

Florida: Fall Conference Update

December 7, 2009

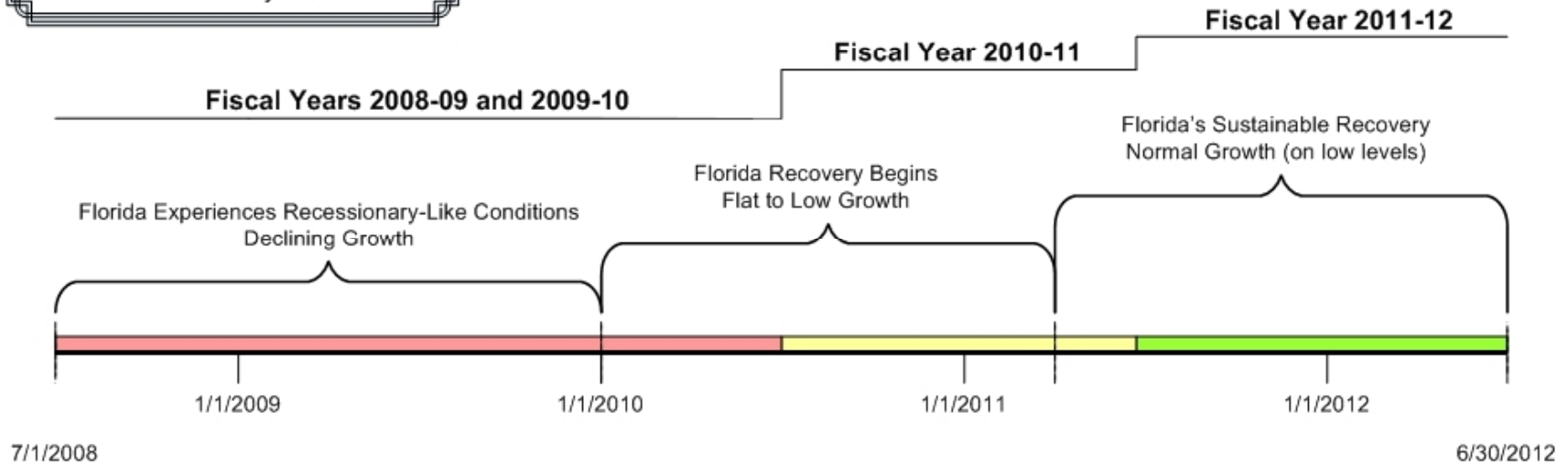
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Florida Recovery Timeline

Fall 2009 Projections



Fiscal Year 2009-10

- National GDP has growth of 0.4%.
- National consumer price index is weakly positive.
- National consumer spending is weakly positive.
- Standard & Poor's Index is positive.
- Florida has negative population growth.
- Florida personal income declines.
- Florida employment declines.
- Florida unemployment rate peaks at 11.4%.
- Florida housing starts decline.
- Florida registration of new light vehicles declines.
- Florida visitors decline.

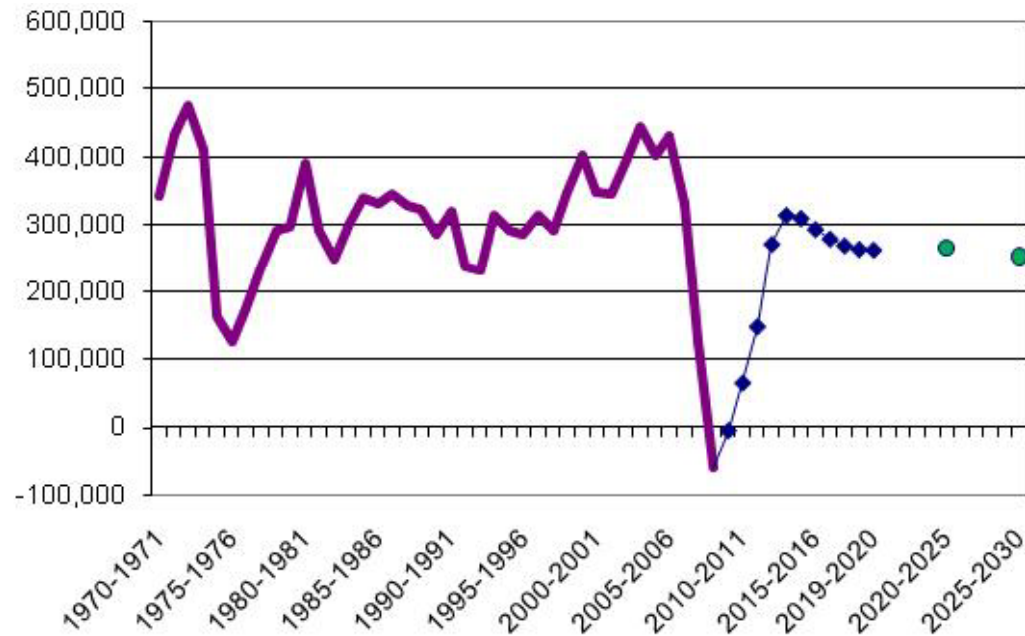
Fiscal Year 2010-11

- National GDP has weak growth.
- Florida population has virtually no growth.
- Florida personal income has weak growth.
- Florida employment has weak growth.
- Florida unemployment rate is only slightly off the peak.
- Florida private housing starts enter positive territory.

Fiscal Year 2011-12

- Most Florida measures return to normal or accelerated growth rates.
- Florida population growth is still weak.
- Florida unemployment rate improves slowly.

Population Forecast Reduced



Population:

- Increased by: 445,224 between 2003 and 2004
- Declined by: **-57,205** between 2008 and 2009

Population is forecast to decline by:

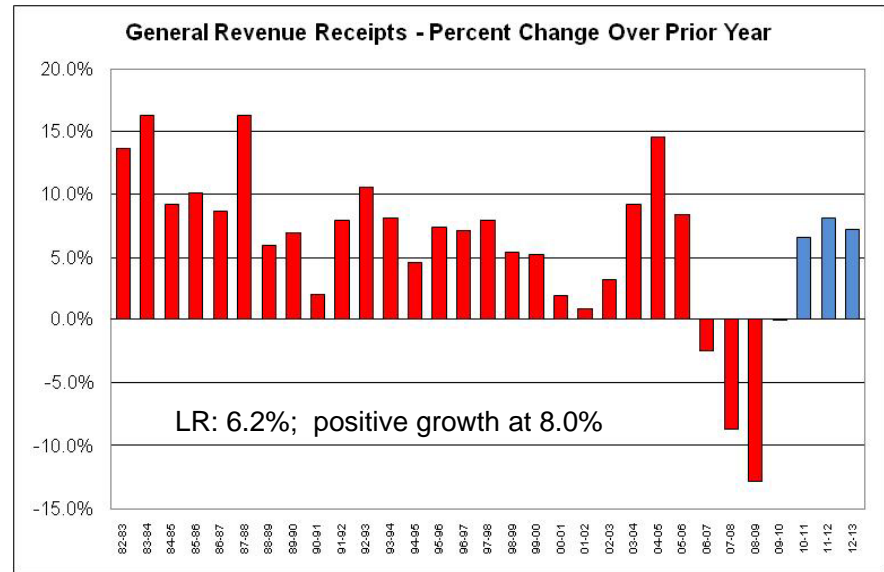
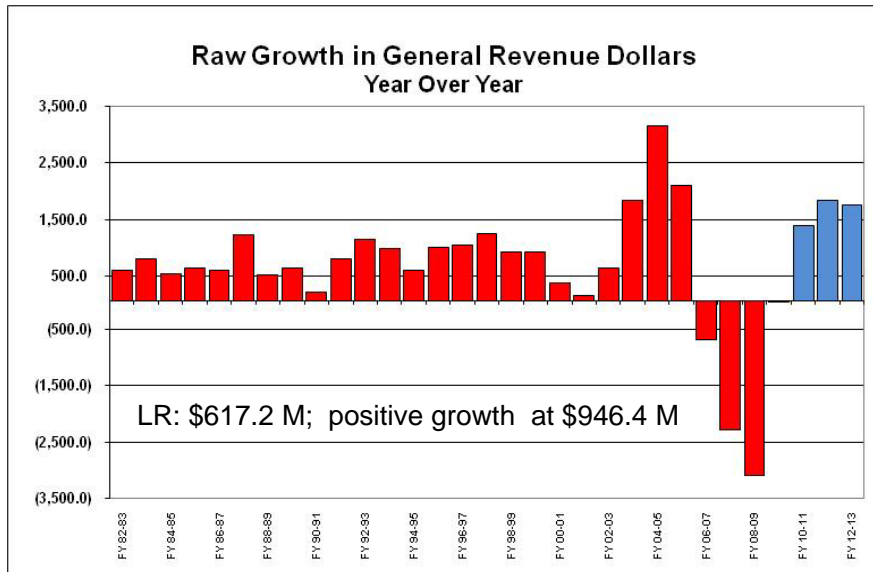
- **-3,954** between 2009 and 2010

Population is forecast to increase on average by:

- 221,933 between 2010 and 2015
- 249,949 between 2025 and 2030



General Revenue Estimate Higher



Fiscal Year	Original Forecast	August Forecast	New Forecast	Difference (New - Rev)	Incremental Growth	Growth
2005-06	27074.8					8.4%
2006-07	26404.1					-2.5%
2007-08	24112.1					-8.7%
2008-09	21025.6					-12.8%
2009-10	19998.4	20693.2	21031.6	338.4	6.0	0.0%
2010-11	21091.2	22097.0	22409.6	312.6	1378.0	6.6%
2011-12	23007.9	23914.8	24234.2	319.4	1824.6	8.1%
2012-13	24950.6	25879.4	25978.6	99.2	1744.4	7.2%

Other Revenues (relative to Long-Range Financial Outlook)

- The **Educational Enhancement Trust Fund** will have little or no long-term growth. Overall, the Conference raised the estimates slightly (Lottery up more than Slots down), but each year of the Outlook period still has fewer total dollars for expenditure than were spent in Fiscal Year 2009-10.

(millions)	3-Year	Fall	Diff
2009-10	1423.9	1460.3	36.4
2010-11	1390.1	1422.0	31.9
2011-12	1388.5	1398.9	10.4
2012-13	1411.4	1422.1	10.7

- Overall, **Article V** funds were increased (primarily due to a revised foreclosure estimate), but the General Revenue distribution went down.

Overall				GR			
(millions)	3-Year	Fall	Diff	(millions)	3-Year	Fall	Diff
2009-10	1042.9	1150.8	107.9	2009-10	245.2	200.6	-44.6
2010-11	976.7	1134.5	157.8	2010-11	242.7	207.3	-35.4
2011-12	951.3	1053.1	101.8	2011-12	242.2	190.4	-51.8
2012-13	944.5	982.7	38.2	2012-13	242.2	184	-58.2



Other Revenues (relative to Long-Range Financial Outlook)

- Forecasted **Highway Safety Fees** were reduced largely because of behavioral changes and Cash for Clunkers.

Overall				GR			
(millions)	3-Year	Fall	Diff	(millions)	3-Year	Fall	Diff
2009-10	2024.8	2001.9	-22.9	2009-10	793.4	779.1	-14.3
2010-11	2278.0	2247.8	-30.2	2010-11	985.0	966.2	-18.8
2011-12	2319.1	2307.9	-11.2	2011-12	993.9	992.1	-1.8
2012-13	2345.2	2339.0	-6.2	2012-13	993.0	991.4	-1.6

- Forecasted **Transportation Revenues** were increased primarily due to lower gas prices affecting fuel sales in the near-term.

(millions)	3-Year	Fall	Diff
2009-10	2580.9	2637.8	56.9
2010-11	2647.6	2725.7	78.1
2011-12	2788.0	2868.2	80.2
2012-13	2928.3	3000.4	72.1



Other Revenues (relative to Long-Range Financial Outlook)

- Lower **Gross Receipts** forecast, but higher **PECO** estimates. The reduction in bonding capacity from the lower Gross Receipts Tax forecast is offset by increased capacity resulting from lower interest rates on bond sales, refinancing activity, and other technical adjustments.

PUBLIC EDUCATION CAPITAL OUTLAY (PECO) ESTIMATING CONFERENCE MAXIMUM POSSIBLE PECO TRUST FUND APPROPRIATION				
		July '09 REC <u>Estimate</u>	Nov '09 REC <u>Estimate</u>	<u>Change</u>
FY 10-11	Maximum Available	161.9	425.6	263.7
	Bonded Projects	10.1	46.0	35.9
	Non-bonded Projects	151.8	379.6	227.8
FY 11-12	Maximum Available	464.3	300.7	-163.6
	Bonded Projects	268.5	102.6	-165.9
	Non-bonded Projects	195.8	198.1	2.3
FY 12-13	Maximum Available	793.4	767.7	-25.7
	Bonded Projects	574.8	539.7	-35.1
	Non-bonded Projects	218.6	228.0	9.4



Other Revenues (relative to Long-Range Financial Outlook)

- While the confidence level in the current projections for the **Tobacco Tax and Surcharge** has continued to increase, the Conference made no changes to the estimate that was done in August of 2009. Although overall collections are running slightly ahead of estimate, month-to-month variations in collections make a clear upward trend difficult to establish.

Tobacco Tax and Surcharge Conference Comparison of the August 2009 and November 2009 Forecasts				
	2009-10	2010-11	2011-12	2012-13
Cigarette Tax				
August 2009	316.3	329.8	324.9	323.1
November 2009	316.3	329.8	324.9	323.1
Difference	0.0	0.0	0.0	0.0
Cigarette Surcharge *				
August 2009	957.9	986.1	971.5	966.0
November 2009	957.9	986.1	971.5	966.0
Difference	0.0	0.0	0.0	0.0
OTP Tax				
August 2009	23.0	23.9	24.3	25.0
November 2009	23.0	23.9	24.3	25.0
Difference	0.0	0.0	0.0	0.0
OTP Surcharge *				
August 2009	55.2	57.4	58.3	60.0
November 2009	55.2	57.4	58.3	60.0
Difference	0.0	0.0	0.0	0.0



* 2009-10 figures include floor tax

Current Year GR Deficits & Balance

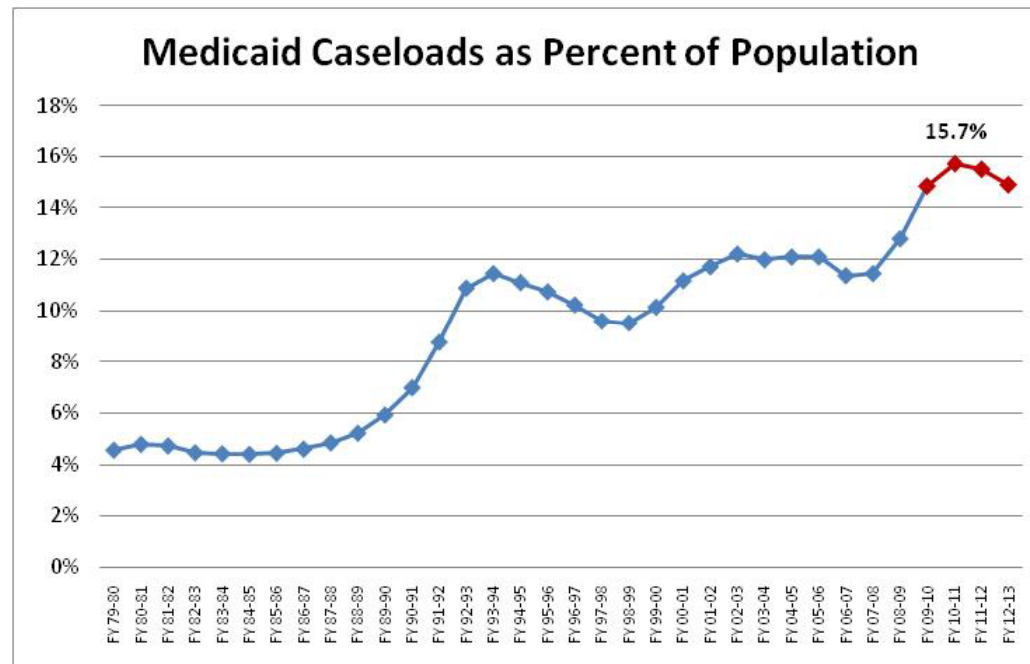
	<u>AUGUST</u>	<u>OCTOBER</u>
Unallocated General Revenue (Current Outlook)	+\$667.1 M	+1,048.7 M
<ul style="list-style-type: none"> ● <i>Medicaid</i> <ul style="list-style-type: none"> ● <i>FY 2008-09 & 2009-10</i> ● <i>Principal State School Trust Fund</i> <ul style="list-style-type: none"> ● <i>FY 2009-10</i> ● <i>Risk Management Trust Fund</i> <ul style="list-style-type: none"> ● <i>FY 2009-10</i> ● <i>Voluntary Pre-Kindergarten</i> <ul style="list-style-type: none"> ● <i>FY 2009-10</i> 	<ul style="list-style-type: none"> - \$224.8 million - \$ 38.1 million - \$ 5.3 million - \$ 17.5 million 	<ul style="list-style-type: none"> - \$462.2 million - \$ 38.1 million - \$ 8.5 million - \$ 17.5 million
	+\$381.4 M	+522.4 M



GOLD = Updated Number

Medicaid Caseload Increased

- **Caseload Estimating Conference-** The caseload projection for the 2009-10 fiscal year is 69,718 higher than the estimate adopted last July. The caseload continues to rise into next fiscal year (+6.2%) --- producing an historic caseload of over 2.95 million in FY 2010-11, serving 15.7% of Florida's population, before beginning a slow decline.

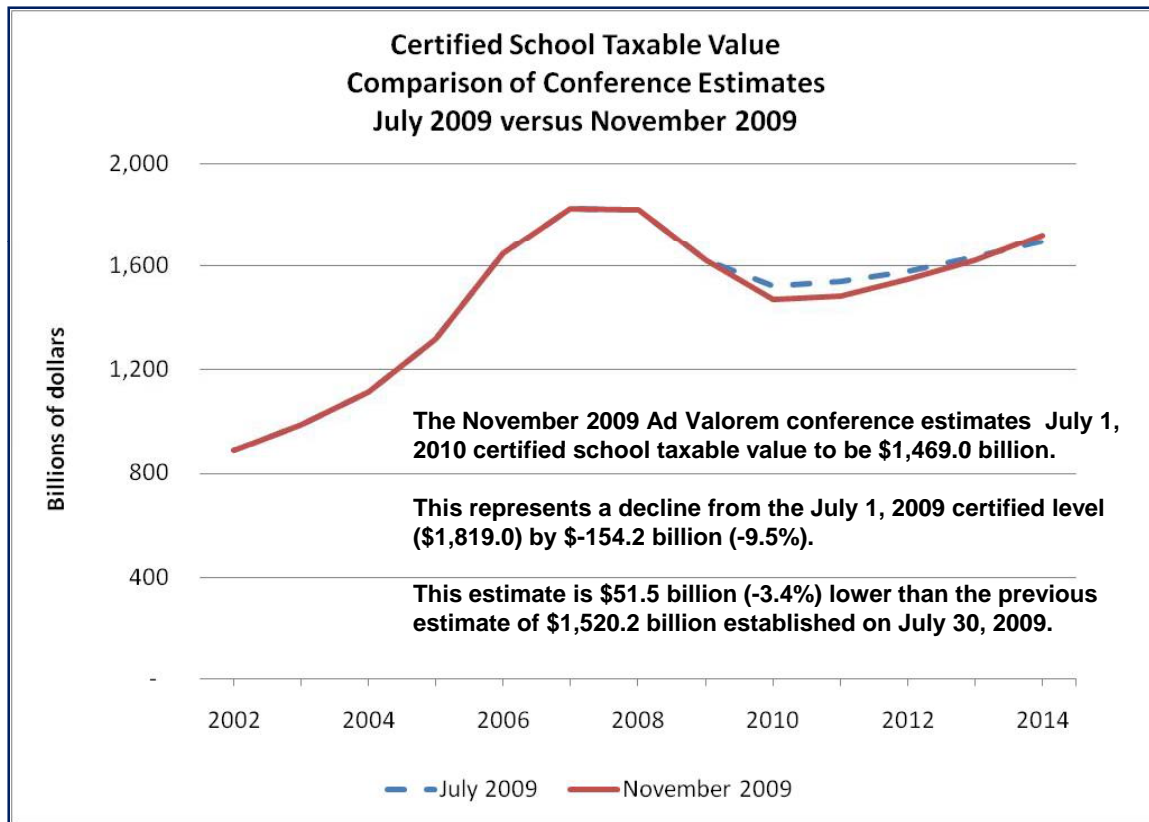


Medicaid Expenditures Also Rise

- Expenditure Estimating Conference-** Expenditures for FY 2009-10 increased by \$834.5 million, \$1315.1 million higher than the current year appropriation. However, the conference formally adopted a revised FMAP that improves the federal share in subsequent years, limiting the amount of needed state dollars. This makes the FY 2010-11 GR need only \$119 million more than anticipated in July.

	FY 2009-10 <u>Forecast</u>	Surplus/ <u>(Deficit)</u>	FY 2010-11 <u>Forecast</u>	Surplus/ <u>(Deficit)</u>
TOTAL	18784.1	(1315.1)	19094.8	(2670.8)
General Revenue	3029.8	(462.2)	4016.3	(1727.4)
Medical Care TF	12006.3	(934.9)	11064.8	(652.6)
Refugee Assistance TF	20.1	2.3	20.8	1.6
Public Medical Assistance TF	538.2	0.0	545.8	(7.6)
Other State Funds	513.6	0.4	605.5	(97.6)
Grants and Donations TF	1772.5	79.3	1938.0	(187.2)
Health Care Trust Fund	851.0	0.0	851.0	0.0
Tobacco Settlement TF	52.6	0.0	52.6	0.0

Lower Ad Valorem Forecast



FEFP Impact

Relative to the Long-Range Financial Outlook, the new forecast results in additional need to get back to the numbers used in that analysis:

- **\$814.4 million** in 2010-11 instead of \$515.8 million (+\$298.6 million).
- **\$19.9 million** in 2011-12 instead of \$7.9 million (+\$12 million).



Changed Budgetary Needs

Relative to the expenditures shown in the Long-Range Financial Outlook...

- **Prison population** has been reduced. (-)
- **Risk Management Trust Fund** outlook worsened. (+)
- **Retirement System** outlook worsened. (+)
- **Community College** population was increased. (+)
- **Public School Enrollment** expected to increase...pending conference. (+)
- **Voluntary Prekindergarten** students expected to increase...pending conference. (+)
- **KidCare, TANF, Bright Futures** and **State Health Insurance (pending conference)** are running under estimate in the current year, and needs are slightly lower or relatively flat for the next year. (neutral to -)

Bottom Line...

- Revenues were moderately increased.
- Anticipated expenditures were increased – significantly in some areas.
- Anticipated expenditure increases are at least as great as the revenue gains.
- Depending on the policy decisions made through the appropriations process on how to address the expenditure increases, the Long-Range Financial Outlook has worsened since the Fall.

