Buildings - Critical	54.8	21.0	54.8	21.0	54.8	18.7	Driver #43 provides funding based on three-year averages of appropriations 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	**1,176.5**	**10,311.3**	**1,311.1**	**9,377.1**	**1,298.4**	**8,941.8**	

REVENUE ADJUSTMENTS

KEY POINTS

- The Outlook includes tax and fee adjustments to the General Revenue Fund totaling -$84.6 million in Fiscal Year 2022-23; -$130.3 million in Fiscal Year 2023-24; and -$176.0 million in Fiscal Year 2024-25.
- The increasingly negative impact is a result of the cumulative effect of continuing the adjustments that are recurring in nature.
- These negative adjustments are offset by trust fund transfers to the General Revenue Fund. The Outlook assumes annual transfers of $152.1 million.

The Outlook includes revenue adjustments to the General Revenue Fund, which reflect recent legislative actions that alter the revenue-side of the state's fiscal picture, including tax and fee changes and trust fund transfers. 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.

Tax and Significant Fee Changes

Every year, the Legislature adopts a number of statutory changes that affect state and local government revenues. Some increase or reduce revenues, while others transfer moneys between different funds or levels of government without affecting state revenue receipts. After the Legislature adjourns, the Revenue Estimating Conference produces fiscal impacts for each measure, and these are compiled in a document entitled *Measures Affecting Revenues*.[25] The Outlook includes a three-year average of the state tax and fee changes that affect the General Revenue Fund.

Some of the impacts embedded 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, the effect of the changes in the first fiscal year of implementation can be less than a full year's effect.

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 average 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 change. The calculation for this year's Outlook warranted a different treatment. Two of the more significant measures from the 2021 Legislative Sessions relate to changes that, given 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. Because both initiatives were unique in time and significance, they have been excluded from the Fiscal Year 2020-21 average.

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

In each of the years used to calculate the three-year average for this Outlook, the largest time-limited impacts were the back-to-school Sales Tax holidays. The largest continuing impact was the additional 0.2 percentage point reduction to the Sales Tax rate imposed on commercial rent beginning in Fiscal Year 2019-20, followed by the increase to the Moffitt Cancer Center distribution in Fiscal Year 2021-22. The continuing impacts from legislation in Fiscal Year 2020-21 resulted in only minor adjustments to the General Revenue Fund. 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.

	Fiscal Year 2022-23			Fiscal Year 2023-24			Fiscal Year 2024-25		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Year 1	(45.7)	27.9	(17.8)	(45.7)	0.0	(45.7)	(45.7)	0.0	(45.7)
Year 2	-	-	-	(45.7)	27.9	(17.8)	(45.7)	0.0	(45.7)
Year 3	-	-	-	-	-	-	(45.7)	27.9	(17.8)
TOTAL	**(45.7)**	**27.9**	**(17.8)**	**(91.4)**	**27.9**	**(63.5)**	**(137.1)**	**27.9**	**(109.2)**

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 numbers are very similar to the adjustments used in last year's Outlook. Since three-year averages are used to develop the total impact, no specific tax or fee changes can be inferred.

	Fiscal Year 2022-23			Fiscal Year 2023-24			Fiscal Year 2024-25		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Continuing Tax/ Fee Changes	(45.7)	27.9	(17.8)	(91.4)	27.9	(63.5)	(137.1)	27.9	(109.2)
Time-Limited Tax/ Fee Changes	-	(66.8)	(66.8)	-	(66.8)	(66.8)	-	(66.8)	(66.8)
TOTAL	**(45.7)**	**(38.9)**	**(84.6)**	**(91.4)**	**(38.9)**	**(130.3)**	**(137.1)**	**(38.9)**	**(176.0)**

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 2021-22, appropriations were made from 170 different trust funds, totaling $65.2 billion. Approximately $39.9 billion was appropriated from federal revenue sources and $25.2 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. This year's Outlook relies on three-year averages of trust fund transfers as adjustments to available General Revenue. 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, this year's calculation makes adjustments for the redirection of General Revenue funds to the State Transportation Trust Fund that was approved in Chapter 2019-043, Laws of Florida; the redirection of General Revenue funds to the Inmate Welfare Trust Fund that was approved in Chapter 2020-98, Laws of Florida; and the provision that prohibits distributions to the housing trust funds from being transferred to the General Revenue Fund in the General Appropriations Act that was approved in Chapter 2021-039, Laws of Florida.

Calculation of Trust Fund Transfers to the General Revenue Fund ($Millions)	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	3-Year Average
Total Transfers to General Revenue	$336.5 M	$182.0 M	$559.3 M	$359.3 M
Adjustment for Excluded Transfers	---	($2.5) M	---	($0.8) M
Total Transfers with Exclusions	$336.5 M	$179.5 M	$559.3 M	$358.4 M
Adjustment for Redirect to State Trust Funds	($128.9) M	($2.5) M	---	($43.8) M
Adjustment for Prohibited Transfers	($125.0) M	---	($362.5) M	($162.5) M
NET TRANSFER TO GENERAL REVENUE	**$82.6 M**	**$177.0 M**	**$196.8 M**	**$152.1 M**

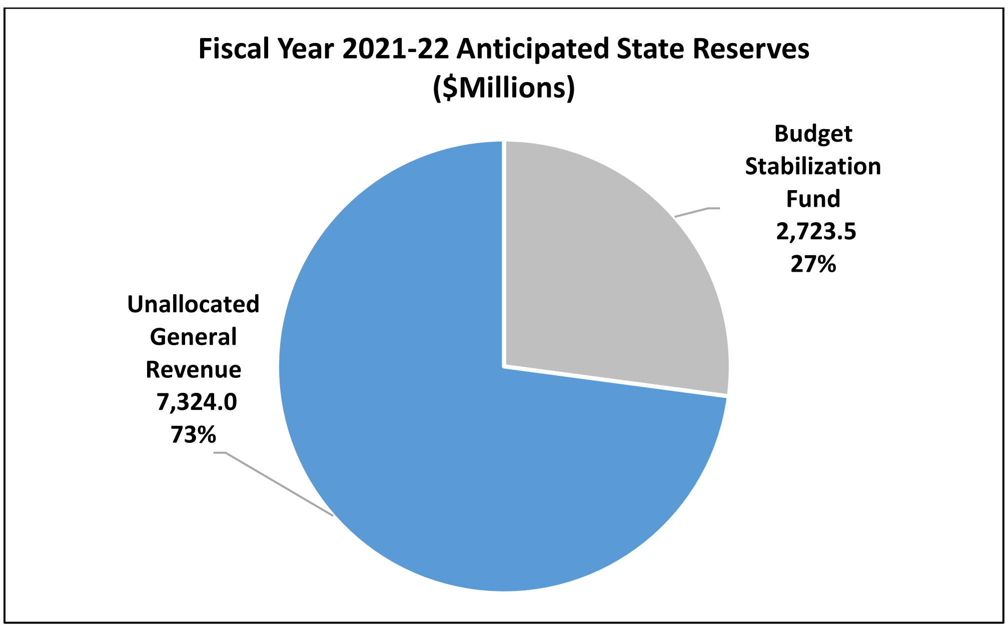
Note: totals may not add due to rounding.

STATE RESERVES

KEY POINTS

- The state's reserves for Fiscal Year 2021-22 are estimated to be $10.0 billion, including $7.3 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 $1.5 billion in Fiscal Year 2022-23 and $1.6 billion in Fiscal Years 2023-24 and 2024-25.
- Similar levels of unallocated reserves are also maintained for the three major trust funds each year.

The Budget Stabilization Fund (BSF) and unallocated General Revenue compose the state's reserves.[26] The constitutionally-required BSF is the state's structural reserve, while unallocated General Revenue provides budget flexibility. Based on the August 2021 General Revenue estimate, reserves for Fiscal Year 2021-22 are projected to be more than $10.0 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.



[26] 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. An initial transfer of $1.05 billion was made on July 8, 2021, increasing the balance in the BSF from $1.67 billion to $2.72 billion. A residual balance of approximately $8 million in cash and receivables remains in the Endowment Fund and will be transferred quarterly to the BSF beginning September 30, 2021.

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.[27] Unallocated General Revenue is an easily accessible source of reserve funds. In the event of a hurricane or other emergency, these funds can be spent through emergency budget amendments. The funds also remain available for the Legislature to respond to revenue shortfalls, program deficits, or to provide for other expenditures of the state.

For Fiscal Year 2021-22, the unallocated General Revenue reserve is estimated to be $7.3 billion, as shown on the Financial Outlook Statement adopted by the Revenue Estimating Conference in August 2021.[28] This positive ending balance takes into account all available funds, including the Fiscal Year 2020-21 actual revenue collections and the revised forecast for Fiscal Year 2021-22, as well as anticipated expenditures.

Within the Outlook, a minimum General Revenue reserve is maintained each year equivalent to 3.9 percent of the revenue estimate, which is approximately $1.5 billion in Fiscal Year 2022-23, $1.6 billion in Fiscal Year 2023-24, and $1.6 billion in Fiscal Year 2024-25. The previous ten Long-Range Financial Outlooks assumed a minimum General Revenue reserve of $1.0 billion for each forecasted year. 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.

Based on the August 2021 General Revenue forecast, a minimum reserve of $1.0 billion would equate to approximately 2.6 percent, 2.5 percent, and 2.4 percent of the revenue estimates for Fiscal Years 2022-23, 2023-24, and 2024-25, respectively. From Fiscal Year 2012-13 to Fiscal Year 2022-23, estimated General Revenue collections have increased by $12.9 billion, or more than 50 percent. To account for this significant increase in revenues, as well as the importance of maintaining an adequate reserve, this year's Outlook applies the originally adopted 3.9 percent reserve level to the new revenue forecast for each year of the Outlook. This methodology allows the minimum reserve amount to increase along with the revenue forecast.

Also, the Outlook 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 the Educational Enhancement Trust Fund and State School Trust Fund 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. For the Tobacco Settlement Trust Fund, the reserve is approximately three percent each year after accounting for the August 2021 Social Services Estimating Conference forecast for Medicaid expenditures.

Additionally, the Outlook typically provides for the constitutionally-required transfers to the Budget Stabilization Fund. Based on the August 2021 General Revenue estimates, no transfers are required during the three-year forecast period.

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

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

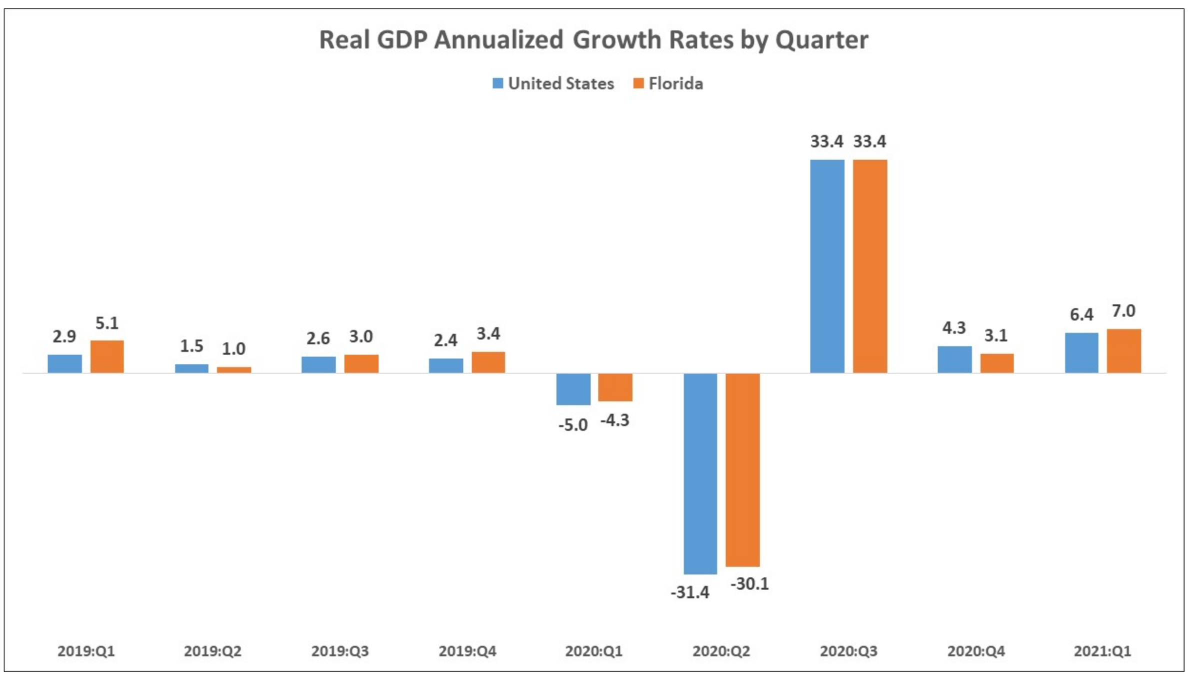
ECONOMIC AND DEMOGRAPHIC TRENDS

KEY POINTS

- Like the rest of the world, the State of Florida's economy was significantly shaded by the pandemic over the past 18 months. This has caused differing effects on the state's industries.
- While significant risks still remain, the current economic outlook for the forecast period is overall good.
- 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

There are many emerging storylines from the past 18 months. Like the rest of the world, the State of Florida's economy was significantly shaded by the pandemic. This economic result is best demonstrated by the quarterly change in real State Gross Domestic Product (GDP), which is all goods and services produced or exchanged within the state. Florida's GDP movements have nearly matched the nation as a whole, but unlike the data for the entire country, the Accommodation and Food Services industry has been the state's most significant drag.



While Florida's GDP tracked 1.7 percent below the estimates made prior to the pandemic in both Fiscal Year 2019-20 and Fiscal Year 2020-21, the Economic Estimating Conference anticipates that the state will move above the pre-pandemic estimates beginning this year. For the 2022-23, 2023-24 and 2024-25 fiscal years, annual growth is projected to average a more characteristic 2.5 percent.

Normally, personal income growth is another important gauge of the state's economic health; however, its changes have been in stark contrast to GDP as federal dollars have flooded into many Florida households. For example, in the first quarter of 2021, Florida's personal income growth shot up 61.9 percent largely due to the two most recent federal stimulus and relief programs converging in the quarter. Once the federal support measures expire, the state's personal income will recede at an annualized 24.7 percent in the second quarter of the 2021 calendar year to produce a final growth rate for the 2020-21 fiscal year of 8.5 percent. The Economic Estimating Conference expects personal income to increase by 1.5 percent in the current year based on the hope that, as furloughed and laid off workers return to their jobs or find new opportunities, wage growth will offset much of the loss of the massive government relief measures. Thereafter, the annual growth rates are expected to remain solidly above 4.0 percent.

Part of the future economic improvement is related to the mending tourism industry. While all Florida industries were impacted by the pandemic-induced economic contraction, Florida's leisure and hospitality industry bore the brunt of the longer-term consequences. 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 surging Delta variant of COVID-19. The total number of tourists declined 69 percent from the prior year in the second quarter of 2020. After that dramatic drop, tourism managed to recover to 68 percent of the last full pre-COVID quarter by the first quarter of 2021, buttressed by the increased number of domestic visitors travelling to Florida by car. Several industry groups have already predicted that it will take at least two years to reach full recovery from this pandemic. Current expectations are that leisure driving vacations will recover first, and then—in order—business travel, domestic air travel, and international travel. The timing will be influenced by the actual course of the disease over the next few months, as well as the widespread distribution of vaccines globally. Even so, the Conference expects robust growth during Fiscal Year 2021-22, with a projected overall increase of 38.4 percent from the extremely suppressed level in Fiscal Year 2020-21. The growth rate moderates thereafter. While the new forecast levels never exceed the pre-pandemic forecast levels, they come close in the latter part of the 10-year forecast horizon.

Two areas of the state's economy indirectly benefited from the pandemic, but with a future payback: real estate and construction. The state's revenue source most closely aligned with the real estate market, the Documentary Stamp Tax, had collections in Fiscal Year 2020-21 that topped the Fiscal Year 2005-06 peak reached at the height of Florida's housing boom. This milestone was particularly remarkable considering the prior year (Fiscal Year 2019-20) registered only 70.8 percent of that level after steadily increasing for ten years from a low of 26.6 percent.

Because construction activity continues to be subpar relative to the state's long-term average, attention over the past few years has focused on the market for existing homes as an upstream indicator of future construction need. All of these metrics point to an existing home market that has fully recovered. Existing home sales volume in each of the calendar years from 2014 to 2020 exceeded the 2005 peak year. The story is similar for sales price. Florida's existing home price gains roughly tracked national gains over the past six years, including the mid-year acceleration in single family home prices during calendar year 2020. Florida's median price surpassed its own prior peak ($256,200 in June 2006) in June 2018, and reached a new high of $351,000 in June 2021.

The upward pressure on Florida prices has likely been caused by the tightening supply produced by the convergence of two different forces. Breaking a trend seen since the end of the state's housing boom, the excess number of homes that moved into the market from the foreclosure process came to an end prior to the pandemic. Part of the past difference in strength between sales volume and price was attributable to the fact that the supply of existing homes for sale in Florida has been inflated by the atypically large number of homes coming out of the lengthy foreclosure process and into the market. As these homes returned to the available sales inventory, they dampened some of the price changes suggested by the steadily increasing demand. This supply-boosting result of foreclosures has now unwound. What is more, the newly tightened supply intensified over the last 15 months as a consequence of the record low interest rates induced by the Federal Reserve's actions to institute rate cuts to near-zero percent as a firewall between the pandemic-related turmoil in the economy at-large and the financial system. These low interest rate levels likely induced potential homebuyers to act earlier than they otherwise would have acted.

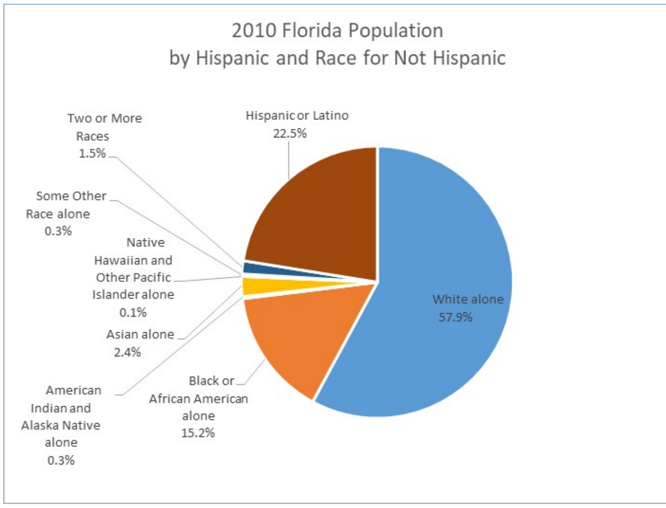
The Federal Reserve's actions also helped boost the construction market. Despite the strong double-digit growth in six of the preceding eight calendar years, the per capita level was still well below historic standards for single family building permits in 2019—just 63.8 percent of the long-run per capita level. With the robust growth seen in 2020, this percentage is expected to have reached 72.4 percent.

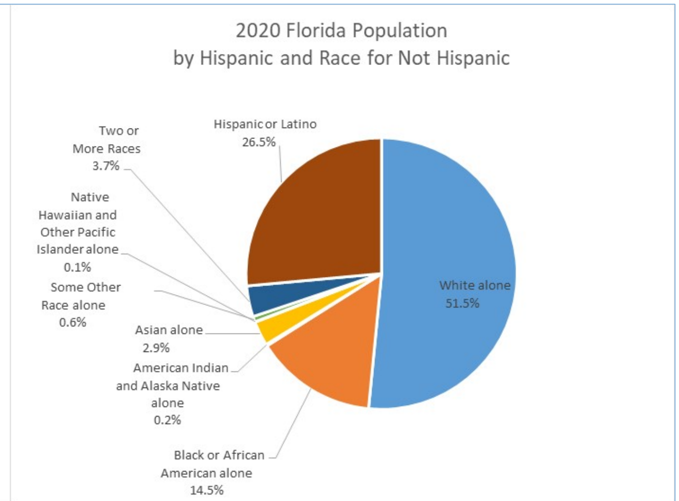
With a fully recovered existing home market and elevated home prices due to the interaction of strong demand and short supply, Documentary Stamp Tax collections were 100.6 percent of their prior peak as the 2020-21 fiscal year ended. However, the volume of existing home sales at the currently high sales prices is not expected to be sustainable as affordability increasingly becomes an issue. With affordability challenges, a high volume of cash sales, the surge of buying activity earlier than expected in the pre-pandemic forecast, and the projected end of record low interest rates, Documentary Stamp Tax collections in Fiscal Year 2021-22 are expected to decline 6.5 percent to $3.82 billion. Following the activity in the underlying industries, the negative growth in annual collections then continues for three more years—albeit slowing—before growth resumes.

Key Demographic Trends

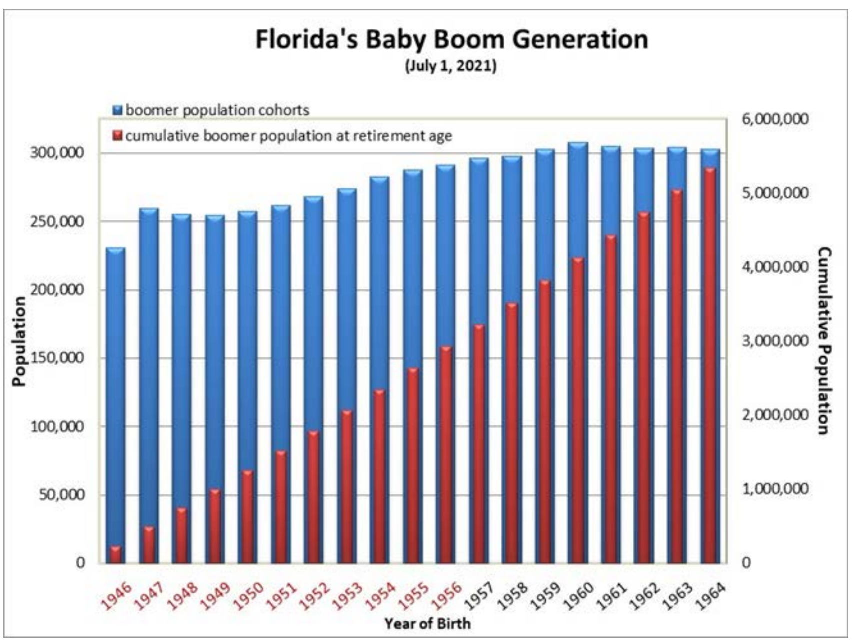
As a result of the decennial Census, Florida's resident population was determined to be 21,538,187 on April 1, 2020. This was 57,881 or 0.3 percent below the Demographic Estimating Conference's population estimate of 21,596,068 for the same date—incredibly close. The final count also made this the second consecutive Census (2010, as well as 2020) where the Conference was closer to the final number than the Census Bureau. To understand the specific differences between the April 1, 2020 Census count and the Conference's population estimate, detailed data and further analysis is still needed.

However, it is clear that Florida's unique demographics will present challenging issues for the state's policy makers over the next three decades. The state is already seeing an increasingly diverse population in terms of race, ethnicity, and age. While caution should be used when making comparisons over time with decennial data as methods have changed, the following charts show the changes that have occurred since the 2010 Census in Florida's race and ethnicity distributions. Blending the two concepts, the Census Bureau believes that their new methodology correctly reveals that the U.S. population is much more multiracial and more diverse than the past approach.





Detailed age-related data 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. Slightly over half 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, just over one-third (33.8 percent) of Florida's population is 57 years and older. This large share of the population has implications for the relative size of the labor pool, the need for health care services, the modes of service delivery, and overall tax collections; however, the aging population will also have vastly different effects over time, with the positive benefits nearing their end over this decade and the challenges still ahead.



While Florida will not return to its peak period of growth when it averaged more than 1,000 people per day, it is expected to average slightly more than 750 persons per day between now and 2030, with 1.2 percent average annual growth. All of Florida's population growth through 2030 is expected to be from net migration.

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.

<u>State Costs for Hurricanes, the Florida Hurricane Catastrophe Fund, and Citizens Property Insurance Corporation</u>

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.[29] The Outlook does not account for future financial impacts related to any potential hurricanes in 2021 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 2021 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 $15.4 billion, consisting of $11.9 billion in projected cash by December 31, 2021, 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 $9.3 billion during the next 12 months if a large event occurs during the contract year. This estimated claims paying capacity of $21.2 billion ($11.9 billion cash plus $9.3 billion bonding capacity) is $4.2 billion above the total potential statutory maximum claims paying obligation of $17.0 billion. The $17.0 billion translates to an approximate 1-in-37 year event (2.74 percent probability) or an event that causes $26.0 billion in FHCF covered industry residential losses for the 2021 storm season.

For the 2021 storm season, Citizens' probable maximum loss for a 100-year storm event is $7.5 billion. Citizens currently has claims paying ability of approximately $12.1 billion consisting of a cash surplus of $7.8 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.

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.

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

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 2021-22, $338.9 million in DSH funding was appropriated by the Legislature, with $237.2 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. In September 2019, the Centers for Medicare and Medicaid Services (CMS) released a final rule to delineate the DSH Health Reform methodology (DHRM) that will be used to implement the annual Medicaid allotment reductions identified in section 1923(f)(7) of the Social Security Act. The 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. The aggregate reduction amounts were scheduled to begin in Federal Fiscal Year 2020 (although subsequently delayed until May 23, 2020) and run through Federal Fiscal Year 2025.

No adjustments have been included in the Outlook to reduce the DSH funding allocated to Florida because it is unknown how the final CMS rule will ultimately affect Florida, nor how the Legislature will respond to any loss of these federal funds. Section 3813 of Public Law No: 116-136, Coronavirus Aid, Relief and Economic Security (CARES) Act, approved on March 27, 2020, further delays the scheduled reductions through November 30, 2020. Public Law No: 116-260, Consolidated Appropriations Act, approved on December 27, 2020, further delayed the implementation of the Medicaid DSH allotment reductions. 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 Comprehensive Annual Financial Report (CAFR) (Note 16) contains a list of those legal matters which have significant associated loss contingencies.[30]

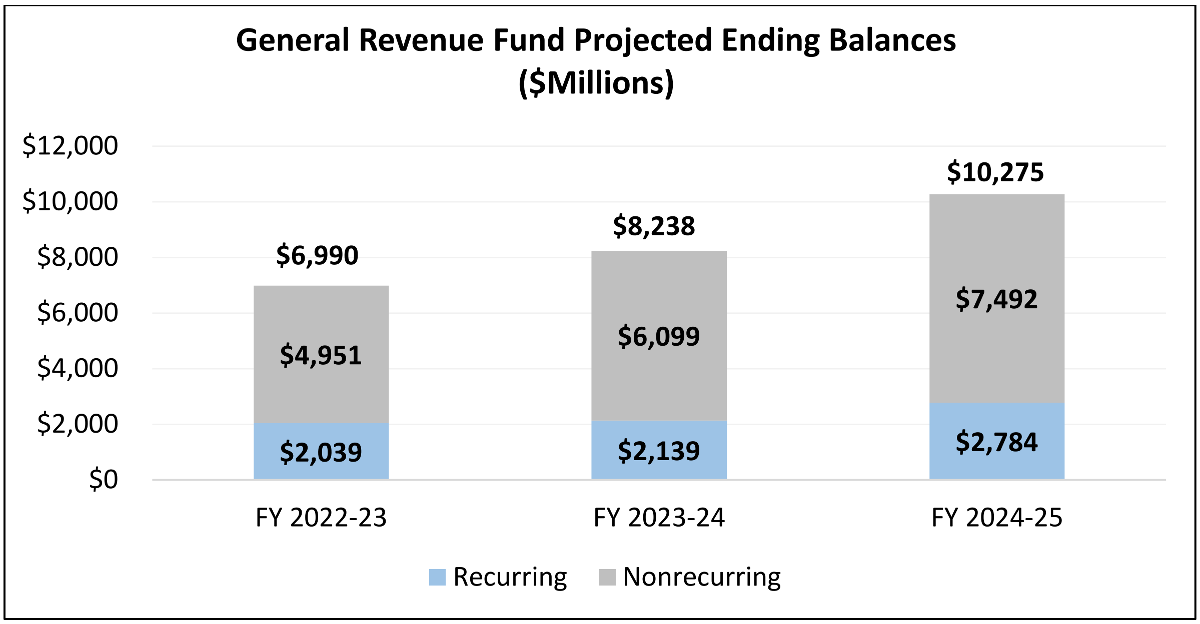
In addition, summaries of the claimed fiscal impacts of significant litigation filed against the state are annually reported by the agencies in their legislative budget requests (LBR). In the LBRs, significant litigation includes only those cases where the amount claimed is more than $1.0 million or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

[30] Florida's Comprehensive Annual Financial Report is available at https://www.myfloridacfo.com/division/aa/reports/.

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 2022-23 is nearly $7.0 billion, or about 18 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. 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. 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.

APPENDIX A – SUMMER REVENUE ESTIMATING CONFERENCE RESULTS

Revenue Estimating Conference – Summer 2021 Forecasts ($Millions)	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24		Fiscal Year 2024-25		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	578.1	592.2	666.7	657.4	649.8	677.7	648.2	659.9	649.2	658.4	http://edr.state.fl.us/Content/conferences/articleV/index.cfm
Documentary Stamp Tax Collections	3,718.0	4,082.8	3,509.7	3817.4	3,578.5	3657.1	3,675.0	3,593.6	3,778.0	3,575.7	http://edr.state.fl.us/Content/conferences/docstamp/index.cfm
General Revenue Fund	33,951.8	36,280.9	35,491.6	36,901.0	37,136.4	38,336.8	38,634.8	39,889.5	40,382.1	41,471.8	http://edr.state.fl.us/Content/conferences/generalrevenue/index.cfm
Gross Receipts Tax	1,102.8	1,109.4	1,123.1	1,135.7	1,136.7	1,148.3	1,150.3	1,157.0	1,164.7	1,167.9	http://edr.state.fl.us/Content/conferences/grossreceipts/index.cfm
Highway Safety Licenses and Fees	2,572.6	2,716.7	2,614.6	2,698.0	2,610.9	2,692.7	2,609.1	2,691.2	2,672.4	2,748.6	http://edr.state.fl.us/Content/conferences/highwaysafetyfees/index.cfm
Indian Gaming Revenues	-	-	-	317.6	-	450.7	-	470.4	-	636.1	http://edr.state.fl.us/Content/conferences/Indian-gaming/index.cfm
Lottery Revenues - Transfer to Educational Enhancement Trust Fund	2,085.0	2,246.0	1,949.4	2,032.6	1,984.1	2,034.0	2,033.3	2,103.0	2,025.6	2,115.7	http://edr.state.fl.us/Content/conferences/lottery/index.cfm

Revenue Estimating Conference – Summer 2021 Forecasts ($Millions)	Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24		Fiscal Year 2024-25		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	333.6	333.6	243.7	243.7	353.4	386.5	456.6	465.8	541.4	549.0	http://edr.state.fl.us/Content/conferences/peco/index.cfm
Revenues Flowing to State Transportation Trust Fund	3,664.4	3,835.4	3,943.3	4,094.1	4,113.5	4,257.9	4,216.8	4,370.1	4,309.6	4,461.4	http://edr.state.fl.us/Content/conferences/transportation/index.cfm
School Taxable Value	2,301,973	2,064,548	2,369,516	2,443,188	2,465,079	2,584,787	2,582,453	2,728,432	2,707,749	2,873,748	http://edr.state.fl.us/Content/conferences/advalorem/index.cfm
Slot Machine Revenues - Transfer to Educational Enhancement Trust Fund	152.3	168.2	189.0	212.8	191.4	215.4	193.8	218	196.2	220.6	http://edr.state.fl.us/Content/conferences/slotmachines/index.cfm
Tobacco Settlement Payments	402.4	402.3	408.6	418.3	418.1	434.0	428.2	451.0	438.6	468.2	http://edr.state.fl.us/Content/conferences/tobaccosettlement/index.cfm
Tobacco Tax and Surcharge	1,107.7	1,094.6	1,097.6	1,084.9	1,083.6	1,071.4	1,069.9	1,058.6	1,056.7	1,046.4	http://edr.state.fl.us/Content/conferences/tobaccotaxsurcharge/index.cfm
Unclaimed Property - Transfer to State School Trust Fund	202.2	328.5	160.6	192.1	175.6	174.8	177.4	186.5	180.2	192.3	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 2022-23			Fiscal Year 2023-24			Fiscal Year 2024-25		
		Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1	**Funds Available:**									
2	Balance Forward	0.0	7,324.0	7,324.0	0.0	6,990.3	6,990.3	0.0	8,237.6	8,237.6
3	Unused Reserve from Prior Year	0.0	0.0	0.0	0.0	1,500.6	1,500.6	0.0	1,561.1	1,561.1
4	Revenue Estimate	38,926.3	(450.5)	38,475.8	39,938.1	89.5	40,027.6	41,377.1	229.4	41,606.5
5	*Revenue Adjustments*									
6	Tax and Fee Changes [1]	(45.7)	(38.9)	(84.6)	(91.4)	(38.9)	(130.3)	(137.1)	(38.9)	(176.0)
7	Trust Fund Transfers (GAA)	0.0	152.1	152.1	0.0	152.1	152.1	0.0	152.1	152.1
8	**Total Funds Available**	**38,880.6**	**6,986.7**	**45,867.3**	**39,846.7**	**8,693.6**	**48,540.3**	**41,240.0**	**10,141.3**	**51,381.3**
9										
10	**Estimated Expenditures:**									
11	Recurring Base Budget	34,960.5	0.0	34,960.5	36,841.6	0.0	36,841.6	37,708.0	0.0	37,708.0
12										
13	**New Issues by GAA Section:**									
14	Pre K-12 Education	334.6	(397.3)	(62.7)	338.7	(2.4)	336.3	303.0	(4.6)	298.4
15	Higher Education	49.7	333.9	383.6	78.8	333.9	412.7	123.3	333.9	457.2
16	Education Fixed Capital Outlay [2]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Human Services	1,314.1	67.3	1,381.4	235.5	67.3	302.9	122.0	67.3	189.3
18	Criminal Justice & Judicial Branch	40.3	17.0	57.3	40.3	17.0	57.3	23.5	16.5	40.0
19	Transportation & Economic Development	0.0	95.6	95.6	0.0	93.4	93.4	0.0	95.6	95.6
20	Natural Resources	3.5	182.1	185.6	3.5	326.3	329.8	3.5	326.7	330.2
21	General Government	3.1	77.4	80.5	0.9	73.1	74.0	1.2	75.6	76.8
22	Administered Funds & Statewide Issues	135.8	158.8	294.5	168.6	124.9	293.5	172.0	115.8	287.8
23	**Total New Issues**	1,881.1	534.8	2,415.9	866.3	1,033.7	1,900.0	748.4	1,026.9	1,775.3
24										
25	Transfer to Budget Stabilization Fund [3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26										
27	**Total Estimated Expenditures**	**36,841.6**	**534.8**	**37,376.4**	**37,708.0**	**1,033.7**	**38,741.6**	**38,456.4**	**1,026.9**	**39,483.3**
28	Reserves	0.0	1,500.6	1,500.6	0.0	1,561.1	1,561.1	0.0	1,622.7	1,622.7
29	**Ending Balance**	**2,039.0**	**4,951.3**	**6,990.3**	**2,138.7**	**6,098.8**	**8,237.6**	**2,783.6**	**7,491.7**	**10,275.3**

Totals may not add due to rounding.

[1] The continuing impact of the recurring tax and fee changes results in a cumulative effect for Fiscal Years 2023-24 and 2024-25.

[2] The 2020 Long-Range Financial Outlook 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.

[3] Based on the August 2021 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
2011-12	23,618.8	[redacted]	[redacted]	[redacted]	4.7%
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	33,951.8	36,280.9	2,329.1	4,914.7	15.7%
2021-22	35,491.6	36,901.0	1,409.4	620.1	1.7%
2022-23	37,136.4	38,336.8	1,200.4	1,435.8	3.9%
2023-24	38,634.8	39,889.5	1,254.7	1,552.7	4.1%
2024-25	40,382.1	41,471.8	1,089.7	1,582.3	4.0%

Long-Range Financial Outlook Results

10-Year History ($ Millions)

Outlook	For the Period Beginning	General Revenue Ending Balance			Level of Reserves
		Year 1	Year 2	Year 3	
2011	Fiscal Year 2012-13	273.8	692.1	840.6	1,000.0
2012	Fiscal Year 2013-14	71.3	53.5	594.0	1,000.0
2013	Fiscal Year 2014-15	845.7	1,426.7	3,295.3	1,000.0
2014	Fiscal Year 2015-16	336.2	1,004.5	2,156.1	1,000.0
2015	Fiscal Year 2016-17	635.4	583.7	222.2	1,000.0
2016	Fiscal Year 2017-18	7.5	(1,300.9)	(1,897.7)	1,000.0
2017	Fiscal Year 2018-19	52.0	(1,146.2)	(1,639.6)	1,000.0
2018	Fiscal Year 2019-20	223.4	(47.8)	(456.7)	1,000.0
2019	Fiscal Year 2020-21	289.3	(486.0)	(366.7)	1,000.0
2020	Fiscal Year 2021-22	(2,749.9)	(1,899.1)	(926.8)	1,000.0
2021	Fiscal Year 2022-23	6,990.3	8,237.6	10,275.3	Y1 - 1,500.6 Y2 - 1,561.1 Y3 - 1,622.7