



State of Florida Long-Range Financial Outlook

FISCAL YEARS 2026-27 THROUGH 2028-29

Fall 2025 Report
As Adopted by the Legislative Budget Commission
September 12, 2025

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

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
REVENUE PROJECTIONS	5
General Revenue Fund.....	5
Major Revenues for Education	6
Tobacco-Related Revenues.....	9
EXPENDITURE PROJECTIONS.....	10
Critical Needs	12
Other High Priority Needs.....	23
REVENUE ADJUSTMENTS	34
Tax and Significant Fee Changes.....	34
Trust Fund Transfers and Redirects from and to the General Revenue Fund	35
STATE RESERVES	37
ECONOMIC AND DEMOGRAPHIC TRENDS.....	39
Key Economic Trends	39
Key Demographic Trends	41
SIGNIFICANT RISKS TO THE FORECAST	44
Hurricanes and Other Natural Disasters	44
Federal Actions/Legislation.....	45
Litigation Against the State	46
Potential Constitutional Amendments	46
FISCAL STRATEGIES	47
APPENDIX A – SUMMER REVENUE ESTIMATING CONFERENCE RESULTS	50
APPENDIX B – PROJECTED ENDING BALANCE CALCULATIONS	52
APPENDIX C – HISTORICAL TABLES	54

EXECUTIVE SUMMARY

KEY POINTS

- ❖ The State of Florida's General Revenue Fund collections were slightly over the March 2025 estimates for Fiscal Year 2024-25; however, the August 2025 estimates generally retain the previous forecast due to expected short-term weakness in key economic variables.
- ❖ Although actions taken by the Legislature in the 2025 Session improved the state's financial position, expenditure projections are expected to outpace available General Revenue beginning in Year 2 of 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.

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 2025 Outlook includes projections for Fiscal Years 2026-27, 2027-28, and 2028-29. The estimates included in the Outlook are based upon the summer 2025 estimating conference results and recent historical experience. The Outlook does not predict the overall funding levels of future state budgets or the final amount of funds to be allocated to the respective budget areas—it simply presents a reasonable baseline to help the Legislature avoid future budget difficulties and maintain financial stability between fiscal years.

Expenditure projections, or budget drivers, are grouped into two categories: (1) Critical Needs, which are generally mandatory increases based on estimating conferences and other essential needs; and (2) Other High Priority Needs, which are issues that have been funded in most, if not all, recent budgets. This year's Outlook identifies 15 Critical Needs budget drivers and 28 Other High Priority Needs budget drivers, with total General Revenue needs of \$7.2 billion in Fiscal Year 2026-27; \$6.7 billion in Fiscal Year 2027-28; and \$6.4 billion in Fiscal Year 2028-29. The combined cost for both the Critical Needs and Other High Priority Needs budget drivers shows the impact of continuing the programs and priorities funded in recent years into the three years included in the Outlook. The three-year cost for the budget drivers included in this year's Outlook is \$20.3 billion, including a new Critical Needs driver associated with emergency funding that totals nearly \$2.4 billion. Despite the additional costs for the new driver, this year's Outlook total is nearly \$700 million less than last year's total cost of \$21.0 billion. While an improvement, the three-year total in the 2025 Outlook remains significantly higher than the 2023 Outlook total of \$15 billion.

The revenue projections directly included in the Outlook are primarily focused on the General Revenue Fund, the Educational Enhancement Trust Fund, the State School Trust Fund, and the Tobacco Settlement Trust Fund, but the latest forecasts for many of the other revenues were also used to develop the expenditure projections. While the latest estimates for the three major trust funds show mixed results relative to prior forecasts, the estimates for General Revenue collections are largely in line with previous estimates. A sizable reserve balance is projected to remain at the end of Fiscal Year 2025-26 in the General Revenue Fund and will be available for use in Fiscal Year 2026-27. 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 and redirects. 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 -\$833.1 million in Fiscal Year 2026-27; -\$1.4 billion in Fiscal Year 2027-28; and -\$1.9 billion in Fiscal Year 2028-29. This year's revenue adjustments are larger than those included in the 2024 Outlook, particularly the recurring adjustments.

The revenue and expenditures estimates included in the Outlook reflect current law requirements. The budget drivers do not include any assumptions regarding the creation of new programs or expansion of current programs. Further, while the Outlook does not make any discrete adjustments for potential risks, such as major hurricanes or other natural disasters, the 2025 Outlook does include a new Critical Needs driver associated with transfers of General Revenue to the Emergency Preparedness and Response Fund.

Within the Outlook, the estimated revenues are compared to the expenditure projections and revenue adjustments to yield either a surplus or deficit for each 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. The 2025 Outlook projects a surplus for Year 1; however, deficits are projected for Years 2 and 3 as shown in the following table. The projected deficits indicate that expenditures are outpacing available revenues.

2025 Long-Range Financial Outlook Summary General Revenue Fund (\$Millions)		Year 1 FY 2026-27	Year 2 FY 2027-28	Year 3 FY 2028-29
Revenues Available		52,196	53,123	54,535
Unused Reserve from Prior Year		9,132	5,802	2,072
Expenditures	Minimum Reserve	(2,036)	(2,072)	(2,127)
	Recurring Base Budget	(47,117)	(49,981)	(52,374)
	Previously Authorized Appropriations	(335)	(338)	(340)
	Critical Needs Budget Drivers	(2,935)	(2,588)	(2,324)
	Other High Priority Needs Budget Drivers	(4,306)	(4,094)	(4,096)
	Ending Balance After Expenditures	4,599	(149)	(4,654)
Revenue Adjustments	Tax and Fee Changes	(993)	(1,587)	(2,180)
	Trust Fund Transfers and Redirects	160	210	259
	Revenue Adjustments	(833)	(1,377)	(1,921)
Projected Surplus / (Deficit)		3,766	(1,526)	(6,575)

Note: totals may not add due to rounding.

Strategic actions taken by the Legislature in the 2025 Session significantly improved the state's near-term financial position relative to last year's Outlook. For Fiscal Year 2026-27, the 2025 Outlook shows a projected *surplus* of \$3.8 billion compared to the projected *deficit* of \$2.8 billion in the 2024 Outlook. Similarly, the projected deficit for Fiscal Year 2027-28 is significantly less in this year's Outlook (\$1.5 billion compared to \$6.9 billion). Despite these gains, the 2025 Outlook projects a sizable deficit of more than \$6.5 billion in Year 3. As discussed in the 2024 Outlook, the Legislature's investment of historic General Revenue Fund balances over the past several years is driving up the costs for the budget drivers that are calculated using three-year averages. As fund balances decrease from historic levels, it is critical for future spending levels to more closely align with projected revenue increases. The Fiscal Strategies section of the Outlook provides an analysis of the levels of expenditures and revenue adjustments that would avoid the projected deficits in Years 2 and 3.

REVENUE PROJECTIONS

KEY POINTS

- ❖ The new revenue forecast for General Revenue had minor changes given the size of the General Revenue Fund. Collectively, these revenue sources grow from \$52.0 billion in Fiscal Year 2026-27 to \$54.4 billion in Fiscal Year 2028-29.
- ❖ The major education revenues (including associated transfers) show mixed results relative to prior forecasts.
- ❖ The outlook for tobacco-related revenues has worsened as the reduction in consumption continues and non-taxable products increasingly enter the market.

The revenue projections directly included in the Outlook are primarily focused on the General Revenue Fund, the Educational Enhancement Trust Fund, the State School Trust Fund, and the Tobacco Settlement Trust Fund. While other revenue projections are not described in detail, the latest forecasts for those sources were also used to develop the expenditure projections. A summary table of all revenue estimates adopted during the summer, including links to the official forecasts, is provided in Appendix A. For the purposes of this Outlook, prior expenditures from depleted trust funds have been redirected to the General Revenue Fund when the underlying activities are ongoing in nature.

General Revenue Fund

Key variables from the new state and national economic forecasts adopted in July 2025 were noticeably weaker in the near term than those adopted in July 2024 or March 2025, with the Economic Estimating Conference noting that the risk was predominantly to the downside. While the economy was relatively stable in Fiscal Year 2024-25, a less certain economic environment exists from this point forward. These factors contributed to forecast changes that were comparatively minor given the size of the General Revenue Fund, with the old forecast largely retained as adopted in March 2025.

Total revenue collections for Fiscal Year 2024-25 exceeded expectations since the last conference by \$391.8 million (0.8 percent), within the range that the Revenue Estimating Conference normally attributes to noise. After analyzing the prior-year performance by source, the Conference increased the estimate for Fiscal Year 2025-26 by \$246.8 million and added \$252.0 million to the estimate for Fiscal Year 2026-27, yielding a two-year combined increase of \$498.8 million (0.5 percent). Neither adjustment was a material change to the overall forecast, although a few of the individual adjustments by revenue source were substantial given the size of the underlying sources.

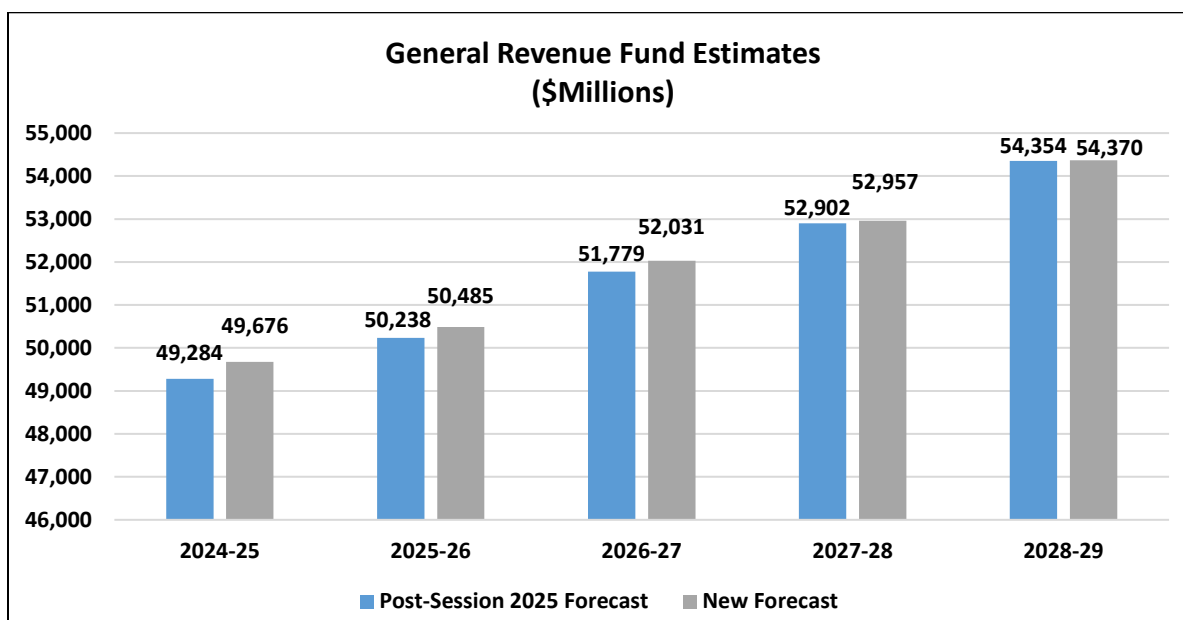
The upward adjustments to the prior forecast were largely related to Earnings on Investments. At the end of the last fiscal year, these earnings were 7.5 percent above the estimate for the year. Given the current composition of the state's portfolio, the gains are expected to continue in the near term. As a result, Earnings on Investments were increased by \$255.9 million in Fiscal Year 2025-26 and by \$463.5 million in Fiscal Year 2026-27, for a combined total of nearly \$719.4 million for the two years. These upward adjustments can be attributed to still favorable interest rates, as well as persistently high balances in state accounts. While it is possible that future interest rates and the size of the investment pool may sustain a

higher level of earnings over the longer term, the Conference felt there was increasing risk over this period and shaped the new forecast to reflect an assumption of more traditional conditions by Fiscal Year 2030-31.

Corporate Income Tax had the largest reduction in the first two years of the new forecast. At the end of the last fiscal year, collections were just 0.3 percent above the estimate for the year. Based on more modest expectations of corporate profit growth, the Conference reduced the forecast by \$220.2 million in Fiscal Year 2025-26 and by \$275.8 million in Fiscal Year 2026-27. Combined, the two-year reduction of \$496.0 million was the only significant downward adjustment in the new forecast.

Notably, the new estimates for Sales Tax were essentially unchanged from the prior conference.

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



After all revenue and appropriation changes were incorporated, the projected ending balance on the state's official Financial Outlook Statement for Fiscal Year 2025-26 is \$9.27 billion. The Fiscal Year 2026-27 starting point for the Long-Range Financial Outlook, however, also includes \$142.6 million in additional adjustments to address current year projected deficits and shortfalls identified during the various summer conferences, including \$125.5 million for Medicaid services; \$15.7 million for Bright Futures; and \$1.3 million for Children and Spouses of Deceased/ Disabled Veterans awards. The adjusted \$9.13 billion balance is assumed to be available for expenditure in Fiscal Year 2026-27 as nonrecurring funds.

Major Revenues for Education

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

Ad Valorem Assessments

Estimates of the statewide property tax roll are primarily used in the appropriations process to develop estimates of Required Local Effort (RLE). This process includes the expected rates local school districts must levy to generate the required local funding needed for participation in the Florida Education Finance Program.

The Revenue Estimating Conference (REC) met on August 1, 2025, and reconvened on August 5, 2025, to adopt a new forecast for the Florida property tax roll. Substantial changes were made to the underlying data sources, the forecasting methodology, and the structure of the conference package. Incorporating the latest revisions to the underlying ad valorem data and updated national and state economic forecasts, the Revenue Estimating Conference adopted a revised ad valorem forecast for 2026 using the new methodology. The estimate for statewide school taxable value is \$3,997.06 billion, which is \$73.93 billion (1.82 percent) lower than the previous estimate. At 96 percent, the value of one mill is now projected to be \$3,837.18 million.¹ Most directly relevant to the Outlook period, the new estimate for 2027 is \$4,211.43 billion (based on 5.36 percent growth), for 2028 is \$4,449.19 billion (based on 5.65 percent growth), and for 2029 is \$4,719.06 billion (based on 6.07 percent growth). Thereafter, the growth slightly strengthens as the housing market and new construction continue to improve.

Unclaimed Property

Estimates of receipts and refunds to owners from unclaimed property are used to determine the distribution into the State School Trust Fund (SSTF). For the 2024-25 fiscal year, the State of Florida received \$1,913.5 million in receipts, which was \$1,186.0 million above the March 2025 estimate. Refunds were \$8.1 million over the prior estimate, leading to total claim payments of \$432.9 million for the year and offsetting part of the gain in receipts. At the end of Fiscal Year 2024-25, \$450.0 million had been transferred to the trust fund, which was \$139.1 million above the March 2025 estimate. The total transfer would have been even higher pursuant to law but was limited by the Department of Financial Services' previously requested transfer authority for the year.

The unexpected volume in receipts was attributed to the passage of Chapter 2024-140, Laws of Florida, which amended sections 717.102 and 717.1101, Florida Statutes. Intended to be clarifying, the amended language specified what qualifies as owner-generated activity for the purpose of measuring the dormancy period before certain types of property are considered unclaimed. Although receipts of all types were higher than previously estimated, the spike in receipts is largely due to securities turned over to the state as required by the new language.

Upon receipt, the Division of Unclaimed Property liquefies any securities it receives, resulting in \$1.09 billion in Fiscal Year 2024-25. The Conference chose to classify \$990.2 million of that liquidation total as being "Atypical Receipts" based on the average value of liquidated property for the previous three years. The remaining receipts, which includes a small portion of the liquidated value, total \$923.3 million and are treated as typical abandoned property receipts in the forecasting model. The typical receipts are assumed to decline 15.0 percent in the first year of the forecast, then grow by a steady 1.0 percent for the rest of the window. The Conference discussed whether the statutory change should cause an ongoing elevation in the receipt level but concluded that future securities receipts would fall to historical norms due to behavioral responses to the new law. Excluding only the atypical receipts stemming from the 2024 statutory changes, refunds to owners are estimated based on the historical refund rates listed in the liability report.

¹ Sec. 1011.62(4), F.S.

At the time of the conference, the Division of Unclaimed Property was not yet able to provide summary statistics regarding the number or value of the individual accounts that the model considers atypical. Without this information, the speed of atypical refunds cannot be meaningfully forecast. An additional \$25.0 million worth of atypical securities receipts that were not yet liquidated by the end of the prior fiscal year are reported in Fiscal Year 2025-26. To keep transfers to the SSTF stable until actual data is available, the Conference incorporated the assumption that the total \$1.015 billion in atypical receipts will be refunded in Fiscal Year 2025-26. Otherwise, the Conference believes that receipts and refunds will grow modestly throughout the forecast period. The new forecast anticipates that transfers to the SSTF will be \$367.4 million for Fiscal Year 2025-26, \$338.3 million for Fiscal Year 2026-27, \$350.2 million for Fiscal Year 2027-28, and \$354.1 million for Fiscal Year 2028-29.

After all revenue and appropriation changes were incorporated, the projected ending balance on the SSTF Financial Outlook Statement for Fiscal Year 2025-26 is \$219.2 million. This balance is assumed to be available for expenditure in Fiscal Year 2026-27 as nonrecurring funds.

Lottery Ticket Sales and Slot Machine Revenues

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

Final Lottery ticket sales for Fiscal Year 2024-25 came in below the estimate for the year by \$20.7 million or -0.2 percent. This loss was primarily caused by a greater than expected reduction in terminal game sales. Terminal games sales came in -17.9 percent below the prior year, leading their combined total to fall -5.1 percent below the previously adopted estimate. In its new forecast, the Conference projects a continued decline in terminal games of -1.3 percent in the current year and -1.7 percent in Fiscal Year 2026-27 before growth stabilizes with 0.2 percent annual increases in each of the following years. The total for each year is below the prior forecast by \$138.1 million to \$201.0 million.

Scratch off ticket sales showed strength at the end of Fiscal Year 2024-25, ultimately growing 3.3 percent over the year instead of the 1.7 percent assumed in the prior forecast. In its new forecast, the Conference projects continued growth in these games of 2.4 percent in the current year and 1.3 percent in Fiscal Year 2026-27 before gradually slowing to 1.0 percent annually in the final year of the forecast. The total for each year is above the prior forecast by \$173.5 million to \$189.9 million.

While the changes appear to be largely offsetting, each dollar of scratch-off ticket sales generates less for the EETF than terminal game sales. As a result, expected transfers to the EETF are reduced by \$66.3 million in Fiscal Year 2025-26. For the period most directly affecting this Outlook, the new estimates for EETF transfers are \$2.13 billion for Fiscal Year 2025-26, \$2.17 billion for Fiscal Year 2026-27, \$2.18 billion for Fiscal Year 2027-28, and \$2.21 billion for Fiscal Year 2028-29.

Slot machine tax collections for Fiscal Year 2024-25 were \$240.6 million, or \$0.5 million above the estimate for the year. Because collections essentially matched the estimate for the year, the prior forecast was mostly retained. After accounting for Fiscal Year 2024-25 actuals, as well as adjusting for facility-specific growth rates, the new estimate for Fiscal Year 2025-26 is \$0.5 million above the prior forecast, with each outer year having gains ranging between zero and \$0.4 million. The new estimates for the period directly affecting the Outlook are \$243.2 million for Fiscal Year 2025-26, \$245.7 million for Fiscal Year 2026-27, \$248.2 million for Fiscal Year 2027-28, and \$250.7 million for Fiscal Year 2028-29.

After all revenue and appropriation changes were incorporated, the projected ending balance on the EETF Financial Outlook Statement for Fiscal Year 2025-26 is \$14.6 million. This balance is assumed to be available for expenditure in Fiscal Year 2026-27 as nonrecurring funds.

Tobacco-Related Revenues

Tobacco-related revenues affect expenditures in the Health and Human Services area, particularly those sources supporting the Tobacco Settlement Trust Fund and the Health Care Trust Fund in the Medicaid program. The Revenue Estimating Conference met over the summer to adopt new forecasts for both Tobacco Tax and Surcharge revenues and the Tobacco Settlement payments.

Total Tobacco Tax and Surcharge collections are derived from two different types of sources: the Cigarette Tax and Surcharge and the Other Tobacco Products (OTP) Tax and Surcharge. Combined Cigarette Tax and Surcharge collections were \$5.6 million (0.8 percent) below estimate, and the combined Other Tobacco Products Tax and Surcharge collections were \$5.3 million (4.2 percent) below estimate for Fiscal Year 2024-25. For the Cigarette Tax and Surcharge, the Conference expects the sale of cigarette packs will show a decline of 6.0 percent for Fiscal Year 2025-26. The Conference assumes that annual losses will persist across the forecast horizon but drop in Fiscal Year 2026-27 to 5.0 percent and 4.0 percent for Fiscal Year 2027-28, before reverting to a 3.75 percent annual loss for each of the outer years. The combined forecast for Cigarette Tax and Surcharge is lower than the prior forecast in each year. For OTP, the Conference also lowered the forecast, primarily to reflect consumer acceptance of new non-taxable product offerings. The distribution most affected by all of these changes is made to the Health Care Trust Fund. The transfers are estimated to be lower than previously expected by \$22.4 million in Fiscal Year 2025-26, by \$30.0 million in Fiscal Year 2026-27, by \$32.7 million in Fiscal Year 2027-28, and by \$33.8 million in Fiscal Year 2028-29.

Tobacco settlement payments accrue to the state from a formal settlement agreement entered 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 each participating company's fiscal year. Several updates shaped the new forecast. First, a lower-than-expected profit adjustment payment was received in April 2025, producing a technical adjustment of \$0.2 million between the July 2025 and April 2025 forecasts. In addition, two forecast components were updated by other conferences held in July 2025: a revised Consumer Price Index series based on the latest forecast from the National Economic Estimating Conference and new estimates for the percent change in domestic cigarette units sold based on the Tobacco Tax and Surcharge Conference results. Profits have also been revised to reflect the industry's various diversification strategies, which are having a profound effect on the market outlook. Of the three items, the profit growth adjustment had the greatest impact of the forecast. After incorporating the new information, annual payments are reduced by \$11.2 million in Fiscal Year 2025-26, \$19.6 million in Fiscal Year 2026-27, \$25.3 million in Fiscal Year 2027-28, and by \$30.6 million in Fiscal Year 2028-29. After all revenue and appropriation changes were incorporated, the projected ending balance on the Tobacco Settlement Trust Fund Financial Outlook Statement for Fiscal Year 2025-26 is \$5.5 million. This balance is assumed to be available for expenditure in Fiscal Year 2026-27 as nonrecurring funds.

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 \$7.2 billion in Fiscal Year 2026-27; \$6.7 billion in Fiscal Year 2027-28; and \$6.4 billion in Fiscal Year 2028-29.
- ❖ Across the three years of the Outlook, the largest General Revenue needs are in the Administered Funds and Statewide Issues, Human Services, and Natural Resources 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 the creation of new programs or expansion of current programs.

This year's Outlook identifies 15 Critical Needs budget drivers and 28 Other High Priority Needs budget drivers, with total General Revenue needs of \$7.2 billion in Fiscal Year 2026-27; \$6.7 billion in Fiscal Year 2027-28; and \$6.4 billion in Fiscal Year 2028-29. Combining both types of budget drivers provides a more complete 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 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Three- Year Total	% of Three- Year Total
Critical Needs	2,935.4	2,587.8	2,324.2	7,847.4	38.6%
Other High Priority Needs	4,305.5	4,094.4	4,096.2	12,496.2	61.4%
Critical Needs and Other High Priority Needs	7,240.9	6,682.3	6,420.4	20,343.6	100.0%

Note: totals may not add due to rounding.

Across the three years included in the Outlook, the total projected need for new General Revenue spending is over \$20.3 billion, with three of the eight policy areas exceeding \$3 billion in need. The top three policy areas in terms of General Revenue budget drivers are Administered Funds and Statewide Issues, Human Services, and Natural Resources, which together represent 63 percent of the three-year total need.

General Revenue Fund Total Critical Needs and Other High Priority Needs by Policy Area (\$Millions)	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Three- Year Total	% of Three- Year Total
PreK-12 Education	701.3	782.2	780.7	2,264.3	11.1%
Higher Education	1,006.1	930.4	915.7	2,852.3	14.0%
Human Services	1,702.0	1,300.7	1,040.1	4,042.8	19.9%
Criminal Justice & Judicial Branch	89.0	89.0	89.0	266.9	1.3%
Transportation & Economic Development	568.5	566.7	568.5	1,703.8	8.4%
Natural Resources	1,189.2	973.6	974.2	3,136.9	15.4%
General Government	171.3	175.4	177.6	524.3	2.6%
Administered Funds & Statewide Issues	<u>1,813.4</u>	<u>1,864.3</u>	<u>1,874.6</u>	<u>5,552.4</u>	<u>27.3%</u>
Total New Issues	7,240.9	6,682.3	6,420.4	20,343.6	100.0%

Note: totals may not add due to rounding.

The policy areas differ in their General Revenue needs by year. These differences are largely driven by two factors: workload estimates and available trust fund balances that fluctuate by year. Within the Human Services policy area, the Social Services Estimating Conference adjusts the amount needed from the General Revenue Fund for the Medicaid program based on projected trust fund revenues. The General Revenue need for the Medicaid program for Fiscal Year 2026-27 is elevated due to the use of essentially the entire cash balances for the Grants and Donations Trust Fund and the Public Medical Assistance Trust Fund in the current year, as well as material declines in available tobacco-related revenues in the Tobacco Settlement Trust Fund and the Health Care Trust Fund over the relevant forecast years. For both Education policy areas and the Natural Resources policy area, 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. For Fiscal Year 2026-27, the trust fund adjustments related to the Educational Enhancement Trust Fund result in an increased need for General Revenue in both Education policy areas. However, in the PreK-12 Education policy area, the need for additional General Revenue is offset by available balances in the State School Trust Fund, resulting in an overall decreased need for General Revenue in Fiscal Year 2026-27. For a more detailed discussion related to the Natural Resources policy area, see Drivers #38 and #39.

Focusing solely on the total 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, 54.5 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. Of the \$7.2 billion needed for the budget drivers in Fiscal Year 2026-27, \$2.9 billion will also be needed in Fiscal Year 2027-28 (and again in Fiscal Year 2028-29) to continue those programs. In effect, the \$20.3 billion in new funding over the Outlook period ultimately results in almost \$28.5 billion in

additional costs over the three-year forecast period. Both effects are accounted for in the Outlook and are illustrated in the following table.

General Revenue Fund Recurring and Nonrecurring Budget Driver Impact (\$Millions)	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Three- Year Total	% of Three- Year Total
New Recurring Drivers for Each Year	2,863.8	2,392.6	2,126.2	7,382.6	
Continuation of Year 1 Recurring Drivers		2,863.8	2,863.8	5,727.6	
Continuation of Year 2 Recurring Drivers			2,392.6	2,392.6	
Cumulative Impact of Recurring Drivers	2,863.8	5,256.4	7,382.6	15,502.8	54.5%
Nonrecurring Drivers for Each Year	4,377.1	4,289.7	4,294.2	12,961.0	45.5%
Grand Total	7,240.9	9,546.1	11,676.8	28,463.8	

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 Administered Funds and Statewide Issues, Human Services, and PreK-12 Education policy areas. The four largest General Revenue budget drivers are shown in the following table. Combined, these four drivers compose 86 percent of the total cost for Critical Needs across the three-year period.

General Revenue Fund Significant Critical Needs Budget Drivers (\$Millions)	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Three- Year Total
Driver #13 – General Revenue Transfer to Emergency Preparedness and Response Fund (NEW)	783.3	783.3	783.3	2,350.0
Driver #6 – Medicaid Program	960.0	562.6	304.8	1,827.4
Driver #2 – Workload and Enrollment - Florida Education Finance Program	474.2	476.7	474.0	1,424.9
Driver #15 – Increases in Employer-Paid Benefits for State Employees	355.2	406.1	416.4	1,177.6
Grand Total	2,572.8	2,228.7	1,978.5	6,779.9

Note: totals may not add due to rounding.

General Revenue Transfer to Emergency Preparedness and Response Fund

Driver #13 is a new Critical Needs driver included for the first time in the 2025 Outlook. In 2022, the Legislature created the Emergency Preparedness and Response (EPR) Fund to be used as the state's primary source of funding for preparing or responding to a disaster declared by the Governor as a state of emergency.² The EPR Fund is a depository of moneys specifically transferred or appropriated to the fund. The Governor may request additional funds be transferred or appropriated to the EPR Fund by budget amendment, subject to approval by the Legislative Budget Commission.³ Currently, the EPR Fund contains funds transferred from the General Revenue Fund as well as funds received from the Federal Emergency Management Agency.

Since the EPR Fund was created in 2022, the Legislature has provided a series of transfers from the General Revenue Fund to the EPR Fund totaling \$4.8 billion as shown in the following table:

Fiscal Year	Transfer Amount (\$ M)	Authority for Transfer
FY 2021-22	\$500	SB 96 (Section 3, Ch. 2022-1, L.O.F.)
FY 2022-23	\$360	Budget Amendment #197; Approved by Legislative Budget Commission
FY 2022-23	\$650	SB 2-B (Section 4, Ch. 2023-1, L.O.F.)
FY 2022-23	\$910	Budget Amendment #578; Approved in SB 2500 (Section 228, Ch. 2023-239, L.O.F.)
FY 2023-24	\$500	SB 2500 (Section 245, Ch. 2023-239, L.O.F.)
FY 2023-24	\$500	HB 5001 (Section 289, Ch. 2024-231, L.O.F.)
FY 2024-25	\$850	Budget Amendment #681; Approved by Legislative Budget Commission
FY 2025-26	\$500	SB 2500 (Section 273, Ch. 2025-198, L.O.F.)
Total	\$4,770	
Three-Year Average	\$783.3	

The 2025 Outlook includes a Critical Needs driver to account for these ongoing and significant transfers of General Revenue to the EPR Fund. Driver #13 includes a transfer of \$783.3 million from the General Revenue Fund to the EPR Fund for each year of the Outlook period, based on the three-year average of actual transfers. This driver does not account for financial impacts related to any specific emergencies, but represents the average annual amount of General Revenue that has been transferred to the EPR Fund in the most recent three years. Although the Outlook accounts for these General Revenue Fund transfers as an expenditure, to the extent the funds held in the EPR Fund are not spent, they remain part of the state's reserves.

Medicaid Program

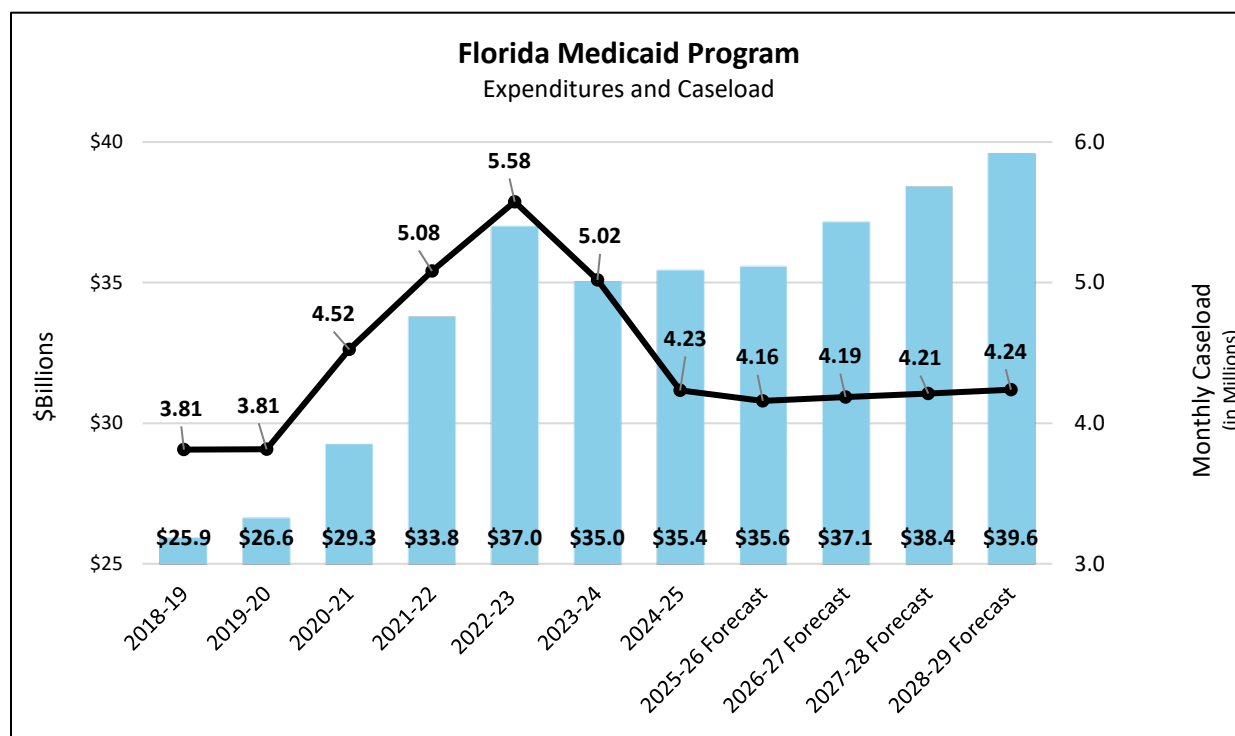
The Medicaid program (Title XIX of the Social Security Act) provides health care coverage to certain persons who qualify as low-income children, elderly, disabled, or families with dependent children.

² Ch. 2022-2, L.O.F., and sec. 252.3711, F.S.

³ Sec. 252.37(2)(b), F.S.

Medicaid is a federal and state matching program. It is the largest single program in the state budget, representing 30.5 percent of the total state budget, and is also the largest source of federal funding for the state.

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 2025.⁴ Medicaid enrollment is expected to decrease by 67,027 to approximately 4.2 million beneficiaries in Fiscal Year 2025-26, a decrease of 1.59 percent below Fiscal Year 2024-25. The caseload estimate still remains higher than the pre-pandemic peak of 4.0 million beneficiaries in Fiscal Year 2016-17. Caseloads are projected to exhibit modest growth each year of the forecast, increasing by 78,893 beneficiaries (1.9 percent) over the three-year period.



In Fiscal Year 2025-26, Medicaid service expenditures are expected to be \$35.6 billion. Total Medicaid expenditures for Fiscal Year 2026-27 are expected to be \$37.1 billion, an increase of nearly \$1.6 billion. The Outlook includes an increase in recurring General Revenue funds of \$962.8 million to meet the state's share of the total need in Fiscal Year 2026-27. While the Social Services Estimating Conference incorporated the need for additional funding for the Agency for Health Care Administration, funding levels for other state agencies will also require adjustments. The Outlook includes a decrease of recurring General Revenue of \$2.8 million in Fiscal Year 2026-27, an increase of \$0.7 million in Fiscal Year 2027-28, and a decrease of \$12.5 million in Fiscal Year 2028-29 to fund the state's share for these agencies. When the Medicaid state matching funds that are budgeted in other Health and Human Services departments are included, the recurring General Revenue needs are approximately \$960.0 million in Fiscal Year 2026-27, \$562.6 million in Fiscal Year 2027-28, and \$304.8 million in Fiscal Year 2028-29.

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

Workload and Enrollment – Florida Education Finance Program

The Florida Education Finance Program (FEFP) is the state's funding model that is aligned with the state's school choice policy and appropriates funding to school districts for K-12 public school operations, including charter schools, and Family Empowerment Scholarship students. The FEFP is composed of state and local funds and considers various factors such as the individual educational needs of students, the local property tax base, the costs of educational programs, and a comparable wage factor. The FEFP is forecasted to serve 3.2 million students in Fiscal Year 2025-26, including both public school students and Family Empowerment Scholarship students.

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 83,740.62 FTE over the Fiscal Year 2025-26 FEFP 2nd Calculation,⁵ using the forecast adopted by the Education Estimating Conference in April 2025.⁶ This forecasted increase includes the estimated number of both public school students and Family Empowerment Scholarship students. The Outlook includes a total funds per FTE student increase of 3.08 percent annually to reflect historical funding trends. State funding projections are based on maintaining the prior year RLE millage rate of 3.092 mills, 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 2025-26. The tax rolls for Fiscal Years 2026-27 through 2028-29, as projected by the Revenue Estimating Conference in August 2025, provide increased taxable value, which offsets the amount of state funding needed throughout the three-year forecast period.⁷ The following table shows the calculations used to develop the FEFP state funding projections.

Florida Education Finance Program⁸	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29
FTE Student Enrollment Growth	18,602.08	31,260.90	33,877.64
Total Funds per FTE Student Increased by Three-Year Average	\$9,407.95	\$9,697.71	\$9,996.40
Enrollment Growth Funding	\$169.8 million	\$285.3 million	\$309.2 million
Increase Funding by Three-Year Average	\$914.6 million	\$960.6 million	\$1,010.6 million
Total Funding Increase	\$1,084.4 million	\$1,245.9 million	\$1,319.8 million
State Funding Offset for Total Local Funds Increase	(\$610.2) million	(\$769.2) million	(\$845.8) million
State Funds Included in Driver #2	\$474.2 million	\$476.7 million	\$474.0 million

Note: totals may not add due to rounding.

⁵ The 2025-26 FEFP 2nd Calculation is available at <https://www.fldoe.org/file/7507/25-26FEFP2ndCalc.pdf>.

⁶ The forecast for full-time student membership is available at <https://edr.state.fl.us/Content/conferences/publicschools/index.cfm>.

⁷ The forecast for Ad Valorem assessments is available at <http://edr.state.fl.us/Content/conferences/advalorem/index.cfm>.

⁸ The enrollment growth and increase in total funds per FTE student are calculated based on the Fiscal Year 2025-26 FEFP 2nd calculation, which includes total enrollment of 3,234,902.49 FTE and total funds per student of \$9,126.84 per FTE.

Increases in Employer-Paid Benefits for State Employees

Health Insurance – The State Group Health Insurance Program is a \$4.4 billion program that provides health insurance to nearly 371,000 state, university, and college employees, retirees, and their families. The State Employees’ Health Insurance Trust Fund (health insurance trust fund) is projected to have a surplus of \$281.2 million at the end of Fiscal Year 2025-26. However, due to rising projected expenditures that outpace estimated revenues, the health insurance trust fund has estimated deficits of \$219.0 million in Fiscal Year 2026-27, \$795.8 million in Fiscal Year 2027-28, and \$1,106.3 million in Fiscal Year 2028-29.⁹

Compared to the 2024 Outlook, the estimated deficits are markedly better, with improvements in both revenue and expenditure estimates. The improvement to forecasted revenue is largely the result of the Legislature’s substantial cash infusions into the trust fund—totaling \$825 million over the past three years—as well as back-to-back employer-paid premium increases of ten percent in Fiscal Year 2024-25 and nine percent in Fiscal Year 2025-26. Even though expenditures are projected to be lower than previous estimates, costs are still expected to increase by 6.2 percent in Fiscal Year 2026-27, 8.5 percent in Fiscal Year 2027-28, and 8.7 percent in Fiscal Year 2028-29. To address one of the program’s major cost drivers, the Legislature passed House Bill 5015 during the 2025 Regular Session. This bill would have initiated a process to begin formulary management for prescription drugs and supplies; however, it was vetoed by the Governor. Despite the improvement in both revenue and expenditure estimates, the current forecast shows escalating negative ending balances for each of the three forecast years.

Funds are included in Driver #15 based on continuing the funding policy utilized for Fiscal Year 2025-26, which includes a nine percent increase to employer-paid premiums, as well as a \$275 million transfer from the General Revenue Fund for each year of the Outlook period. This results in the following total amounts (General Revenue and trust funds) included in this driver: \$390.1 million for Fiscal Year 2026-27; \$490.9 million for Fiscal Year 2027-28; and \$511.3 million for Fiscal Year 2028-29. The enhancements to projected revenues for the health insurance trust fund included in this driver leave the program with a modest surplus for each year of the Outlook period.

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 2025 FRS Actuarial Assumption Conference and the Fiscal Year 2024-25 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 \$22.2 million from the General Revenue Fund and \$14.4 million from trust funds is provided each year of the three-year forecast period.

⁹ 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 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
PREK - 12 EDUCATION								
#1	Maintain Current Budget - Florida Education Finance Program	(131.6)	131.6	(23.8)	23.8	(23.4)	23.4	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 2025 Revenue Estimating Conference. ¹⁰
#2	Workload and Enrollment - Florida Education Finance Program	474.2	0.0	476.7	0.0	474.0	0.0	Driver #2 funds enrollment growth and provides an increase in funds per student for both public school students and Family Empowerment Scholarship students. Enrollment growth is based on the April 11, 2025, Education Estimating Conference adopted forecast of an increase of 18,602.08 FTE for Fiscal Year 2026-27 over the Fiscal Year 2025-26 FEFP 2nd Calculation. The increase in total funds per student is based on a three-year average increase of 3.08 percent. State funding projections are based on maintaining the prior year millage rate for the Required Local Effort at 3.092 mills and maintaining the nonvoted discretionary millage of 0.748 mills; both are consistent with the policy adopted by the Legislature for Fiscal Year 2025-26. The program is expected to serve 3.2 million students in Fiscal Year 2025-26.

Table continues on the following page.

¹⁰ 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>.

Critical Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		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	29.0	0.0	(0.6)	0.0	(0.2)	0.0	Driver #3 adjusts funding to reflect the forecast adopted by the August 2025 Early Learning Programs Estimating Conference. ¹¹ Enrollment is projected to increase by 6,967.5 FTE over the three-year period. Funding per student is maintained at the Fiscal Year 2025-26 base student allocation amount of \$3,029 for the school year program and \$2,586 for the summer program. The program is expected to serve the equivalent of 137,734.24 students in Fiscal Year 2025-26.
HIGHER EDUCATION								
#4	Workload and Enrollment - Bright Futures and Children and Spouses of Deceased/ Disabled Veterans	5.6	54.8	4.0	24.4	3.4	11.2	Driver #4 funds changes in the number of eligible recipients, as projected by the August 2025 Education Estimating Conference. ¹² Over the three-year period, there are projected to be 15,773 additional eligible students for a Bright Futures award and 2,281 additional eligible students for a Children and Spouses of Deceased/ Disabled Veterans (CSDDV) award. In Fiscal Year 2025-26, there are projected to be 135,282 Bright Futures awards and 6,945 CSDDV awards.
#5	Educational Enhancement Trust Fund Adjustment	63.7	(63.7)	(15.3)	15.3	(29.6)	29.6	Driver #5 maximizes the use of state trust funds prior to using General Revenue to fund higher education programs. Adjustments are made to the General Revenue Fund and the Educational Enhancement Trust Fund based on projected balances forward and revenue changes in the trust funds over the three-year forecast period, as adopted by the August 2025 Revenue Estimating Conference. ¹³

¹¹ The forecast for Early Learning Programs is available at <http://edr.state.fl.us/Content/conferences/vpk/index.cfm>

¹² The forecast for Postsecondary Student Financial Aid is available at <http://edr.state.fl.us/Content/conferences/financialaid/index.cfm>

¹³ 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>.

Critical Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
HUMAN SERVICES								
#6	Medicaid Program	960.0	1,156.5	562.6	706.6	304.8	849.6	Driver #6 funds the caseload and expenditures estimates adopted by the July 2025 Social Services Estimating Conferences. ¹⁴ Caseloads are expected to be 4.19 million in Fiscal Year 2026-27; 4.21 million in Fiscal Year 2027-28; and 4.24 million in Fiscal Year 2028-29. The program is expected to serve 4.16 million eligible Floridians in Fiscal Year 2025-26. 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	47.3	114.9	35.2	82.6	29.0	84.7	Driver #7 funds the caseload and expenditures estimates adopted by the July 2025 Social Services Estimating Conferences. ¹⁵ June 30 caseloads are projected to be 205,985 in 2026; 213,998 in 2027; and 221,786 in 2028. The program is expected to serve 198,025 eligible children in 2025. 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	(12.1)	0.0	(4.0)	0.0	(0.5)	0.0	Driver #8 funds the caseload and expenditure estimates adopted by the July 2025 Social Services Estimating Conference. ¹⁶ Caseloads are projected to decrease by 1,742 over the three-year period. The program is expected to serve 22,973 eligible cases during Fiscal Year 2025-26.

¹⁴ The forecast for Medicaid is available at <http://edr.state.fl.us/Content/conferences/medicaid/index.cfm>.

¹⁵ The forecast for Kidcare is available at <http://edr.state.fl.us/Content/conferences/kidcare/index.cfm>.

¹⁶ 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 2026-27		FY 2027-28		FY 2028-29		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	2.4	0.0	2.2	0.0	2.2	Driver #9 provides the constitutionally-required levels of funding for the tobacco education and prevention program. The amounts are based on the calculated constitutional funding requirements as shown on the Tobacco Settlement Trust Fund Financial Outlook Statement. The calculation uses the Consumer Price Index adopted by the July 2025 National Economic Estimating Conference. ¹⁷
GENERAL GOVERNMENT								
#10	Non-Florida Retirement System (FRS) Pensions and Benefits	0.6	0.0	0.4	0.0	0.4	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	76.9	0.0	80.0	0.0	83.3	0.0	Driver #11 funds the estimates adopted by the August 2025 Revenue Estimating Conference to offset reductions in ad valorem tax revenue in fiscally constrained counties that resulted from a series of constitutional amendments, the first of which was approved in 2008. ¹⁸

Table continues on the following page.

¹⁷ The forecast of the National Economic Estimating Conference is available at <http://edr.state.fl.us/Content/conferences/useconomic/index.cfm>.

¹⁸ The forecast for Fiscally Constrained Counties is available at https://edr.state.fl.us/Content/conferences/advalorem/adval_ForecastFiscallyConstrained.pdf. See also sections 218.12 and 218.125, Florida Statutes.

Critical Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		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)	283.0	0.0	283.0	0.0	283.0	0.0	Driver #12 provides funding for the state matching requirement for all open federally declared disasters and is based on the three-year average of actual appropriations. ¹⁹ The state match covers previous hurricanes and natural disasters or other emergencies. 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	General Revenue Transfer to Emergency Preparedness and Response Fund (NEW)	783.3	0.0	783.3	0.0	783.3	0.0	Driver #13 funds annual transfers from the General Revenue Fund to the Emergency Preparedness and Response (EPR) Fund based on the three-year average of actual transfers. This driver does not account for financial impacts related to any specific emergencies, but represents the average annual amount of General Revenue that has been transferred to the EPR Fund in the most recent three years.
#14	Division of Administrative Hearings Assessments	0.3	0.5	0.3	0.5	0.3	0.5	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.

Table continues on the following page.

¹⁹ Previous versions of the Outlook relied upon quarterly projections from the Division of Emergency Management for this driver. However, in recent years, actual expenditures have not aligned with the projections. Additionally, the most recent quarterly projection did not include an estimate for Fiscal Year 2028-29. Given these factors, the 2025 Outlook uses a three-year average of actual appropriations for this driver.

Critical Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		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	355.2	71.4	406.1	121.4	416.4	131.5	Driver #15 funds increases for the state employee health insurance program and the Florida Retirement System (FRS). For the health insurance program, ²⁰ funds are included for the impact to state agencies of a nine percent increase to employer-paid premiums and a \$275 million transfer from the General Revenue Fund for each year of the Outlook period. This methodology reflects the most recent funding policy and maintains a positive trust fund balance throughout the Outlook period. 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 2025 FRS Actuarial Assumption Conference and the Fiscal Year 2024-25 Annual Actuarial Valuation were not available at the time of this Outlook. ²¹
Total Critical Needs		2,935.4	1,468.5	2,587.8	976.8	2,324.2	1,132.6	

²⁰ The forecast for the State Employees' Health Insurance Trust Fund is available at <http://edr.state.fl.us/Content/conferences/healthinsurance/index.cfm>.

²¹ 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. The majority of these budget drivers are calculated using three-year averages of appropriations. In this year’s Outlook, the largest General Revenue Other High Priority Needs drivers are in the Natural Resources, Higher Education, Human Services, and Transportation and Economic Development policy areas as shown in the following table.

General Revenue Fund Significant Other High Priority Needs By Policy Area (\$Millions)	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Three-Year Total
Natural Resources – Driver #s 38,39	1,189.2	973.6	974.2	3,136.9
Higher Education – Driver #s 18-21	936.9	941.7	941.9	2,820.4
Human Services – Driver #s 22-28	706.9	706.9	706.9	2,120.7
Transportation & Economic Development – Driver #s 34-37	568.5	566.7	568.5	1,703.8
Grand Total	3,401.6	3,188.8	3,191.5	9,781.9

Note: totals may not add due to rounding.

Natural Resources – Other High Priority Needs

The policy area with the greatest Other High Priority Needs, totaling more than \$3.1 billion over the Outlook period, is related to Florida’s natural resources and includes two budget drivers: Water and Land Conservation (Driver #38) and Other Agricultural and Environmental Programs (Driver #39). The funding projections for these two drivers are primarily based on three-year averages of appropriations, as well as the projected balances and expected revenues in the Land Acquisition Trust Fund (LATF). Based on the August 2025 Revenue Estimating Conference results, the revenue distributed to the LATF is expected to grow modestly each year of the Outlook period, with annual distributions totaling \$1,283.8 million for Fiscal Year 2026-27; \$1,324.5 million for Fiscal Year 2027-28; and \$1,360.4 million for Fiscal Year 2028-29.^{22 23} 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 \$621.7 million in General Revenue funds for Fiscal Year 2026-27 and \$439.3 million in Fiscal Years 2027-28 and 2028-29. The components included in the calculation of this driver are the Florida Forever land acquisition programs; Everglades Restoration; Land Management; various Water Quality Improvement Programs; Total Maximum Daily Loads; Nonpoint Source Pollution Prevention; Innovative Technologies to combat or clean up harmful algal blooms and provide grants for red tide response; Water Quality Enhancements and

²² The forecast for Documentary Stamp Tax collections and distributions is available at <http://edr.state.fl.us/Content/conferences/docstamp/index.cfm>.

²³ Section 271 of the Fiscal Year 2025-26 General Appropriation Act (Ch. 2025-198, L.O.F.) provides \$580 million to the Division of Bond Finance to extinguish outstanding state bonds for the Save our Everglades and Florida Forever programs, as well as other state debt. To the extent the debt service payments from the LATF are reduced or eliminated, there would be additional funding available within the LATF for other eligible programs.

Accountability, including water quality monitoring, development and maintenance of the water quality information portal, and support for the Blue-Green Algae Task Force; and Alternative Water Supply.

For the Other Agriculture and Environmental Programs budget driver, the Outlook includes recurring General Revenue funds of \$3.3 million in each year of the forecast period, as well as nonrecurring General Revenue funds of \$564.2 million in Fiscal Year 2026-27, \$530.9 million in Fiscal Year 2027-28, and \$531.5 million in Fiscal Year 2028-29. The initiatives included in the calculation of this driver are the following: Water Projects; state match for Drinking Water and Wastewater Revolving Loan Programs; Florida Keys Area of Critical State Concern; Resilient Florida Program; Agricultural Programs, including Florida Forest Service equipment, Farm Share and Food Banks, Agriculture Education and Promotion Facilities, the Florida State Fair, Citrus Research, Citrus Recovery, and the transfer of General Revenue funding to the Agricultural Emergency Eradication Trust Fund; and Fish and Wildlife Conservation Programs, including vehicles and vessels replacement, artificial reef construction, derelict vessels removal, and nonnative species management.

Higher Education – Other High Priority Needs

The Outlook includes more than \$2.8 billion over the Outlook period for Other High Priority Needs in Higher Education. The Outlook includes nonrecurring workload funding for key programs funded with nonrecurring appropriations in the Higher Education budget based on the three-year average of nonrecurring appropriations provided for these issues. Specifically, for each forecasted year, the Outlook includes \$416.7 million for State University System Performance Based Incentive Funds and University Performance Based Excellence Funds (Driver #20) and \$80.0 million for Workforce Capitalization Incentive funds (Driver #18).

The Outlook also includes recurring workload funding for Florida's public higher education delivery systems based on the three-year average increase of appropriations for each system, excluding funded appropriations projects and issues funded with nonrecurring workload funding in the Outlook. Specifically, for each forecasted year, the Outlook includes \$25.7 million for school district workforce education programs (Driver #18), \$94.8 million for Florida College System institutions (Driver #19), and \$263.7 million for State University System Education and General Activities (E&G) and special unit campuses (Driver #20). Additionally, this policy area includes funding adjustments for students estimated to be eligible for the Effective Access to Student Education (EASE) grant program and Benacquisto Scholarship program (Driver #21).²⁴

Human Services – Other High Priority Needs

The Outlook includes over \$2.1 billion in General Revenue funding over the Outlook period for Other High Priority Needs associated with health and human services provided to Florida's families. The most significant budget driver in this policy area is Medicaid Services (Driver #22) totaling \$838.2 million in General Revenue funding over the Outlook period. This driver includes funding for Medicaid provider rate increases including Nursing Homes; the authorized expansion²⁵ of the Pilot Program for Individuals with

²⁴ The forecasts for each financial assistance program are available at <http://edr.state.fl.us/Content/conferences/financialaid/index.cfm>

²⁵ The Legislature passed House Bill 1103 (Ch. 2025-130, L.O.F.) during the 2025 Regular Session. The bill expands the Pilot Program for Individuals with Developmental Disabilities initially to all individuals statewide on the pre-enrollment list and, effective July 1, 2026, to all individuals with developmental disabilities enrolled in a Medicaid Waiver program (iBudget or Medicaid Long Term Care).

Developmental Disabilities; and the authorized expansion²⁶ of the Program of All-Inclusive Care for the Elderly.

The Outlook also includes General Revenue funding of \$711.4 million over the Outlook period for Children and Family Services (Driver #23). This driver includes funding for Community-Based Care lead agency core services operations to keep families together and safe; child welfare initiatives aimed at reducing the number of children in out of home care; adoption maintenance subsidies to families that adopt a child from the child welfare system; and resources for foster families to support the care of foster children. Funding is also included for mental health and substance abuse services provided through community providers with a focus on Opioid crisis response; mental health treatment facility needs and operating contracts; and forensic treatment beds.

The Outlook also includes General Revenue and federal matching funds to assist individuals on the pre-enrollment list for home and community-based services for persons with intellectual and developmental disabilities (Driver #25). These funds are provided to ensure those most vulnerable can live productive and fulfilling lives in their community. Additionally, this policy area includes funding based on three-year averages for public health programs, Veterans' services, services for the elderly, and information technology (Driver #s 24 and 26-28).

Transportation and Economic Development – Other High Priority Needs

Finally, just over \$1.7 billion in General Revenue funding is provided over the Outlook period for Other High Priority Needs related to transportation infrastructure and economic development programs. The most significant budget driver in this policy area is Economic Development and Workforce Programs (Driver #35), totaling \$648.0 million from the General Revenue Fund over the three-year forecast period. This driver includes funding for various programs and activities such as the Job Growth Grant Fund, the Hometown Heroes Housing Program, contract payments for traditional economic development programs, defense and rural infrastructure programs, and the Law Enforcement Recruitment Bonus Program. The amounts are based on the three-year average of appropriations for each program.

The Outlook also includes funding for the Department of Transportation Adopted Work Program and Local Transportation Projects (Driver #34), totaling \$549.1 million from the General Revenue Fund over the three-year forecast period. Although the Adopted Work Program is primarily funded with state and federal trust funds, the Legislature has appropriated significant amounts of General Revenue funding for local transportation projects over the previous three fiscal years. This driver includes \$183.0 million each year from the General Revenue Fund for local transportation projects based on the three-year average of appropriations.

Additionally, the Outlook includes General Revenue funding based on three-year averages for National Guard armories, military affairs, and Florida State Guard priorities (Driver #36); and library, cultural, historical, and election priorities (Driver #37).

²⁶ The Legislature passed Senate Bill 2514 (Ch. 2025-204, L.O.F.) during the 2025 Regular Session. The bill expands the Program of All-Inclusive Care for the Elderly (PACE) by allowing new providers in high demand geographic service areas which have existing long term PACE providers.

Other High Priority Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
PREK - 12 EDUCATION								
#16	Workload and Enrollment - Other PreK-12 Programs	79.7	0.0	80.0	0.0	80.3	0.0	Driver #16 provides funding for: (a) VPK program assessments, (b) the Florida School for the Deaf and the Blind based on the three-year average increase of appropriations; and (c) other K-12 education statutory programs funded in the Non-FEFP and State Board of Education sections of the budget based on the three-year average of nonrecurring appropriations provided for the programs.
#17	Educational Enrollment Stabilization Program	250.0	0.0	250.0	0.0	250.0	0.0	Driver #17 provides funding for the Educational Enrollment Stabilization Program which was established in law to provide supplemental state funds, as needed, to maintain the stability for the operations of public schools in each school district and to protect districts, including charter schools, from financial instability as a result of changes in FTE enrollment throughout the school year. The law requires an annual appropriation in an amount necessary to maintain a minimum balance of \$250 million at the beginning of the upcoming fiscal year. ²⁷
HIGHER EDUCATION								
#18	Workload - District Workforce	105.7	0.0	105.7	0.0	105.7	0.0	Driver #18 provides funding for: (a) school district workforce education programs based on the three-year average increase of appropriations for Workforce Development, excluding funded appropriations projects; and (b) Workforce Capitalization Incentive Grants based on the three-year average of nonrecurring appropriations.

²⁷ Sec. 1011.62(18), F.S.

Other High Priority Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#19	Workload - Florida Colleges	94.8	0.0	94.8	0.0	94.8	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	736.4	0.0	736.4	0.0	736.4	0.0	Driver #20 provides funding for: (a) State University System Education and General Activities (E&G) and special unit campuses based on the three-year average increase of appropriations, excluding funded appropriations projects; and (b) State University System Performance Based Incentive and Excellence funds based on the three-year average of nonrecurring appropriations.
#21	Workload and Adjustments - Other Higher Education Programs	0.1	0.0	4.8	0.0	5.1	0.0	Driver #21 funds changes in the number of eligible recipients, as projected by the August 2025 Education Estimating Conference, ²⁸ for the Effective Access to Student Education (EASE) grant program and the Benacquisto Scholarship program. Over the three-year period, there are projected to be 1,600 additional eligible students for an EASE grant and 220 additional eligible students for a Benacquisto Scholarship. In Fiscal Year 2025-26, there are projected to be 37,858 EASE grants and 1,979 Benacquisto Scholarships.
HUMAN SERVICES								
#22	Medicaid Services	279.4	438.7	279.4	438.7	279.4	438.7	Driver #22 provides additional funding for Medicaid Waiver slots for the elderly; Graduate Medical Education residencies; and Medicaid provider rate increases based on the three-year average of appropriations. Funding is also included for the authorized expansions of the Pilot Program for Individuals with Developmental Disabilities and the Program for All-Inclusive Care for the Elderly.

²⁸ 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 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#23	Children and Family Services	237.1	262.7	237.1	262.7	237.1	262.7	Driver #23 uses three-year averages of appropriations to determine funding needs for maintenance adoption subsidies; Community-Based Care lead agencies that provide child welfare services; child abuse investigations conducted by the department; foster care room and board rates; state mental health treatment facility contracts; opioid and other substance use treatment and prevention; mental health services administered through community-based providers; personnel resources to assist individuals with public assistance eligibility determination; and asset and income verification services.
#24	Health Services	69.1	48.3	69.1	48.3	69.1	48.3	Driver #24 provides additional funding for the Early Steps program; School Health Services; Medical Quality Assurance services; Minority Health Services; Biomedical Research; Healthy Start Coalitions; the Merlin system; increased workload for Data Centers; and Health Care Loan Repayment Programs based on three-year averages of appropriations.
#25	Developmental Disabilities	60.9	81.7	60.9	81.7	60.9	81.7	Driver #25 uses three-year averages of appropriations to determine funding needs for reducing the waitlist for Developmental Disabilities Waiver services; additional client needs; additional administrative resources to manage growth in Waiver services; replacement of motor vehicles; and rate increases for Medicaid Waiver providers.
#26	Veterans' Services	3.5	1.6	3.5	1.6	3.5	1.6	Driver #26 provides funding for Florida is for Veterans, Inc., for the Entrepreneurship and Veterans Workforce Training Grant programs; veterans' home resident equipment; dental grant program; operational staffing increases; and routine maintenance and repair at the State Veteran Nursing Homes. The amounts are based on three-year averages of appropriations.

Other High Priority Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#27	Elderly Services	18.2	0.3	18.2	0.3	18.2	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	38.7	164.0	38.7	164.0	38.7	164.0	Driver #28 provides funding for the completion of the Agency for Persons with Disabilities' Client Data Management System; the various Department of Veterans' Affairs Information Technology enhancements; the Florida Medicaid Management Information System (FMMIS) transition and facility regulation issues in the Agency for Health Care Administration; initiatives to modernize the Department of Children and Families' Florida System (ACCESS) and Florida Safe Families Network (FSFN), as well as improvements to the Children's Legal Services case management system and continuation of the Enterprise Client Information; the Department of Health Centralized Online Reporting, Tracking, and Notification Enterprise (CORTNE) Accounting and Budgeting System; and the Tracking System (eCIRTS) Project in the Department of Elder Affairs.
CRIMINAL JUSTICE AND JUDICIAL BRANCH								
#29	Justice Administration Entities	2.7	0.9	2.7	0.9	2.7	0.9	Driver #29 funds increases for workload and due process for the Justice Administration entities, including the Criminal Conflict and Civil Regional Counsels and Capital Collateral Regional Counsels. The amounts are based on three-year averages of appropriations, including supplemental appropriations.

Other High Priority Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#30	Department of Corrections Programs and Operations	25.4	6.8	25.4	6.8	25.4	6.8	Driver #30 provides funding related to inmate health and food services operations, as well as inmate and officer education and training programs. The amounts are based on the three-year average increase of appropriations.
#31	Department of Juvenile Justice Programs	13.8	3.4	13.8	3.4	13.8	3.4	Driver #31 funds community supervision and residential commitment services, as well as prevention programs based on the three-year average increase of appropriations.
#32	Other Criminal and Civil Justice Programs and Operations	39.5	9.9	39.5	9.9	39.5	9.9	Driver #32 provides funding based on the three-year average increase of appropriations for safety equipment and security cameras at correctional and juvenile justice facilities; motor vehicle fleet replacements; rent; and information technology projects.
#33	Judicial Branch	7.5	0.0	7.5	0.0	7.5	0.0	Driver #33 provides funding for the certification of additional judgeships based on the three-year average increase of appropriations.
TRANSPORTATION AND ECONOMIC DEVELOPMENT								
#34	Department of Transportation Adopted Work Program and Local Transportation Projects	183.0	13,145.0	183.0	10,051.2	183.0	9,982.1	Driver #34 funds the list of transportation projects included in the Adopted Five Year Work Program, which uses estimates from the March 2025 Revenue Estimating Conference. Changes in project commitments and revenue estimates after July 1, 2025, will be incorporated into the Tentative Work Program in January 2026. The driver also provides funding for local transportation projects based on the three-year average of appropriations.
#35	Economic Development and Workforce Programs	216.0	0.0	216.0	0.0	216.0	0.0	Driver #35 provides funding for various programs and activities including the Job Growth Grant Fund, the Hometown Heroes Housing Program, and contract payments for traditional economic development programs. The amounts are based on the three-year average of appropriations for each program.

Other High Priority Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#36	National Guard Armories, Military Affairs, and Florida State Guard Priorities	117.1	0.0	117.1	0.0	117.1	0.0	Driver #36 provides funding based on the three-year average of appropriations for Camp Blanding improvements; ongoing maintenance and repairs to Florida armories; and workers compensation claims for national guard troops who become injured while on state active duty. Additionally, the driver provides funding for Florida State Guard resources based on the three-year average of appropriations.
#37	Library, Cultural, Historical, and Election Priorities	52.5	0.0	50.6	0.0	52.5	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 Years 2026-27 and 2028-29 for advertising constitutional amendments based on the average funding in the two most recent general election years.
NATURAL RESOURCES								
#38	Water and Land Conservation	621.7	365.2	439.3	548.4	439.3	547.6	Driver #38 provides funding for a variety of conservation programs including the Florida Forever Program, Everglades Restoration, Water Quality Improvements, Alternative Water Supply, and Land Management. Funding levels are based on revenues available in the Land Acquisition Trust Fund (LATF), as projected by the August 2025 Revenue Estimating Conference, ²⁹ and three-year averages of appropriations.

²⁹ 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 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#39	Other Agricultural and Environmental Programs	567.5	165.3	534.2	165.3	534.8	165.3	Driver #39 uses three-year averages of appropriations to fund a variety of programs including Resilient Florida Grant Program; Water Projects; Florida Keys Restoration Projects; Florida State Fair; Citrus Recovery Program; Agricultural Programs; and Fish and Wildlife Conservation Programs. This driver also provides funding for Drinking Water and Wastewater Revolving Loan Programs based on three-year projections provided by the Department of Environmental Protection.
GENERAL GOVERNMENT								
#40	Other General Government Priorities	22.6	51.0	24.0	24.6	22.8	23.3	Driver #40 provides cybersecurity funding through the Department of Management Services for state agencies and local governments based on the three-year average of appropriations. Funding is also provided for the Statewide Law Enforcement Radio System, as estimated by the Department of Management Services, as well as 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.
#41	State Building Pool - General Repairs and Maintenance	71.1	17.2	71.1	17.2	71.1	17.2	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	197.6	170.5	197.6	170.5	197.6	170.5	Driver #42 provides funding for state employees pay issues based upon the three-year average funding levels for competitive pay adjustments and merit and retention pay adjustments.

Other High Priority Needs Driver Number and Title		FY 2026-27		FY 2027-28		FY 2028-29		Driver Description and Assumptions
		Total GR	Total Major TF	Total GR	Total Major TF	Total GR	Total Major TF	
#43	Maintenance, Repairs, and Capital Improvements - Statewide Buildings - Critical	194.1	37.5	194.1	37.5	194.1	37.5	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		4,305.5	14,969.9	4,094.4	12,032.9	4,096.2	11,961.7	

REVENUE ADJUSTMENTS

KEY POINTS

- ❖ The Outlook includes tax and fee adjustments to the General Revenue Fund that reduce available revenue by approximately \$1.0 billion in Fiscal Year 2026-27; \$1.6 billion in Fiscal Year 2027-28; and \$2.2 billion in Fiscal Year 2028-29.
- ❖ These negative adjustments are offset by net trust fund transfers and revenue redirects that are positive to the General Revenue Fund by \$159.6 million in Fiscal Year 2026-27; \$209.5 million in Fiscal Year 2027-28; and \$259.4 million in Fiscal Year 2028-29.
- ❖ These estimates assume that the scope and scale of recent legislative actions continue over the three-year Outlook period.

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

Tax and Significant Fee Changes

Every year, the Legislature adopts a variety of statutory changes that affect state and local government revenues. After the Legislature adjourns each year, the Revenue Estimating Conference produces a final impact for each revenue change. These impacts are compiled into the *Measures Affecting Revenues*.³⁰ The Outlook includes a three-year average of the state tax and fee changes that affect the revenues that support the General Revenue Fund.

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

Typically, only a small percentage of the measures are positive. By far the greater share results in savings to the affected payers and a reduction in state revenues. The total for each fiscal year is a net number and—after averaging across the three years—is used in the Outlook to reflect the overall level of expected annual change.

³⁰ <https://edr.state.fl.us/Content/conferences/measures-affecting-revenue/index.cfm>

Across the years used to calculate the three-year average, the largest time-limited impacts were associated with the property insurance discount to policyholders in Fiscal Years 2024-25; the business rent tax rate reductions in Fiscal Years 2023-24; and the multiple Sales Tax holidays in Fiscal Years 2023-24 and 2024-25, including items such as back-to-school clothing, supplies and computers; Energy Star appliances; disaster preparedness supplies; and natural gas ranges and cooktops. The largest continuing impacts were related to distributions from beverage taxes to specified medical centers beginning Fiscal Year 2024-25 and increased in Fiscal Year 2025-26; baby and toddler products, diapers and incontinence products, and oral hygiene products beginning in Fiscal Year 2023-24; and the Business Rent Tax repeal in Fiscal Year 2025-26. With the introduction each year of new tax and fee impacts that are recurring, the impacts stack as the years progress. The following table shows how the cumulative impact of the continuing items is calculated.

(\$Millions)	Fiscal Year 2026-27			Fiscal Year 2027-28			Fiscal Year 2028-29		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Year 1	(593.8)	138.3	(455.5)	(593.8)	-	(593.8)	(593.8)	-	(593.8)
Year 2	-	-	-	(593.8)	138.3	(455.5)	(593.8)	-	(593.8)
Year 3	-	-	-	-	-	-	(593.8)	138.3	(455.5)
TOTAL	(593.8)	138.3	(455.5)	(1,187.6)	138.3	(1,049.3)	(1,781.4)	138.3	(1,643.1)

After adding the time-limited changes, the final revenue adjustments included in the Outlook are shown on the table below. In magnitude, the continuing tax changes are significantly larger than the adjustments used in last year's Outlook; however, the time-limited adjustments are smaller, decreasing by \$216.3 million or 29 percent, as items that were previously addressed in holidays were made permanent exemptions in Fiscal Year 2025-26. Some of the holidays span multiple fiscal years, and the calculation used for this Outlook sums the entire amount committed across years to produce a single representative cost for the measure.

(\$Millions)	Fiscal Year 2026-27			Fiscal Year 2027-28			Fiscal Year 2028-29		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Continuing Tax/ Fee Changes	(593.8)	138.3	(455.5)	(1,187.6)	138.3	(1,049.3)	(1,781.4)	138.3	(1,643.1)
Time-Limited Tax/ Fee Changes	-	(537.2)	(537.2)	-	(537.2)	(537.2)	-	(537.2)	(537.2)
TOTAL	(593.8)	(398.9)	(992.7)	(1,187.6)	(398.9)	(1,586.5)	(1,781.4)	(398.9)	(2,180.3)

Trust Fund Transfers and Redirects from and to the General Revenue Fund

For various reasons, trust funds are created to set aside or earmark a portion of state revenue for specific uses. For Fiscal Year 2025-26, appropriations were made from 171 different trust funds, totaling \$64.5 billion. Approximately \$36.3 billion was appropriated from federal revenue sources and \$28.2 billion from state revenue sources.

The annual General Appropriations Act typically includes one-time transfers of unobligated fund balances from trust funds to the General Revenue Fund. In addition, some legislative actions permanently transfer

moneys between different funds or levels of government without affecting state revenue receipts. As a starting point, this year's Outlook again includes a three-year average of the one-time trust fund transfers to General Revenue to produce a representative level for the future. The average is calculated using pre-veto levels and is exclusive of transfers related to constitutional amendments, transfers associated with estimating conferences, and transfers related to permanent law changes significantly affecting one or more trust funds and producing related sweeps.

For the first time, the three-year average also includes the full effect of recurring redirections of General Revenue funds into or out of state trust funds. These actions have become more commonplace, and their longer-run impact should be accounted for in the Outlook. Examples include the recurring redirections of General Revenue funds related to the Documentary Stamp Tax and Indian Gaming Revenues that occurred during the past three fiscal years.

Finally, trust fund transfers in prior years that were subsequently prohibited are not included. An example includes the statutory change that prohibits certain transfers from the housing trust funds to the General Revenue Fund (Chapter 2021-039, Laws of Florida). The following table shows the component pieces that were used to calculate the numbers in this year's Outlook.

Calculation of Trust Fund Transfers and Redirects (\$Millions)	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Three-Year Average*
One-Time Transfers to General Revenue	45.0	117.0	167.1	109.7
Permanent Redirects to State Trust Funds	(192.8)	(748.3)	---	(313.7)
Permanent Redirects to General Revenue	---	---	1,090.9	363.6
<i>Adjustment for Excluded Transfers</i>	---	---	---	
<i>Adjustment for Prohibited Transfers</i>	---	---	---	
NET TRANSFER TO GENERAL REVENUE	(147.8)	(631.3)	1,258.0	159.6

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

As opposed to the one-time actions that are nonrecurring in nature, the permanent redirects into and out of the General Revenue Fund affect all future years and build over time. In other words, the impact is recurring and stacks, just as it does for continuing tax and fee changes. After this effect is addressed, the totals shown in the following table become the final adjustments for trust fund transfers and redirects across the three years of the Outlook.

(\$Millions)	Fiscal Year 2026-27			Fiscal Year 2027-28			Fiscal Year 2028-29		
	Rec	NR	Total	Rec	NR	Total	Rec	NR	Total
Transfers to GR	---	109.7	109.7	---	109.7	109.7	---	109.7	109.7
Redirects from GR	(313.7)	---	(313.7)	(627.4)	---	(627.4)	(941.1)	---	(941.1)
Redirects to GR	363.6	---	363.6	727.2	---	727.2	1,090.8	---	1,090.8
TOTAL	49.9	109.7	159.6	99.8	109.7	209.5	149.7	109.7	259.4

STATE RESERVES

KEY POINTS

- ❖ The state's reserves for Fiscal Year 2025-26 are estimated to be nearly \$15.0 billion, including \$9.3 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 \$2.0 billion each year.

The Budget Stabilization Fund (BSF), the Emergency Preparedness and Response Fund, and unallocated General Revenue compose the state's reserves.³¹ The constitutionally-required BSF is the state's structural reserve that must contain an amount equal to at least five percent but no more than ten percent of General Revenue collections in the last completed fiscal year.³² The Emergency Preparedness and Response Fund is established in law to be used as a primary source of funding for preparing or responding to a disaster declared by the Governor as a state of emergency.³³ 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.³⁴ The funds remain available for the Legislature to respond to revenue shortfalls, program deficits, or other expenditures of the state.

Based on the state's budget and accounting records at the time of this Outlook, total reserves for Fiscal Year 2025-26 are projected to be nearly \$15.0 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. The following table shows a ten-year history of anticipated state reserves at the time each year's Outlook was developed.

Reserves (\$Millions) Outlook Year	Baseline Fiscal Year	Unallocated General Revenue	Budget Stabilization Fund	Lawton Chiles Endowment Fund	Emergency Preparedness & Response Fund	Total Anticipated Reserves	General Revenue Estimate	% of GR Estimate
2016	2016-17	1,414.2	1,384.4	637.5	-	3,436.1	29,332.8	11.7%
2017	2017-18	1,458.5	1,416.5	713.4	-	3,588.4	30,926.0	11.6%
2018	2018-19	1,226.1	1,483.0	763.1	-	3,472.2	32,243.8	10.8%
2019	2019-20	1,452.9	1,574.2	773.6	-	3,800.7	32,943.3	11.5%
2020	2020-21	1,366.6	1,674.2	867.2	-	3,908.0	30,990.1	12.6%
2021	2021-22	7,324.0	2,723.5	-	-	10,047.5	36,901.0	27.2%
2022	2022-23	13,719.4	3,140.2	-	499.0	17,358.6	41,998.2	41.3%
2023	2023-24	8,800.9	4,140.2	-	681.2	13,622.3	45,664.4	29.8%
2024	2024-25	7,754.6	4,440.5	-	497.1	12,692.3	48,515.9	26.2%
2025	2025-26	9,274.3	4,870.2	-	841.5	14,986.0	50,485.0	29.7%

³¹ Ch. 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 fund's assets and transfer them to the BSF.

³² Art. III, s. 19(g), Fla. Const., and s. 215.32, F.S.

³³ Sec. 252.3711, F.S.

³⁴ Sec. 215.32(2)(a), F.S.

For Fiscal Year 2025-26, the unallocated General Revenue reserve is estimated to be \$9.3 billion, as shown on the Financial Outlook Statement adopted by the Revenue Estimating Conference in August 2025.³⁵ This positive ending balance accounts for all available funds, including the Fiscal Year 2024-25 actual revenue collections and the revised forecast for Fiscal Year 2025-26, as well as authorized expenditures and the release of several large contingency reserves. The amount shown in Fiscal Year 2025-26 for the Emergency Preparedness and Response Fund includes a \$500 million transfer from the General Revenue Fund authorized in the Fiscal Year 2025-26 General Appropriations Act; however, the transfer had not occurred at the time of this Outlook.

Consistent with the assumptions used for recent Long-Range Financial Outlooks, a minimum General Revenue reserve equivalent to 3.9 percent of the revenue estimate is maintained for each year of the forecast period. This equals about \$2.0 billion each year. The Outlook also accounts for reserves that have been created for each of the three major trust funds (i.e., Educational Enhancement, State School, and Tobacco Settlement). The amounts for these trust funds are calculated by applying the same 3.9 percent minimum reserve to each fund's revenue estimate as is done for the General Revenue Fund.

Finally, each Outlook provides for transfers, if necessary, to the Budget Stabilization Fund to achieve the constitutionally required balance of five percent of General Revenue collections. The Legislature has transferred almost \$3.2 billion to the Budget Stabilization Fund over the last five fiscal years, increasing the fund balance to the ten percent maximum in Fiscal Year 2025-26. As a result, no transfers are required during the three-year forecast period.

During the 2025 Regular Session, the Legislature passed House Joint Resolution 5019, which proposes an amendment to the State Constitution that materially affects the Budget Stabilization Fund.³⁶ The amendment would increase the amount of funds that may be retained in the Budget Stabilization Fund from 10 percent to 25 percent of General Revenue collections; require the Legislature to transfer the lesser of \$750 million or the amount required to reach 25 percent of the General Revenue collections each year unless certain conditions are met; and allow the Legislature to withdraw funds for critical state needs. The amendment will be submitted to Florida's electors for consideration during the 2026 General Election. If approved by at least 60 percent of the electors voting on the measure, the provisions take effect January 5, 2027.

³⁵ The General Revenue Fund Financial Outlook Statement is available at <http://edr.state.fl.us/Content/revenues/outlook-statements/general-revenue/index.cfm>.

³⁶ The text of HJR 5019 – Budget Stabilization Fund is available at <https://www.flhouse.gov/Sections/Bills/billsdetail.aspx?BillId=82516&SessionId=105>.

ECONOMIC AND DEMOGRAPHIC TRENDS

KEY POINTS

- ❖ Economic pressures are still evident in the reduction of household savings, the heightened use of consumer credit, and persistently elevated inflation. The predominant risks to the new economic forecast are to the downside.
- ❖ The new forecast was decidedly weaker in the near term, especially in sectors dependent upon significant consumer debt such as residential construction, existing home sales, and motor vehicle sales.
- ❖ The ultimate impact on Florida from current geopolitical events, tariffs and future Federal Reserve actions is still unknown.
- ❖ The peak economic influence of the Baby Boomer cycle (positive and negative) will run from 2011 to 2050. Florida's unique demographics will present challenging issues for the state's policy makers between now and then. Those effects will differ across counties.

Key Economic Trends

The Florida Economic Estimating Conference met on July 18, 2025, to adopt a new forecast for the state's economy. While similar in many respects to the long run forecast adopted in February 2025, the results were decidedly weaker in the near term. This was especially true in sectors dependent upon significant amounts of consumer debt such as residential construction, existing home sales, and motor vehicle sales.

Economic pressures are still evident in the reduction of household savings, the heightened use of consumer credit, and persistently elevated inflation. While the forecasting environment had somewhat stabilized in the 2024-25 fiscal year, considerable uncertainty exists regarding the ultimate impact on Florida from current geopolitical events, tariffs and future Federal Reserve actions. How these economic challenges ultimately unfold will be pivotal to the actual performance of Florida's economy over the next few years. In tandem with the release of the new Florida forecast, the Conference also highlighted the predominant risks—all downwards—to that forecast.

One measure for assessing the economic health of states is the year-to-year change in real GDP (that is, all goods and services produced or exchanged within a state). Buffeted by a series of economic shocks, the state's GDP growth dipped to near zero (0.4 percent) in Fiscal Year 2019-20, bounced back by 4.5 percent in Fiscal Year 2020-21, and surged by 8.3 percent in Fiscal Year 2021-22, more than double the pre-pandemic-year growth rate and exceeding the prior peak growth rate of 6.6 percent in Fiscal Year 2004-05. The state's GDP expanded by a still strong 4.9 percent in Fiscal Year 2022-23 and 3.7 percent in Fiscal Year 2023-24, but the Conference believes growth decelerated to 2.9 percent in Fiscal Year 2024-25. In the near-term, the Conference expects continued deceleration to more typical rates (1.9 percent and 2.0 percent over the current and next two fiscal years). Beginning in Fiscal Year 2028-29, the economy will stabilize at its now characteristic 2.1 to 2.2 percent growth per year.

Normally, personal income growth is another important gauge of the state's economic health; however, its changes have been in stark contrast to GDP. Buttressed during the pandemic by an infusion of federal dollars into Florida's households, the final growth rate for the state's 2020-21 fiscal year was 9.3 percent and for the 2021-22 fiscal year was 6.2 percent. Personal income growth then accelerated to 9.2 percent in Fiscal Year 2022-23 as workers and employers chased historic levels of inflation and leveraged the tight labor market into better paying opportunities. Largely on the continuing strength of wage growth, Florida still had high growth of 6.6 percent in Fiscal Year 2023-24, with Fiscal Year 2024-25 dropping moderately to 5.3 percent. After five additional years at or above 5 percent growth (Fiscal Year 2025-26 through Fiscal Year 2029-30), annual growth rates begin to stabilize at 4.8 to 4.9 percent per year.

As the first wave of baby boomers began to enter retirement in 2011, Florida wages as a share of personal income began to drift downwards. Today, they comprise about 45 percent of the state's personal income whereas the entire United States records slightly over 50 percent. The relationship between the state's average annual wage and the national average tells a slightly different story about those who continue to work. In the first two decades of this century, Florida's average annual wage was below the U.S. average. The most recent data shows that the state's average percentage fell from 2016 when it was 87.7 percent to 87.3 percent in 2020. This picture changed in 2021 when Florida moved above its longer run average of 88.8 percent to 89.2 percent. The state's percentage has since risen to 91.9 percent in 2024. Based on Conference projections of average annual wage growth of 3.8 percent or above each year—with an estimated 4.5 percent increase in the current year and a projected 4.0 percent in Fiscal Year 2026-27—the higher wages are likely here to stay. At least in part, this is related to the growing senior share of Florida's population and their demand for services.

According to a report by the Federal Reserve Board of Governors, "Housing represents the largest expense for most families and, consequently, housing decisions have the potential to substantially affect economic well-being." Collectively, these individual decisions become a key driver of Florida's economy. Because construction activity continues to be subpar relative to the state's long-term average, attention over the past decade has focused on the market for existing homes as an upstream indicator of future construction need. All market metrics point to an existing home market that overheated as a result of the Federal Reserve's initial response to the pandemic but has now cooled off substantially after three years (2023 to 2025) of increasing and high 30-year mortgage rates.

Existing home sales volume in each of the calendar years from 2018 to 2022 exceeded the 2005 peak year, but home sales in 2023 and 2024 slowed, each posting a lower level than the prior year. Sales are also down for the first five months of 2025 by approximately 6.2 percent compared to the first five months of 2024. The story is different for the median sales price of single-family homes. Through October 2021, Florida's existing home price gains roughly tracked national gains, but generally stayed below the national median price. From November 2021 through June 2024, Florida's median price was at or above the national median, peaking in February 2023 at 107 percent of the national median price. Florida's median price in May of 2025 was 96.5 percent of its April 2024 peak (\$429,900) and below the national median by the greatest amount since May 2020.

The Federal Reserve's actions during the public health emergency also helped support the construction market. Despite the strong double-digit growth in eight of the ten calendar years from 2012 to 2021, the per capita level is still below historic standards for single family building permits. With the robust growth seen in 2021, the level finally reached 92.2 percent of the long run average; however, it reduced to 81.0 percent in 2022, 75.4 percent in 2023, and further down to 72.8 percent in 2024. This was the first negative period for the series since 2006 through 2009 during the collapse of the housing market.

Persistently elevated interest rates also influence the decision to purchase a home. At the end of the 2023 calendar year, the 30-year mortgage fixed rate was 7.3 percent, significantly higher than the 6.5 percent recorded in June 2023. Interest rates cooled off slightly in 2024, dipping into the low 6.0 percent in September of 2024. The Mortgage Bankers Association now expects the 30-year fixed rate to be 6.7 percent by the fourth quarter of the 2025 calendar year, and to remain as high as 6.6 percent for the 2026 calendar year. These levels will likely be sufficient to leave dampened sales activity in their wake; however, should interest rates fall to approximately 6.0 percent in the 2026-2027 fiscal year, there is the potential for refinance activity that has been absent in recent years. The bulk of these homeowners would be buyers from calendar years 2023 to 2025.

For many families, automobile purchases are their second largest investment. Florida last saw its peak in total new light vehicle registrations in Fiscal Year 2005-06. Swinging widely from year-over-year growth of 10.3 percent in Fiscal Year 2020-21 to a retreat of 16.5 percent in Fiscal Year 2021-22 during the Covid period, new car registrations finally reached 96.2 percent of the prior peak in Fiscal Year 2024-25. Going forward, the Conference expects a decline of 6.4 percent in Fiscal Year 2025-26 to be followed by gains in Fiscal Years 2026-27 (5.1 percent), 2027-28 (3.7 percent), and 2028-29 (2.2 percent). Tellingly, the levels for each year are much lower than expected in February. Despite strong population gains over the intervening years, the state is not expected to pass its prior peak until Fiscal Year 2028-29.

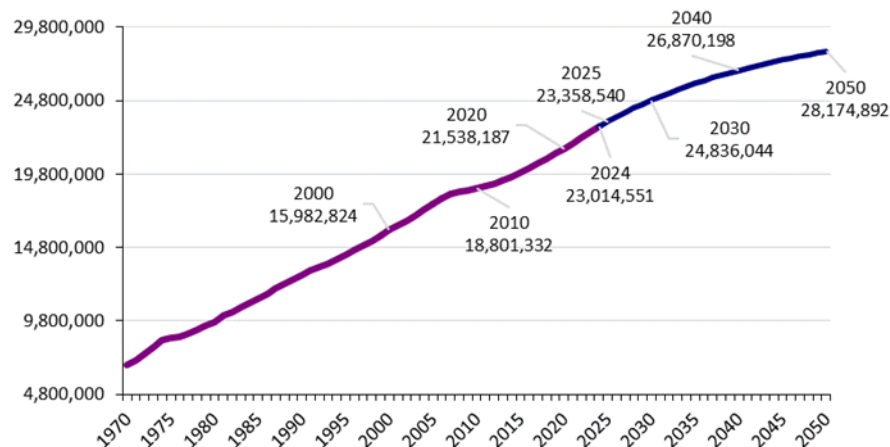
Finally, Florida's tourism-sensitive economy is particularly vulnerable to the longer-term effects of a pandemic. The total number of tourists declined nearly -70.0 percent from the prior year in the second quarter of 2020. After that dramatic drop, tourism recovered gradually, buttressed by the increased number of domestic visitors travelling to Florida by air or car. It took two years to reach recovery from this pandemic in domestic visitors, with Canadian and international visitors still at sub-peak levels. Total visitors, growing by 39.4 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a different composition. After posting only 2.4 percent growth in Fiscal Year 2024-25, the Conference expects a strong period of growth (4.3 percent) during Fiscal Year 2025-26, after which the annual growth rate generally moderates from 3.4 percent in Fiscal Year 2026-27 to 2.9 percent at the end of the forecast period. The expected 151.9 million visitors in Fiscal Year 2025-26 will have a collective effect on Florida's infrastructure of an additional 2.35 million residents. The new forecast levels never exceed the pre-pandemic forecast levels for the overlapping years.

Key Demographic Trends

Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Between 2025 and 2030, the Demographic Estimating Conference forecasts growth to average 1.23 percent per year. Nationally, average annual growth is expected to be about one-third of that level—averaging 0.41 percent per year between 2025 and 2030.

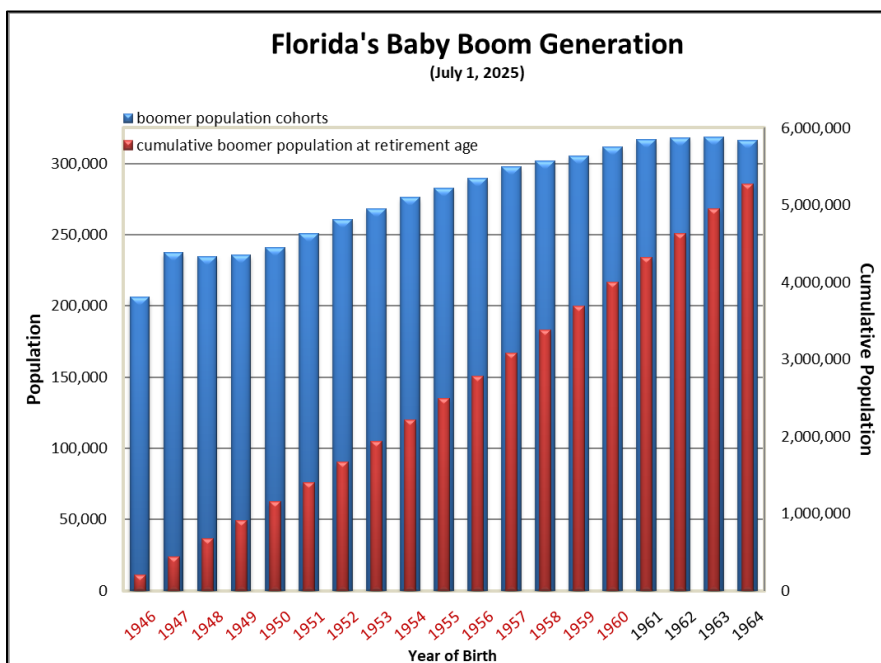
Florida's population is expected to break the 24 million mark in calendar year 2027—and sometime during 2030, the state's population is expected to reach almost 25 million residents. Historically, the strongest April-over-April growth rate in this century was the year 2000 at 2.58 percent, but the largest numerical change occurred in 2005 (+403,332), immediately prior to the collapse of the housing boom and the beginning of the Great Recession.

Florida Resident Population



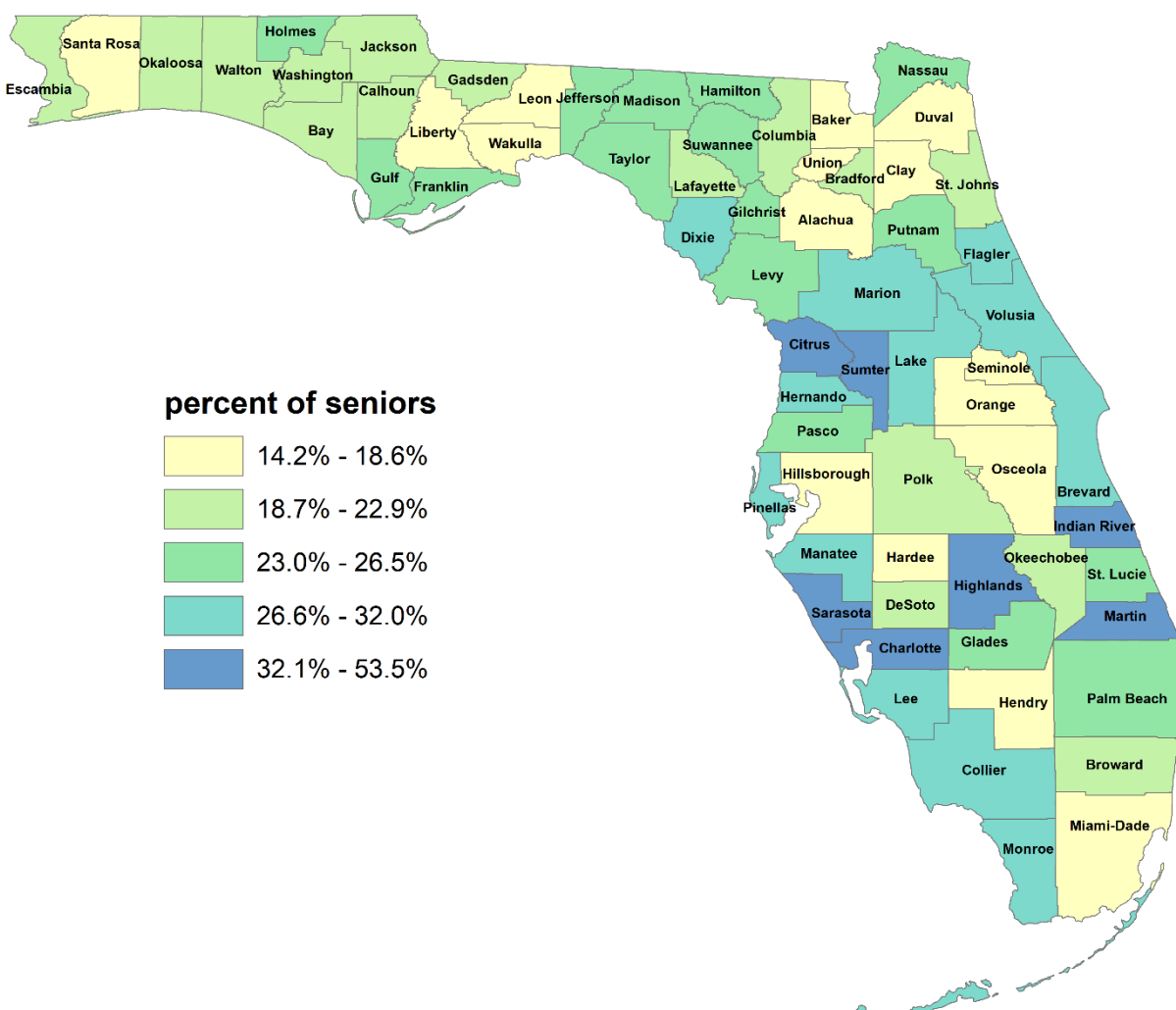
In the past, Florida's population growth has largely been from net migration. Going forward, this will produce all of Florida's population growth, as natural increase is anticipated to remain negative with deaths outnumbering births.

The first cohort of Baby Boomers became eligible for retirement (turned age 65) in 2011. Fifteen of nineteen cohorts have now entered the retirement phase. This represents approximately 75 percent of all Baby Boomers. Population aged 65 and over is forecast to represent at least 24.7 percent of the total population in 2030, compared to 21.2 percent in 2020 and 17.3 percent in 2010. The sheer size of this aging population will have direct and indirect effects for Florida's future economy, as well as implications for the labor force, health care services, housing, modes of service delivery, and overall tax collections. As this cohort continues to age, the effects will vary over time, with the positive benefits nearing their end over this decade and the challenges still ahead.



Most of the estimating conferences held during the summer either added the 2030-31 fiscal year to their forecast horizon (5-year forecasts) or had already included it (10-year forecasts). Since the end of the decade continues to be a population inflection point with the entry of the final Baby Boomer cohorts into retirement, this brings the expected future changes into the immediate planning horizon. About the same time (starting in 2031), the oldest Baby Boomers will begin to turn 85.

Altogether, the peak economic influence of the Baby Boomer cycle (positive and negative) will run from 2011 to 2050. Florida's unique demographics will present challenging issues for the state's policy makers between now and then. Across counties, the effects of the aging population will not be equal. Greater or lesser shares of Florida's senior population will be a determining factor for many, with these shares varying significantly across the state. Currently, the highest senior percentage is 53.5 percent in Sumter County, while the lowest is 14.2 percent in Orange County.



SIGNIFICANT RISKS TO THE FORECAST

KEY POINTS

- ❖ There are risks to the Outlook which could alter the results (both positively and negatively).
- ❖ These risks include hurricanes, federal funding for Medicaid and other federal programs, litigation against the state, and potential constitutional amendments.

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.

Hurricanes and Other Natural Disasters

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.³⁷ The 2025 Outlook includes a Critical Needs driver associated with the three-year average of General Revenue Fund transfers to the Emergency Preparedness and Response Fund; however, the Outlook does not account for discrete financial impacts specifically related to any future hurricanes in 2025 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.

Florida Hurricane Catastrophe Fund

The FHCF is a tax-exempt state trust fund that provides reimbursements to residential property insurance companies for a portion of their catastrophic hurricane losses in Florida. For the 2025 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 \$10.0 billion, primarily consisting of \$6.7 billion in projected cash by December 31, 2025, and \$3.3 billion in pre-event bonds. The projected fund balance has been reduced to account for existing hurricane loss reserves for which the FHCF is currently paying claims. It is estimated the FHCF would be able to bond approximately \$7.8 billion during the next 12 months if a large event occurs during the contract year. This estimated claims-paying capacity of \$17.8 billion (\$6.7 billion cash, \$3.3 billion pre-event bond proceeds, and \$7.8 billion bonding capacity) is \$800 million above the total potential statutory maximum claims paying obligation of \$17.0 billion. The \$17.0 billion amount translates to an approximate 1-in-250-year

³⁷ Legislative Office of Economic and Demographic Research analysis of the 2004 and 2005 hurricanes.

event (0.40 percent probability) or an event that causes \$106 billion in FHCF covered industry residential losses for the 2025 storm season.

Citizens Property Insurance

Citizens is the largest property insurer in Florida based on policy count and the second largest based on exposure to hurricane risk. As of June 30, 2025, Citizens has just under 780,000 active policies. Citizens projects a cash surplus of \$5.1 billion to pay claims during the 2025 hurricane season. In addition, Citizens could be reimbursed up to \$3.2 billion by the FHCF and up to \$4.5 billion from private market reinsurers in the event of a qualifying catastrophic event. In total, the projected amount Citizens has available to pay claims is approximately \$12.8 billion, which is \$1.2 billion above its probable maximum loss of \$11.6 billion for a 1-in-100-year storm event. This difference of \$1.2 billion could be used for events larger than a 1-in-100-year storm event or for multiple storms. In addition, Citizens can levy broad-based assessments to support debt financing. With current levels of surplus, reinsurance, and coverage through the FHCF, Citizens could withstand a 1-in-100-year event followed by a 1-in-8-year event, or a series of smaller storms, before it would need to levy assessments on its own policyholders and on most property and casualty insurance policies.³⁸

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.

Federal Actions/Legislation

Federal legislation or actions can have a positive or negative impact on state revenues or expenditures for various federal programs. While known impacts of enacted federal laws are considered by consensus estimating conferences, changes at the federal level may alter key assumptions of this Outlook.

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. For Fiscal Year 2025-26, Florida's total DSH allotment established by the Centers for Medicare and Medicaid Services (CMS) is \$502.5 million, with \$287.3 million representing Florida's federal DSH allotment and the remaining balance being the required state matching funds.

The federal Patient Protection and Affordable Care Act of 2010 (PPACA) addressed DSH allotments, requiring the Secretary of the U.S. Department of Health and Human Services to develop a methodology to reduce the state allotments. The aggregate reduction amounts were originally scheduled to begin in Federal Fiscal Year 2014 and run through Federal Fiscal Year 2020. After subsequent legislation delayed the start date, federal CMS released a final rule in September 2019 to delineate the DSH Health Reform methodology (DHRM) that will be used to implement the annual Medicaid allotment reductions identified in section 1923(f)(7) of the Social Security Act. The DHRM relies on statutorily identified factors to

³⁸ Citizens Property Insurance Corporation analysis of ability to cover possible future hurricane-related losses (e-mail on file).

determine the state-specific DSH allotment reductions and limits the reduction to be applied to each state to 90 percent of its original unreduced allotment.

No adjustments have been included in the Outlook to reduce the DSH funding allocated to Florida because it is unknown how the final CMS rule will ultimately affect Florida, nor how the Legislature will respond to any loss of these federal funds. Florida has also implemented other federal matching programs that may offset DSH losses, including the Directed Payment Program (DPP) and the Indirect Medical Education (IME) Program. Under current law, the Medicaid DSH reductions are scheduled to occur from Federal Fiscal Year 2025 through Federal Fiscal Year 2027, with an established start date of October 1, 2025. The aggregate reductions to the Medicaid DSH allotments nationwide equal \$8.0 billion for each of those years, with Florida's annual share expected to exceed \$110 million.

H.R.1 – One Big Beautiful Bill Act

H.R.1 was signed into law on July 4, 2025, as Public Law No: 119-21. The federal legislation reduces taxes, reduces or increases spending for various federal programs, increases the statutory debt limit, and addresses other agencies and programs throughout the federal government. The law's provisions have different effective dates, many of which are within the three-year forecast period of the Outlook. Because the specific fiscal impacts to Florida cannot be determined at this time, no adjustments have been included in the Outlook.

Litigation Against the State

Numerous lawsuits against the state exist at any point in time. Some have the capacity to disrupt specific programs and services and to force changes and adjustments to the Outlook. These lawsuits relate to a broad cross-section of the state's activities including, but not limited to, education funding, environmental matters, Medicaid, agricultural programs, and state revenue sources. The state's Annual Comprehensive Financial Report contains a list of legal matters with significant loss contingencies.³⁹

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.

Potential Constitutional Amendments

At the time of this Outlook, there are two proposed amendments to the Florida Constitution on the ballot for the 2026 General Election, which may alter key assumptions of this Outlook. Both amendments were proposed by joint resolution of the Legislature. All proposed amendments require at least 60 percent approval from electors voting on the measure to pass. The Department of State maintains an online database of proposed constitutional amendments, including financial impact statements for initiative petitions.⁴⁰

³⁹ See Notes 19 and 20, Florida's Annual Comprehensive Financial Report, available at <https://www.myfloridacfo.com/transparency/state-financial-reports/FL-ACFR>.

⁴⁰ The database is available at <https://dos.elections.myflorida.com/initiatives/>.

FISCAL STRATEGIES

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

Overall, the forecasted General Revenue growth (*recurring* and *nonrecurring*) is insufficient to support anticipated spending and a minimum reserve for the entire Outlook period; therefore, fiscal strategies to resolve projected deficits must be considered. The Outlook projects a significant and growing surplus for each year of the forecast period based on funding Critical Needs drivers only. However, when the Other High Priority Needs drivers along with Revenue Adjustments are included, the Outlook projects a surplus for Year 1 and deficits for Years 2 and 3 as shown in the following table.⁴¹

2025 Outlook - General Revenue Fund Projected Ending Balances (\$Millions)	Year 1 2026-27			Year 2 2027-28			Year 3 2028-29		
	Recur	Nonrec	Total	Recur	Nonrec	Total	Recur	Nonrec	Total
Critical Needs	\$2,897	\$6,008	\$8,905	\$2,767	\$7,534	\$10,301	\$3,274	\$8,908	\$12,182
Critical Needs + Other High Priority Needs + Revenue Adjustments	\$1,137	\$2,630	\$3,766	(\$759)	(\$766)	(\$1,526)	(\$2,019)	(\$4,556)	(\$6,575)

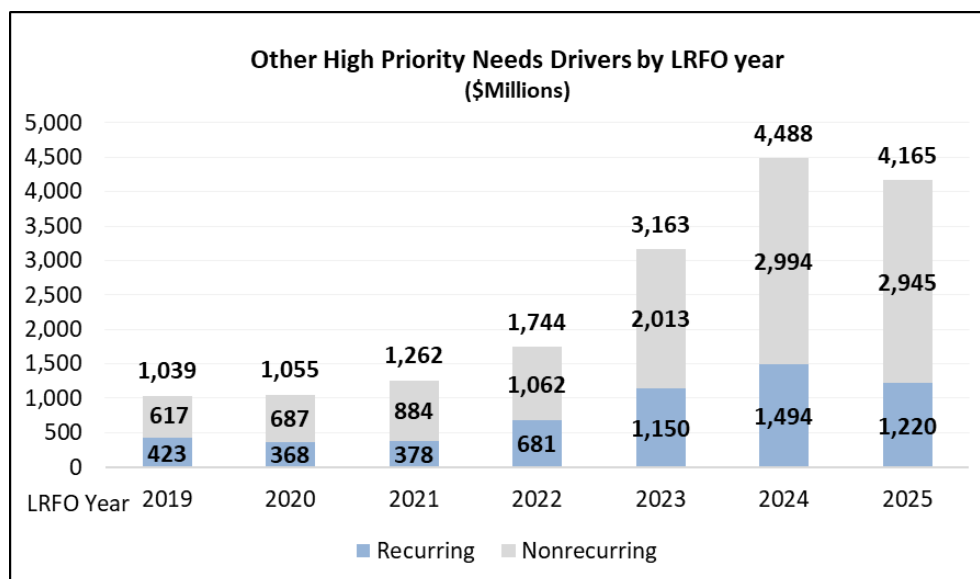
Strategic actions taken by the Legislature in the 2025 Session significantly improved the state's near-term financial position relative to last year's Outlook. For Fiscal Year 2026-27, the 2025 Outlook projects a *surplus* of \$3.8 billion compared to a projected *deficit* of \$2.8 billion in the 2024 Outlook—a positive improvement of nearly \$6.6 billion as shown in the following table. Funds available are nearly 10 percent higher than expected, largely due to a higher balance forward generated by the release of several large contingency reserves and permanent redirects that the Legislature approved during the 2025 Session. Projected expenditures are also 2.6 percent less than expected, a direct function of the lower recurring budget authorized for Fiscal Year 2025-26 which became the base budget for Fiscal Year 2026-27.

Fiscal Year 2026-27	2024 Outlook	2025 Outlook	Difference
Funds Available			
Balance Forward from 2025-26	4,036.2	9,131.7	5,095.5
Available General Revenue	51,991.9	52,196.3	204.4
Revenue Adjustments	(1,003.4)	(833.1)	170.3
Total Funds Available	55,024.7	60,494.9	5,470.2
			9.9%
Projected Expenditures			
Base Budget for 2026-27	48,941.9	47,117.5	(1,824.4)
Previously Authorized Expenditures	-	334.5	334.5
Total New Budget Drivers for 2026-27	6,880.6	7,240.9	360.3
Total Projected Expenditures	55,822.5	54,692.9	(1,464.1)
			-2.6%
Additional Adjustments for Reserves			
Reserve	2,027.7	2,035.7	8.00
Bottom Line	(2,825.5)	3,766.3	6,591.8

⁴¹ Detailed projected ending balance calculations can be found in Appendix B of this document.

Similarly, the projected deficit in this year’s Outlook for Fiscal Year 2027-28 is \$1.5 billion, significantly less than the \$6.9 billion deficit in the 2024 Outlook. Despite these gains, expenditures in Fiscal Year 2028-29 are projected to exceed available revenues by more than \$6.5 billion. As discussed in the 2024 Outlook, the Legislature’s utilization of historic General Revenue Fund balances to make significant investments over the past several years is driving up the cost for the budget drivers that are calculated using three-year averages.⁴²

The Long-Range Financial Outlook has traditionally been developed using averages of recent funding levels to project future expenditures; the 2025 Outlook is consistent with this methodology. As a result, the budget drivers that are based on three-year averages included in this forecast, while slightly less than those included in the 2024 Outlook, are still considerably higher than previous Outlooks. Over the three-year forecast period of this Outlook, an average of almost \$4.2 billion per year is included for Other High Priority Needs budget drivers, which are largely based on three-year averages of appropriations. The following chart displays the overall cost of these budget drivers compared to the previous six Outlooks.



Compounding the elevated levels for Other High Priority Needs drivers is the inclusion of a new Critical Needs driver associated with General Revenue Transfers to the Emergency Preparedness and Response Fund (Driver #13). Since the fund’s creation in 2022, the Legislature has transferred nearly \$5.0 billion of General Revenue to the fund, with transfers averaging \$783.3 million per year in the past three fiscal years. The 2025 Outlook includes this new budget driver to account for these ongoing and significant expenditures of General Revenue. This budget driver is the largest driver in the 2025 Outlook; had it not been included, the total cost for Critical Needs would have been \$2.3 billion less over the three-year Outlook period.

Traditionally, the Long-Range Financial Outlook has identified several options to eliminate a proposed budget gap in any given year of the Outlook. These options include but are not limited to:

- Reduced Program Growth and/or Budget Reductions
- Reduction or Elimination of the Revenue Adjustments Affecting Taxes and Fees

⁴² See the Fiscal Strategies section of the 2024 Outlook available at https://edr.state.fl.us/Content/long-range-financial-outlook/3-Year-Plan_Fall-2024_2026-2028.pdf.

- Revenue Enhancements and Redirections
- Trust Fund Transfers
- Reserve Reductions

A key factor in determining the total level of adjustments needed to this Outlook to avoid projected deficits is whether adjustments are made on a recurring or nonrecurring basis. With the exception of trust fund transfers and reserve reductions, the options previously listed can be deployed on either a recurring or nonrecurring basis. When used to bring about a recurring change, they also have a positive impact on ending balances for the following fiscal years.

Additionally, the timing of implementation is significant when calculating the total level of adjustments needed. For the 2025 Outlook, there is a projected surplus for Fiscal Year 2026-27; however, implementing fiscal strategies beginning in Year 1 would reduce the impact of adjustments needed in the following two years. For example, adjustments totaling just over \$2.0 billion (\$673.2 million recurring; \$1.4 billion nonrecurring) made in each year of the Outlook period would resolve both recurring and nonrecurring projected deficits for all three years.

In the alternative, fiscal strategies could be deferred until Year 2, when the first projected deficit appears in the Outlook. Delaying implementation of any mitigating strategies until Fiscal Year 2027-28 would result in greater total adjustments needed in each of the two out years. Adjustments totaling more than \$3.5 billion (\$1.0 billion recurring; \$2.5 billion nonrecurring) per year would be needed in both out years to resolve the projected deficits.

Another consideration is that the Outlook assumes a relatively modest level of unallocated General Revenue reserves (approximately \$2.0 billion each year), which is well below the planned reserves for the previous three fiscal years.⁴³ Finally, 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.

⁴³ The planned unallocated General Revenue reserve was \$6.2 billion for Fiscal Year 2023-24, \$5.8 billion for Fiscal Year 2024-25, and \$8.6 billion for Fiscal Year 2025-26 as shown on the Post-Session Financial Outlook Statements adopted by the Revenue Estimating Conference.

APPENDIX A – SUMMER REVENUE ESTIMATING CONFERENCE RESULTS

Revenue Estimating Conference – Summer 2025 Forecasts (\$Millions)	Fiscal Year 2024-25		Fiscal Year 2025-26		Fiscal Year 2026-27		Fiscal Year 2027-28		Fiscal Year 2028-29		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	670.6	685.7	686.8	700.5	694.3	706.9	702.9	715.4	709.4	721.8	http://edr.state.fl.us/Content/conferences/articleV/index.cfm
Documentary Stamp Tax Collections	3,688.3	3,701.1	3,786.6	3,755.7	3,892.7	3,900.2	4,032.3	4,023.4	4,169.2	4,132.3	http://edr.state.fl.us/Content/conferences/docstamp/index.cfm
General Revenue Fund	49,284.2	49,676.0	50,238.2	50,485.0	51,779.0	52,031.0	52,902.1	52,957.2	54,353.8	54,369.5	http://edr.state.fl.us/Content/conferences/generalrevenue/index.cfm
Gross Receipts Tax	1,387.5	1,379.4	1,417.2	1,414.5	1,407.0	1,402.9	1,400.1	1,392.7	1,396.9	1,384.5	http://edr.state.fl.us/Content/conferences/grossreceipts/index.cfm
Highway Safety Licenses and Fees	2,951.2	2,963.0	2,984.2	2,997.3	3,005.5	3,019.8	3,029.3	3,043.5	3,030.8	3,061.4	http://edr.state.fl.us/Content/conferences/highwaysafetyfees/index.cfm
Indian Gaming Revenues	809.1	863.5	868.9	905.5	912.4	952.3	959.7	1,001.8	1,009.5	1,053.1	http://edr.state.fl.us/Content/conferences/Indian-gaming/index.cfm
Lottery Revenues - Transfer to Educational Enhancement Trust Fund	2,175.6	2,168.0	2,192.6	2,126.3	2,248.0	2,169.6	2,263.6	2,183.9	2,287.9	2,206.6	http://edr.state.fl.us/Content/conferences/lottery/index.cfm

Revenue Estimating Conference – Summer 2025 Forecasts (\$Millions)	Fiscal Year 2024-25		Fiscal Year 2025-26		Fiscal Year 2026-27		Fiscal Year 2027-28		Fiscal Year 2028-29		Link to Forecast
	Previous Forecast	Actual	Previous Forecast	New Forecast	Previous Forecast	New Forecast	Previous Forecast	New Forecast	Previous Forecast	New Forecast	
Pari-Mutuel Revenues	25.3	25.1	24.9	20.3	25.1	20.5	25.8	21.0	26.3	21.1	http://edr.state.fl.us/Content/conferences/parimutuels/index.cfm
Public Education Capital Outlay and Debt Service (PECO) Trust Fund - No Bonding	963.9	963.9	939.0	945.3	971.4	970.9	985.6	977.7	1,006.5	996.5	http://edr.state.fl.us/Content/conferences/peco/index.cfm
Revenues Flowing to State Transportation Trust Fund	4,836.0	4,841.9	4,942.9	4,896.0	5,049.4	5,004.3	5,172.1	5,113.6	5,265.6	5,208.7	http://edr.state.fl.us/Content/conferences/transportation/index.cfm
School Taxable Value	-	-	3,844,324	3,829,561	4,070,996	3,997,064	4,304,185	4,211,427	4,533,495	4,449,191	http://edr.state.fl.us/Content/conferences/advalorem/index.cfm
Slot Machine Revenues - Transfer to Educational Enhancement Trust Fund	240.1	240.6	242.7	243.2	245.3	245.7	248.0	248.2	250.6	250.7	http://edr.state.fl.us/Content/conferences/slotmachines/index.cfm
Tobacco Settlement Payments (with Liggett)	328.2	328.0	333.3	322.1	338.6	319.0	344.1	318.8	349.9	319.3	http://edr.state.fl.us/Content/conferences/tobaccosettlement/index.cfm
Tobacco Tax and Surcharge	867.5	856.6	839.7	806.5	812.9	768.4	787.1	738.7	762.3	711.8	http://edr.state.fl.us/Content/conferences/tobaccotaxsurcharge/index.cfm
Unclaimed Property - Transfer to State School Trust Fund	310.9	450.0	303.2	367.4	310.9	338.3	316.9	350.2	320.9	354.1	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 (\$ in millions)

	Fiscal Year 2026-27			Fiscal Year 2027-28			Fiscal Year 2028-29		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1 Funds Available:									
2 Balance Forward [1]	0.0	9,131.7	9,131.7	0.0	3,766.3	3,766.3	0.0	0.0	0.0
3 Unused Reserve from Prior Year	0.0	0.0	0.0	0.0	2,035.7	2,035.7	0.0	2,071.8	2,071.8
4 Revenue Estimate	51,919.1	277.2	52,196.3	52,961.5	161.0	53,122.5	54,371.9	162.9	54,534.8
5 <i>Revenue Adjustments</i>									
6 Tax and Fee Changes [2]	(593.8)	(398.9)	(992.7)	(1,187.6)	(398.9)	(1,586.5)	(1,781.4)	(398.9)	(2,180.3)
7 Trust Fund Transfers and Redirects [2]	49.9	109.7	159.6	99.8	109.7	209.5	149.7	109.7	259.4
8 Total Funds Available	<u>51,375.2</u>	<u>9,119.7</u>	<u>60,494.9</u>	<u>51,873.7</u>	<u>5,673.8</u>	<u>57,547.5</u>	<u>52,740.2</u>	<u>1,945.5</u>	<u>54,685.7</u>
10 Estimated Expenditures:									
11 Recurring Base Budget	47,117.5	0.0	47,117.5	49,981.3	0.0	49,981.3	52,373.9	0.0	52,373.9
12 Previously Authorized Appropriations [3]	257.3	77.2	334.5	259.2	78.6	337.8	259.5	80.1	339.6
13									
14 New Issues by GAA Section:									
15 PreK-12 Education	520.7	180.6	701.3	475.9	306.3	782.2	474.4	306.3	780.7
16 Higher Education	453.4	552.7	1,006.1	377.7	552.7	930.4	363.0	552.7	915.7
17 Education Fixed Capital Outlay [4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 Human Services	1,522.2	179.8	1,702.0	1,120.8	179.8	1,300.7	860.3	179.8	1,040.1
19 Criminal Justice & Judicial Branch	43.3	45.6	89.0	43.3	45.6	89.0	43.3	45.6	89.0
20 Transportation & Economic Development	0.0	568.5	568.5	0.0	566.7	566.7	0.0	568.5	568.5
21 Natural Resources	7.9	1,181.4	1,189.2	7.9	965.7	973.6	7.9	966.3	974.2
22 General Government	4.4	166.9	171.3	4.2	171.3	175.4	4.2	173.4	177.6
23 Administered Funds & Statewide Issues	<u>311.9</u>	<u>1,501.5</u>	<u>1,813.4</u>	<u>362.8</u>	<u>1,501.5</u>	<u>1,864.3</u>	<u>373.1</u>	<u>1,501.5</u>	<u>1,874.6</u>
24 Total New Issues	2,863.8	4,377.1	7,240.9	2,392.6	4,289.7	6,682.3	2,126.2	4,294.2	6,420.4
25									
26 Total Estimated Expenditures	<u>50,238.6</u>	<u>4,454.3</u>	<u>54,692.9</u>	<u>52,633.1</u>	<u>4,368.3</u>	<u>57,001.4</u>	<u>54,759.6</u>	<u>4,374.3</u>	<u>59,133.9</u>
27 Reserves	0.0	2,035.7	2,035.7	0.0	2,071.8	2,071.8	0.0	2,126.9	2,126.9
28 Ending Balance	<u>1,136.6</u>	<u>2,629.7</u>	<u>3,766.3</u>	<u>(759.4)</u>	<u>(766.3)</u>	<u>(1,525.7)</u>	<u>(2,019.4)</u>	<u>(4,555.7)</u>	<u>(6,575.1)</u>

Totals may not add due to rounding.

[1] The balance forward for Fiscal Year 2026-27 is adjusted to account for \$142.6 M of General Revenue needed to cover estimated Fiscal Year 2025-26 deficits for the Medicaid Program (\$125.5 M) and Student Financial Aid Programs (\$17.1 M).

[2] The continuing impact of the recurring Tax and Fee Changes and Trust Fund Transfers and Redirects result in a cumulative effect for Fiscal Years 2027-28 and 2028-29.

[3] Previously Authorized Appropriations include financial obligations required by Florida Statutes or the State Constitution including Transfers to the Budget Stabilization Fund; Debt Reduction Program; Indian Gaming Local Distribution; Department of Health Revolving Loan Program; and Federal Funds Interest Earnings Rebate.

[4] Previous Long-Range Financial Outlooks included a budget driver for Education Fixed Capital Outlay. The current 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 need was identified for this year's Outlook.

General Revenue Funds Available Projection – Critical Needs (\$ in millions)

	Fiscal Year 2026-27			Fiscal Year 2027-28			Fiscal Year 2028-29		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
1 Funds Available:									
2 Balance Forward [1]	0.0	9,131.7	9,131.7	0.0	8,904.9	8,904.9	0.0	10,301.2	10,301.2
3 Unused Reserve from Prior Year	0.0	0.0	0.0	0.0	2,035.7	2,035.7	0.0	2,071.8	2,071.8
4 Revenue Estimate	51,919.1	277.2	52,196.3	52,961.5	161.0	53,122.5	54,371.9	162.9	54,534.8
5 <i>Revenue Adjustments</i>									
6 Tax and Fee Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Trust Fund Transfers and Redirects	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8 Total Funds Available	<u>51,919.1</u>	<u>9,408.9</u>	<u>61,328.0</u>	<u>52,961.5</u>	<u>11,101.6</u>	<u>64,063.1</u>	<u>54,371.9</u>	<u>12,535.9</u>	<u>66,907.8</u>
10 Estimated Expenditures:									
11 Recurring Base Budget	47,117.5	0.0	47,117.5	48,764.4	0.0	48,764.4	49,935.1	0.0	49,935.1
12 Previously Authorized Appropriations [2]	257.3	77.2	334.5	259.2	78.6	337.8	259.5	80.1	339.6
14 New Issues by GAA Section:									
15 PreK-12 Education	501.4	(129.8)	371.6	456.3	(4.1)	452.2	454.5	(4.1)	450.4
16 Higher Education	69.2	0.0	69.2	(11.3)	0.0	(11.3)	(26.2)	0.0	(26.2)
17 Education Fixed Capital Outlay [3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18 Human Services	995.1	0.0	995.1	593.8	0.0	593.8	333.2	0.0	333.2
19 Criminal Justice & Judicial Branch	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20 Transportation & Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21 Natural Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22 General Government	0.6	76.9	77.6	0.4	80.0	80.4	0.4	83.3	83.7
23 Administered Funds & Statewide Issues	<u>80.5</u>	<u>1,341.3</u>	<u>1,421.8</u>	<u>131.4</u>	<u>1,341.3</u>	<u>1,472.7</u>	<u>141.7</u>	<u>1,341.3</u>	<u>1,483.0</u>
24 Total New Issues	1,647.0	1,288.4	2,935.4	1,170.7	1,417.2	2,587.8	903.7	1,420.5	2,324.2
26 Total Estimated Expenditures	<u>49,021.7</u>	<u>1,365.6</u>	<u>50,387.4</u>	<u>50,194.3</u>	<u>1,495.8</u>	<u>51,690.1</u>	<u>51,098.3</u>	<u>1,500.6</u>	<u>52,598.9</u>
27 Reserves	0.0	2,035.7	2,035.7	0.0	2,071.8	2,071.8	0.0	2,126.9	2,126.9
28 Ending Balance	<u>2,897.4</u>	<u>6,007.6</u>	<u>8,904.9</u>	<u>2,767.2</u>	<u>7,534.0</u>	<u>10,301.2</u>	<u>3,273.6</u>	<u>8,908.4</u>	<u>12,182.0</u>

Totals may not add due to rounding.

- [1] The balance forward for Fiscal Year 2026-27 is adjusted to account for \$142.6 M of General Revenue needed to cover estimated Fiscal Year 2025-26 deficits for the Medicaid Program (\$125.5 M) and Student Financial Aid Programs (\$17.1 M).
- [2] Previously Authorized Appropriations include financial obligations required by Florida Statutes or the State Constitution including Transfers to the Budget Stabilization Fund; Debt Reduction Program; Indian Gaming Local Distribution; Department of Health Revolving Loan Program; and Federal Funds Interest Earnings Rebate.
- [3] Previous Long-Range Financial Outlooks included a budget driver for Education Fixed Capital Outlay. The current 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 need was identified for this year's Outlook.

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
2015-16	28,325.4				2.3%
2016-17	29,594.5				4.5%
2017-18	31,218.2				5.5%
2018-19	33,413.8				7.0%
2019-20	31,366.2				-6.1%
2020-21	36,280.9				15.7%
2021-22	44,035.7				21.4%
2022-23	47,327.8				7.5%
2023-24	48,342.0				2.1%
2024-25	49,284.2	49,676.0	391.8	1,334.0	2.8%
2025-26	50,238.2	50,485.0	246.8	809.0	1.6%
2026-27	51,779.0	52,031.0	252.0	1,546.0	3.1%
2027-28	52,902.1	52,957.2	55.1	926.2	1.8%
2028-29	54,353.8	54,369.5	15.7	1,412.3	2.7%

Long-Range Financial Outlook Results

10-Year History (\$ Millions)

Outlook	For the Period Beginning	General Revenue Ending Balance			Level of Reserves ^[1]
		Year 1	Year 2	Year 3	
2015	Fiscal Year 2016-17	635.4	583.7	222.2	1,000.0
2016	Fiscal Year 2017-18	7.5	(1,300.9)	(1,897.7)	1,000.0
2017	Fiscal Year 2018-19	52.0	(1,146.2)	(1,639.6)	1,000.0
2018	Fiscal Year 2019-20	223.4	(47.8)	(456.7)	1,000.0
2019	Fiscal Year 2020-21	289.3	(486.0)	(366.7)	1,000.0
2020	Fiscal Year 2021-22	(2,749.9)	(1,899.1)	(926.8)	1,000.0
2021	Fiscal Year 2022-23	6,990.3	8,237.6	10,275.3	1,500.6
2022	Fiscal Year 2023-24	13,534.4	14,618.9	15,502.1	1,663.3
2023	Fiscal Year 2024-25	7,027.8	5,359.9	2,718.0	1,854.7
2024	Fiscal Year 2025-26	2,091.7	(2,825.5)	(6,940.9)	1,944.5
2025	Fiscal Year 2026-27	3,766.3	(1,525.7)	(6,575.1)	2,035.7

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