Interest Rates Used in Appropriations, Including PECO
Executive Summary
December 19, 2025

The Revenue Estimating Conference adopted a series of interest rates for use in the state budgeting process, including any bonding related to Public Education Capital Outlay (PECO). The adopted interest rates take into consideration current benchmark rates and market volatility.

The long-term interest rate is used for bond issues with maturity structures of 20 years or more. The Conference adopted a long-term interest rate of 5.75%, maintaining the rate adopted in July 2025, after considering information provided by the Division of Bond Finance. The Division of Bond Finance recommends a range for the long-term interest rate based on a benchmark rate of 4.37% plus a spread of 114 basis points for volatility for an interest rate of 5.51% on the low end and a benchmark rate of 4.37% plus a spread of 140 basis points for volatility for an interest rate of 5.77% on the high end. The 5.75% adopted rate has a spread of 138 basis points over the benchmark rate.

Long-Term Interest Rate

Fiscal Year	2026-27	2027-28	2028-29	2029-30	2030-31
Interest Rate	5.75%	5.75%	5.75%	5.75%	5.75%

As recommended by the Division of Bond Finance in December 2019, the Conference discontinued the adoption of a short-term or variable interest rate forecast. The adopted short-term interest rate was previously used to calculate debt service on the outstanding Everglades variable rate bonds. Variable rate bonds were initially issued in 2006 and 2007. The last outstanding issue of Everglades VR 2007A&B Bonds was refunded with fixed-rate bonds and called for redemption on December 4, 2019. The Division of Bond Finance has no plans to recommend the issuance of variable rate bonds in the future.

Finally, the Conference adopted interest rates for use by the Revenue Estimating Conference in its calculation of the Maximum Appropriations for Public Education Capital Outlay (PECO). The adopted interest rates take into consideration current benchmark rates and the December 2025 National Economic Estimating Conference forecast for the yield on municipal bonds – the Bond Buyer 20-Bond Index. The December forecast for the Bond Buyer 20-Bond Index indicated a largely consistent forecast with only modest increases in interest rates in later fiscal years. Given these relatively minor changes, the Conference maintained the prior rates in each fiscal year. The newly adopted forecast reflects a smaller spread for volatility in the first three years but grows to approximately 40 basis points above the new Bond Buyer 20-Bond Index in the later years to reflect the greater uncertainty in those years.

PECO Bonds Interest Rate

Fiscal Year	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Interest Rate - July 2025	5.00%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Interest Rate - December 2025	5.00 %	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%

Division of Bond Finance
Interest Rate Calculations

December 19, 2025

Division of Bond Finance
Calculation of Long-Term Interest Rate

*Long-Term Interest Rate Information**		
	Low End	High End
Current Estimated Long-Term Interest Rate [1]	4.37%	4.37%
Plus: Volatility Spread [2]	1.14%	1.40%
Long-Term Interest Rate Range	**5.51%**	**5.77%**

[1] *Interest rate estimate for a 30-year bond issue based on 5% coupons and estimated yields and credit spreads as of December 15, 2025. Estimate represents the true interest cost, which factors in the cost of call optionality based on the market standard 10-year par call structure. Excludes costs of issuance and underwriter's discount, which would increase the true cost of borrowing.*

[2] *Two measures to have been used to calculate interest rate volatility; (1) TM3 Municipal Market Data ("MMD") 30-year AAA benchmark stated yield high-low range over the prior 12 months of 114 basis points and (2) Bond Buyer 11 GO Bond Index maximum annual change over the last 20 fiscal years of 140 basis points.*

Long-Term Interest Rate:

The interest rate range noted above is based on the Division of Bond Finance's historical methodology which analyzes interest rate trends and volatility over the past 20 years and the most recent 12-month period. Based on estimated yields and credit spreads as of December 15, 2025, the Division's methodology produces a range of 5.51% to 5.77% for the long-term interest rate.

Since July 2025, the municipal market has seen a decrease in yields. Issuance in 2025 was at a record level for the second consecutive year, but deals were well bid in the second half of the year. The strong investor demand for municipal bonds is expected to continue into the start of 2026. While yields on tax-exempt bonds have fallen since July, rates remain attractive for investors, with municipal bond funds seeing overall inflows of $49.6 billion in 2025 year-to-date. This investor demand has helped the municipal market digest the record supply in 2025, with tax-exempt rates outperforming treasuries in recent weeks and AAA MMD to Treasury ratios remaining below long-term averages. As a result of the decrease in tax-exempt benchmark yields, the base rate used in determining the Division's range decreased by 26 basis points, from 4.63% to 4.37%. At the same time, the volatility measure which looks at the change in the 30-year AAA benchmark yield decreased by 30 basis points as the lower interest rate environment of mid-2024 fell out of the 12-month lookback period. Looking forward, while the Federal Reserve's recent rate cut and the expected additional cuts in 2026 may lower the yields on the front end of the curve, the shift in interest rate policy may have less impact on the longer-term interest rates that drive the overall cost of borrowing for the State.

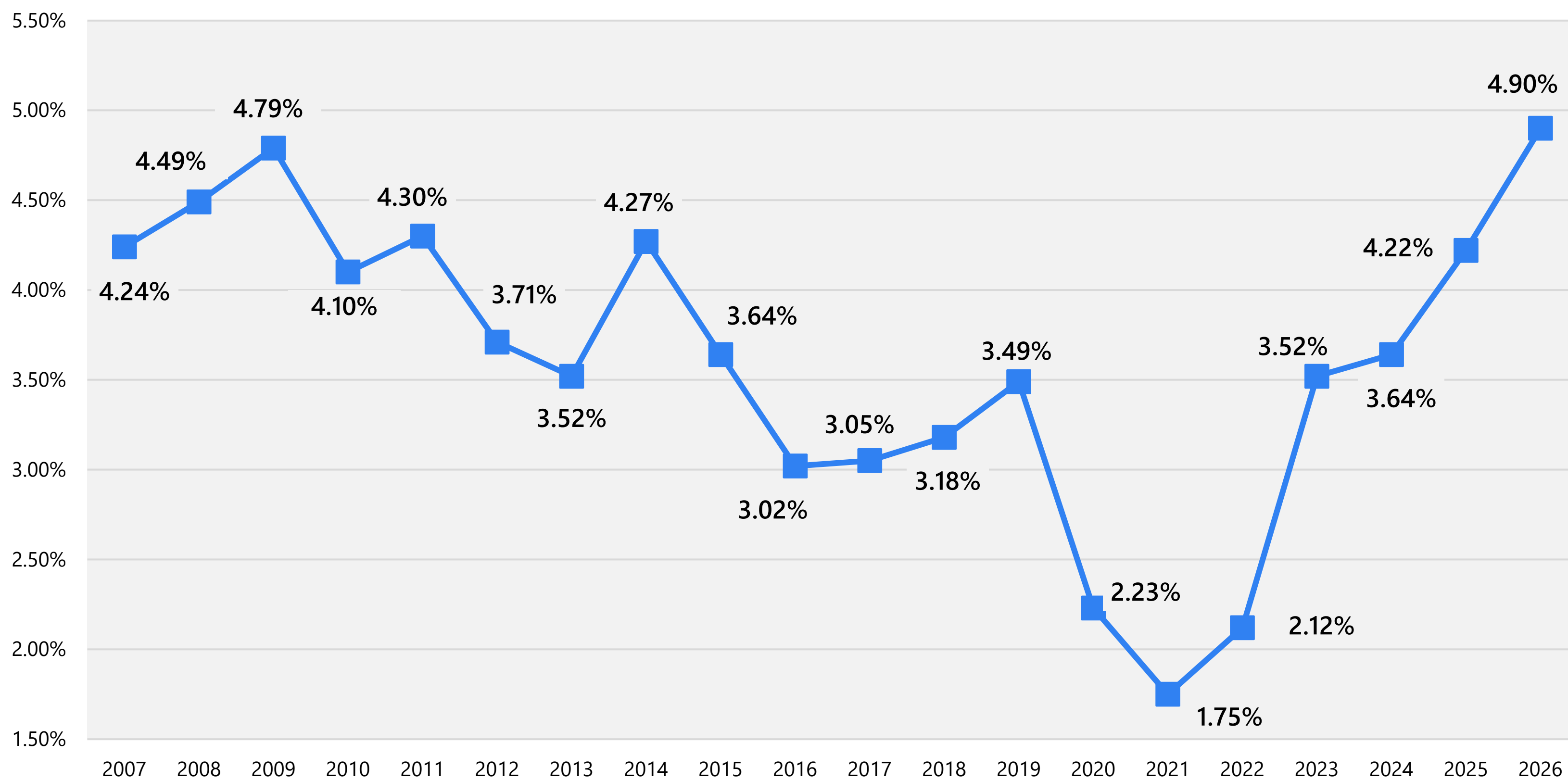
Short-Term Interest Rate:

The State does not have any outstanding variable rate debt and there are no current plans for the issuance of additional variable rate debt. As a result, the Division has not produced a short-term interest rate analysis for this conference.

* *The Division of Bond Finance has supplied the above interest rates to assist the REC in adopting official rates that would be used by State agencies for planning and budgetary purposes. There can be no assurance that actual interest rates for any particular bond issue will not exceed the rates shown above.*

Long-Term Interest Rate Volatility
Change in Bond Buyer 11 GO Bond Index Average Annual Interest Rates
Last 20 Years

The largest year-over-year change in the annual average Bond Buyer GO Bond Index over the last 20 fiscal years is 140 basis points.

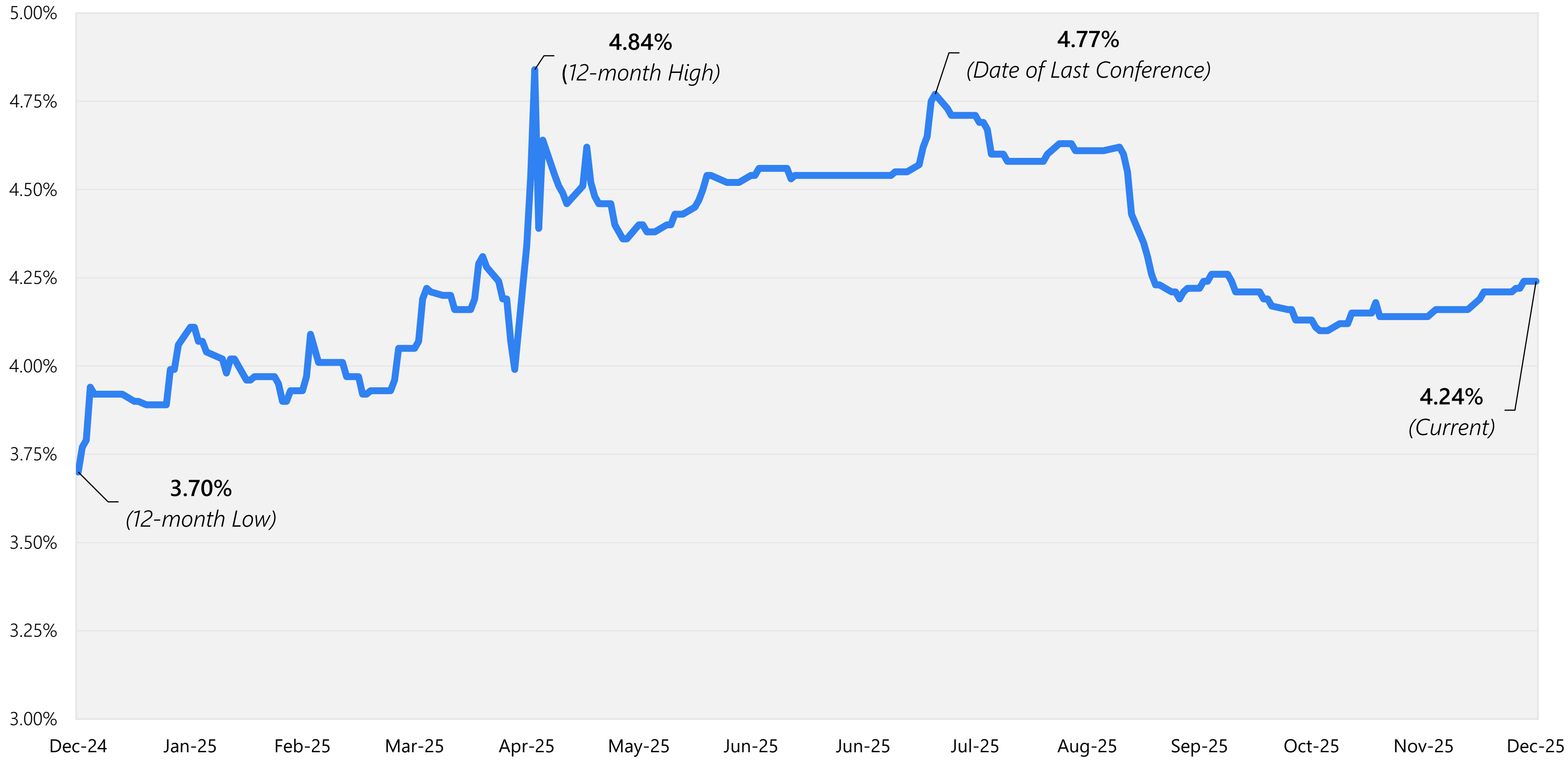


Fiscal Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 YTD	Average
BB 11 GO Avg	4.24%	4.49%	4.79%	4.10%	4.30%	3.71%	3.52%	4.27%	3.64%	3.02%	3.05%	3.18%	3.49%	2.23%	1.75%	2.12%	3.52%	3.64%	4.22%	4.90%	3.61%
YOY Change	(0.14)%	0.25%	0.30%	(0.69)%	0.20%	(0.59)%	(0.19)%	0.75%	(0.63)%	(0.62)%	0.03%	0.13%	0.31%	(1.26)%	(0.48)%	0.37%	1.40%	0.12%	0.58%	0.68%	0.49%*

**Average calculated using absolute values of year-over-year changes.*

Long-Term Interest Rate Volatility
Change in 30-Year Benchmark AAA MMD Rate
Last 12 Months

The 30-year benchmark AAA MMD interest rate ranged from a low of 3.70% to a high of 4.84% over the last 12 months, a difference of 114 basis points. These are stated yields assuming 5% coupons and do not factor the effect of call optionality (yield-to-maturity). Also excludes costs of issuance and underwriter's discount.



PECO BOND SALES AND INTEREST RATES

(BOLD font indicates forecasted values)

YIELD	Bond Buyer 20-Bond Index		Series 2025 FY25-26	Series 2026 FY26-27	Series 2027 FY27-28	Series 2028 FY28-29	Series 2029 FY29-30	Series 2030 FY30-31	Series 2031 FY31-32	Series 2032 FY32-33	Series 2033 FY33-34
	Jul 2025	**Dec 2025**									
2025 Q3	5.08%	**5.17%**	5.25% Dec 2025								
2025 Q4	4.97%	**4.81%**	5.25% Jul 2025								
2026 Q1	4.87%	**4.76%**									
2026 Q2	4.78%	**4.72%**									
2026 Q3	4.71%	**4.69%**		**5.00% Dec 2025**							
2026 Q4	4.64%	**4.66%**		5.00% Jul 2025							
2027 Q1	4.58%	**4.61%**									
2027 Q2	4.52%	**4.57%**									
2027 Q3	4.45%	**4.52%**			**4.75% Dec 2025**						
2027 Q4	4.41%	**4.48%**			4.75% Jul 2025						
2028 Q1	4.36%	**4.45%**									
2028 Q2	4.33%	**4.42%**									
2028 Q3	4.31%	**4.39%**				**4.75% Dec 2025**					
2028 Q4	4.27%	**4.37%**				4.75% Jul 2025					
2029 Q1	4.25%	**4.35%**									
2029 Q2	4.24%	**4.34%**									
2029 Q3	4.22%	**4.33%**					**4.75% Dec 2025**				
2029 Q4	4.22%	**4.33%**					4.75% Jul 2025				
2030 Q1	4.22%	**4.32%**									
2030 Q2	4.23%	**4.33%**									
2030 Q3	4.22%	**4.33%**						**4.75% Dec 2025**			
2030 Q4	4.23%	**4.33%**						4.75% Jul 2025			
2031 Q1	4.23%	**4.33%**									
2031 Q2	4.23%	**4.33%**									
2031 Q3	4.23%	**4.33%**							**4.75% Dec 2025**		
2031 Q4	4.23%	**4.33%**							4.75% Jul 2025		
2032 Q1	4.23%	**4.33%**									
2032 Q2	4.23%	**4.33%**									
2032 Q3	4.23%	**4.33%**								**4.75% Dec 2025**	
2032 Q4	4.23%	**4.34%**								4.75% Jul 2025	
2033 Q1	4.24%	**4.34%**									
2033 Q2	4.24%	**4.35%**									
2033 Q3	4.24%	**4.35%**									**4.75% Dec 2025**
2033 Q4	4.25%	**4.35%**									4.75% Jul 2025
2034 Q1	4.25%	**4.36%**									
2034 Q2	4.26%	**4.36%**									

ADOPTED December 2025	5.25%	**5.00%**	**4.75%**	**4.75%**	**4.75%**	**4.75%**	**4.75%**	**4.75%**	**4.75%**

12/19/2025