

Florida: A Budget Overview

August 1, 2011

Presented by:



The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
<http://edr.state.fl.us>

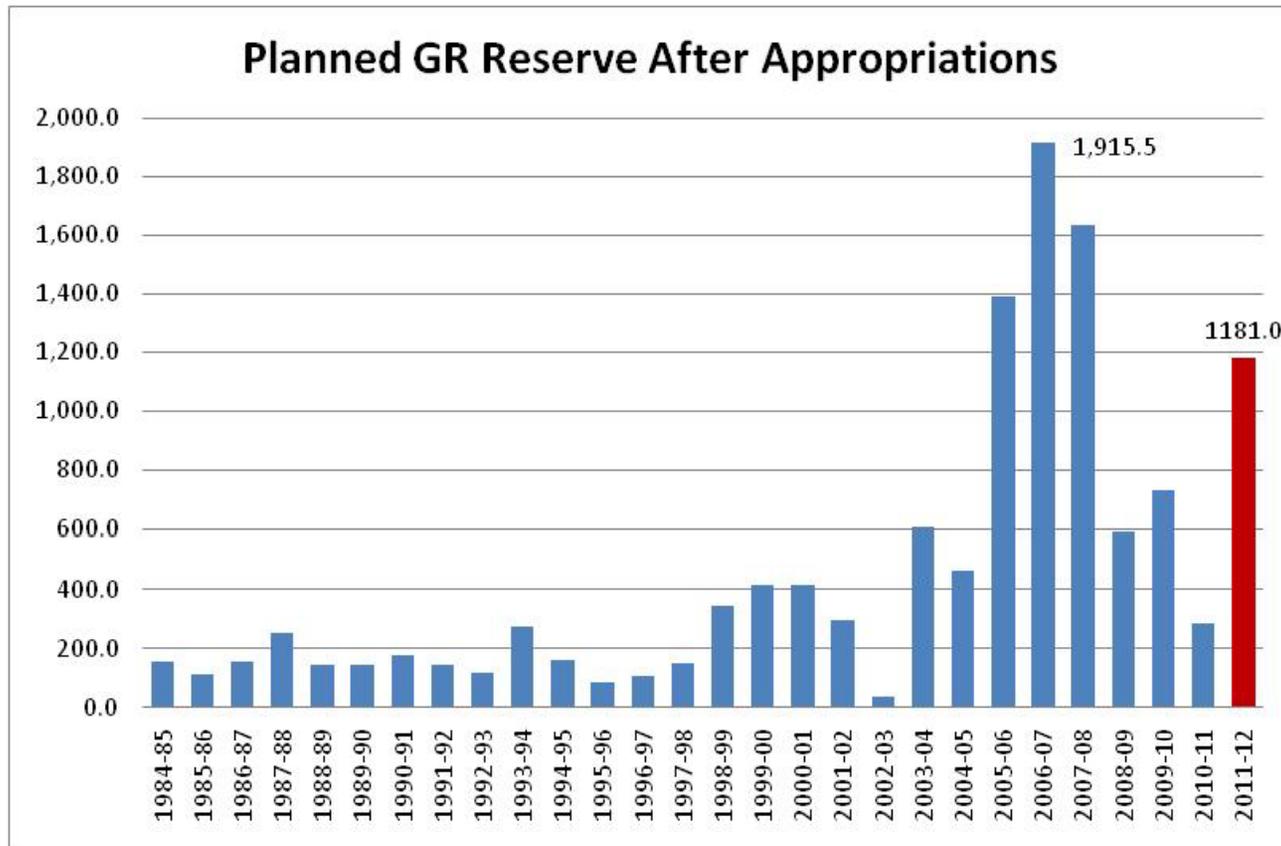
Coming in to Session...

| | | | (millions) | | | |
|-----------------------------------------------------|----------------------------------------------------|--|----------------|----------------|----------------|----------------|
| Pre-Session... | | | REC | N/R | TOTAL | |
| 2 0 1 0 L R F O | Funds Available - LRFO 2010 | | 24565.7 | 650.3 | 25216.0 | |
| | 2011-12 Base Budget | | 22608.4 | 0.0 | 22608.4 | |
| | Critical Needs - LRFO 2010 | | 3054.3 | 167.3 | 3221.6 | |
| | Other High Priorities - LRFO 2010 | | 936.0 | 746.2 | 1682.2 | |
| | Transfer to Budget Stabilization Fund | | 0.0 | 214.5 | 214.5 | |
| BUDGET GAP - LRFO 2010 | | | -2033.0 | -477.7 | -2510.7 | |
| A d j u s t m e n t s | Conference Adjustments to Revenue - Fall 2010 | | -615.1 | -304.1 | -919.2 | |
| | Conference Adjustments to Expenditures - Fall 2010 | | 182.0 | 3.7 | 185.7 | |
| | BUDGET GAP - DECEMBER 2010 | | | -2830.1 | -785.5 | -3615.6 |
| | Planned Reserve from GR Unallocated | | 0.0 | 1000.0 | 1000.0 | |
| | BUDGET GAP WITH PLANNED RESERVE | | | -2830.1 | -1785.5 | -4615.6 |

Closing the Gap...

| Session 2011 Actions... | | | | | |
|--------------------------------------|--------------------------------------------------------|--|----------------|----------------|----------------|
| R e v e n u e s | Conference Adjustments to Revenue - Spring 2011 | | -242.6 | 26.8 | -215.8 |
| | Change in Revenue Balance Forward on Outlook | | 0.0 | 44.7 | 44.7 |
| | Removal of Reserve for Proj 2010-11 Medicaid Deficit | | 0.0 | 94.4 | 94.4 |
| | Transfers from Trust Funds | | 0.0 | 388.5 | 388.5 |
| | Final Measures Affecting Revenue | | -90.0 | 47.4 | -42.6 |
| | Adjustments to LFRO Funds Available | | -332.6 | 601.8 | 269.2 |
| | Improved General Revenue---Percent of Final Position | | | | 5.6% |
| | REMAINING GAP | | -3162.7 | -1183.7 | -4346.4 |
| B u d g e t | Final Effective Appropriations (GAA, Vetoes, Supps) | | 22799.3 | 585.5 | 23384.8 |
| | Estimated Expenditures from LRFO (Plus Fall 2010 Incr) | | 26780.7 | 1131.7 | 27912.4 |
| | Adjustments to LRFO Estimated Expenditures | | -3981.4 | -546.2 | -4527.6 |
| | Reduced Expenditures---Percent of Final Position | | | | 94.4% |
| | FINAL BALANCE | | 818.7 | -637.5 | 181.2 |
| | NOTE: Final General Revenue Reserve Balance | | | | 1181.0 |

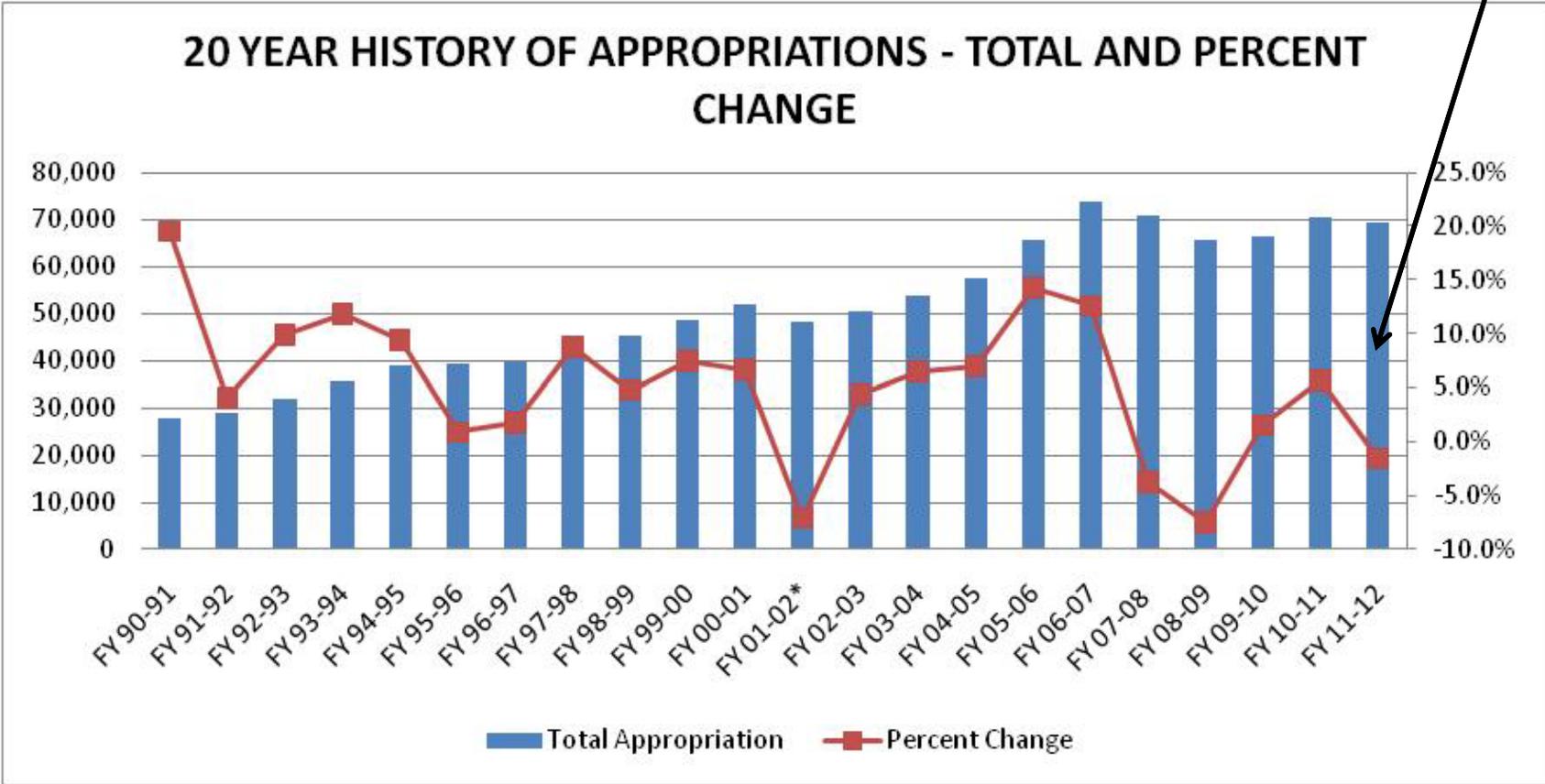
GR Unallocated...



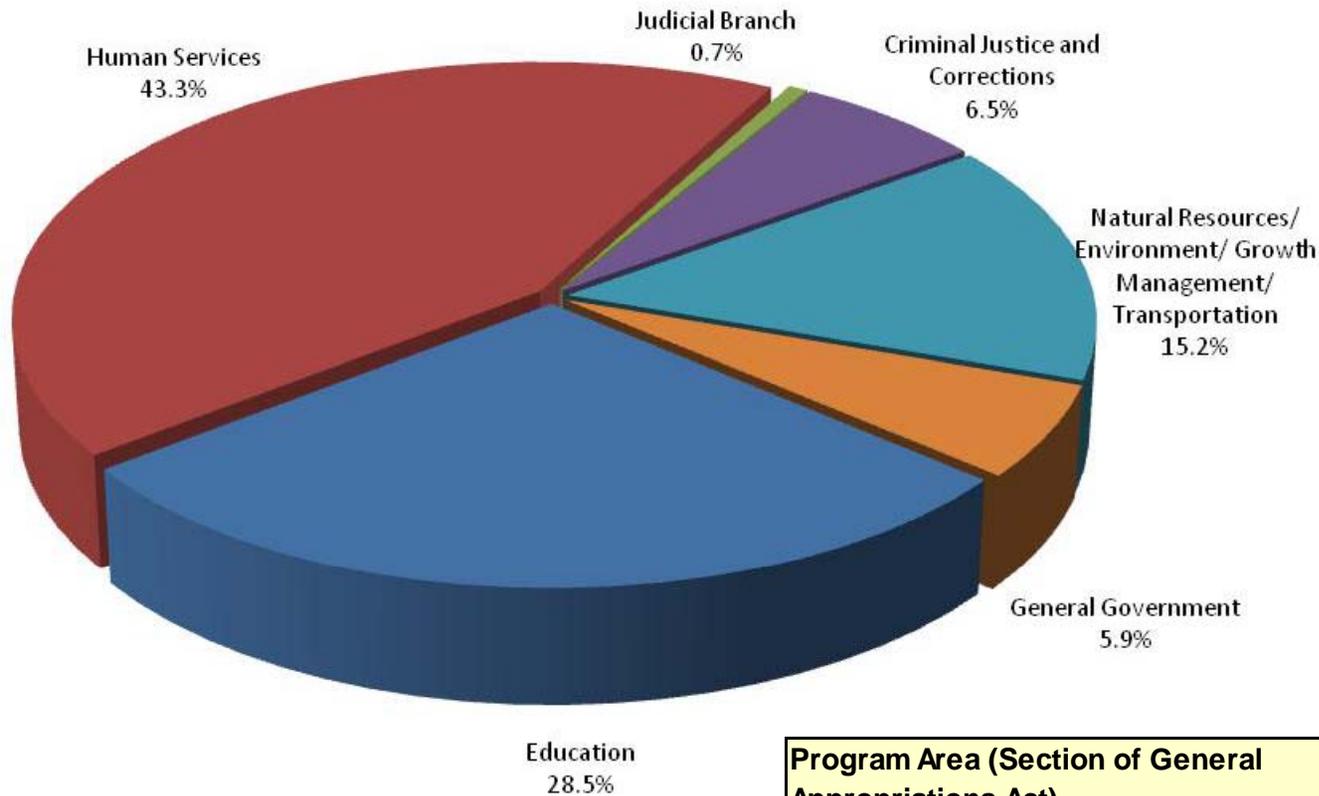
The credit challenges facing the State are its economy and further weakness causing revenue declines, failure to address the drop-off of federal stimulus moneys included in the budget, reliance on one-time revenues to balance the budget, and the inability to restore and maintain adequate reserves. [Florida Debt Analysis --- Long-Range Financial Outlook]

New Pattern to Budgeting?

| FY 10-11 | FY 11-12 |
|----------|----------|
| 70,259.0 | 69,155.6 |
| 5.6% | -1.6% |

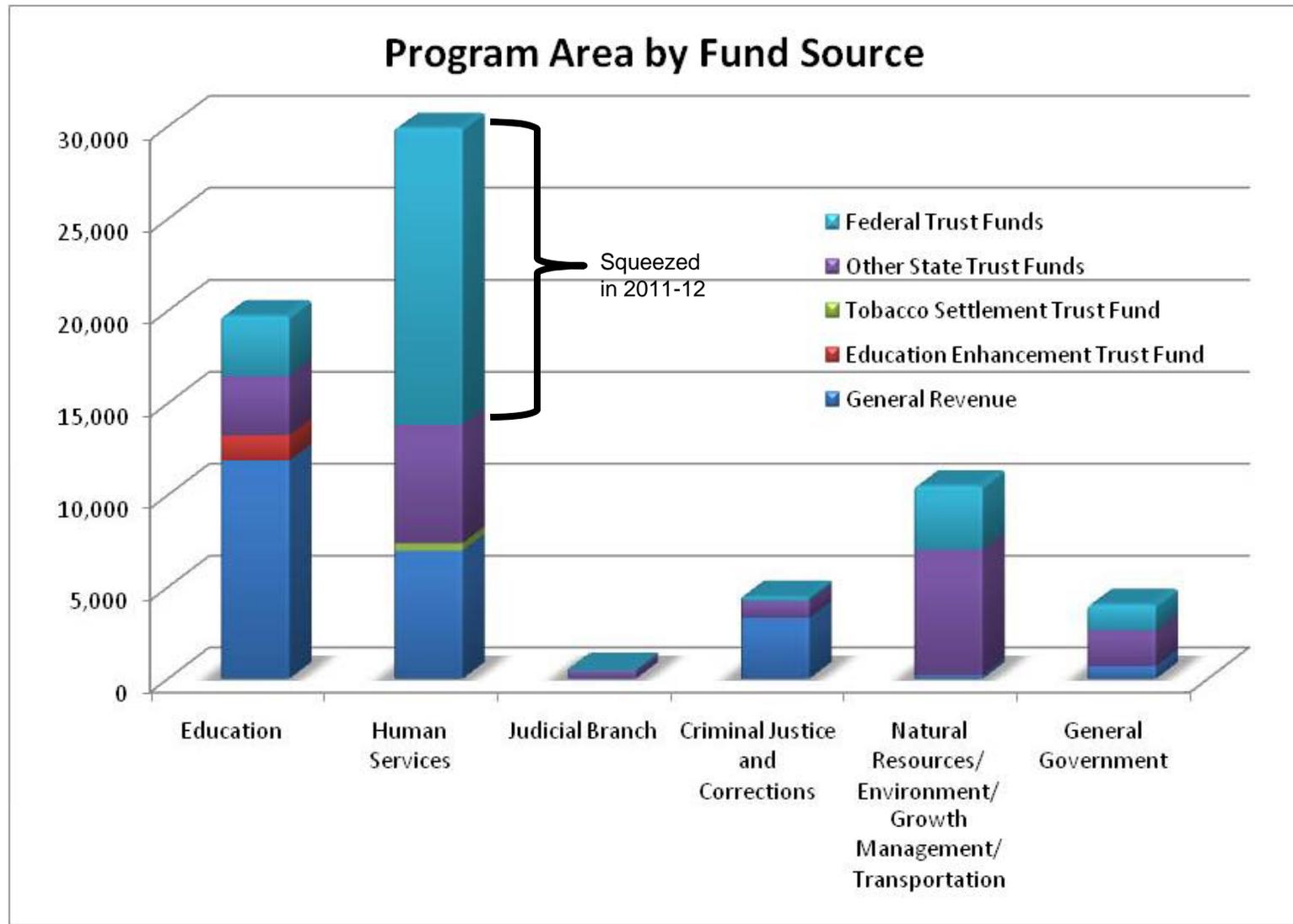


2011-12 Appropriations by Program Area



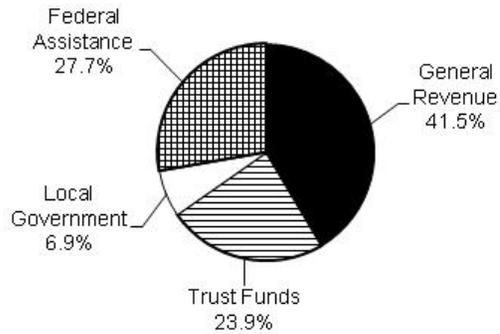
| Program Area (Section of General Appropriations Act) | Dollars | Percent |
|-------------------------------------------------------------------|-----------------|---------------|
| Education | 19,724.8 | 28.5% |
| Human Services | 29,929.3 | 43.3% |
| Judicial Branch | 458.1 | 0.7% |
| Criminal Justice and Corrections | 4,478.9 | 6.5% |
| Natural Resources/ Environment/ Growth Management/ Transportation | 10,503.2 | 15.2% |
| General Government | 4,061.3 | 5.9% |
| Total | 69,155.6 | 100.0% |

FY 2011-12 Budget – All Funds

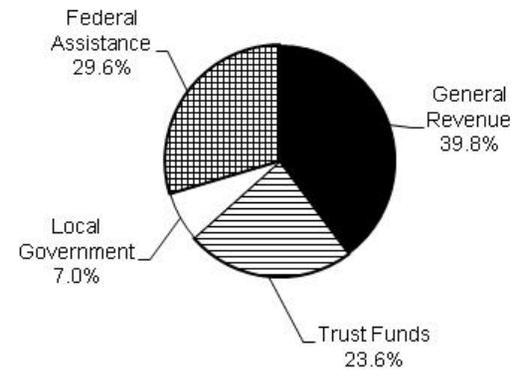


Federal Assistance Increased...

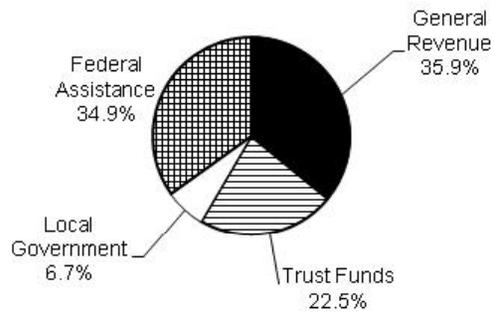
2006-07



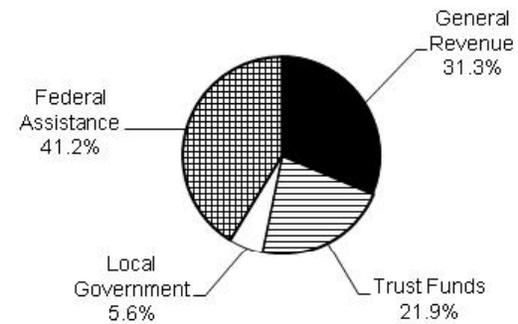
2007-08



2008-09

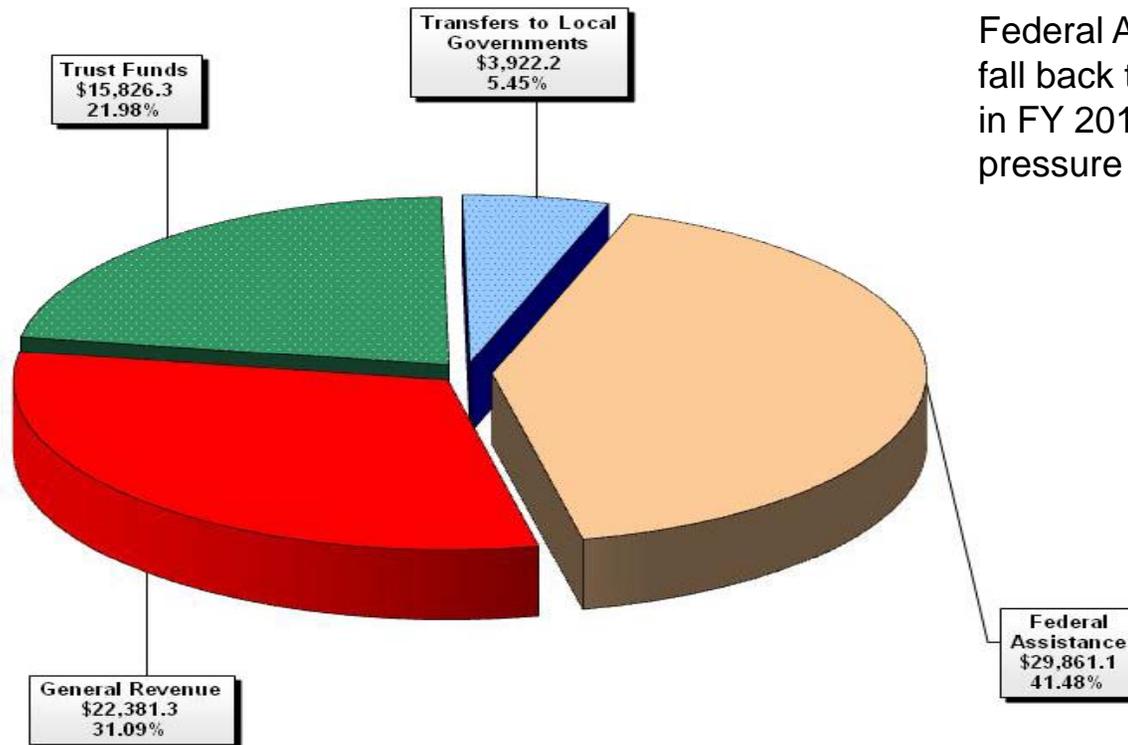


2009-10



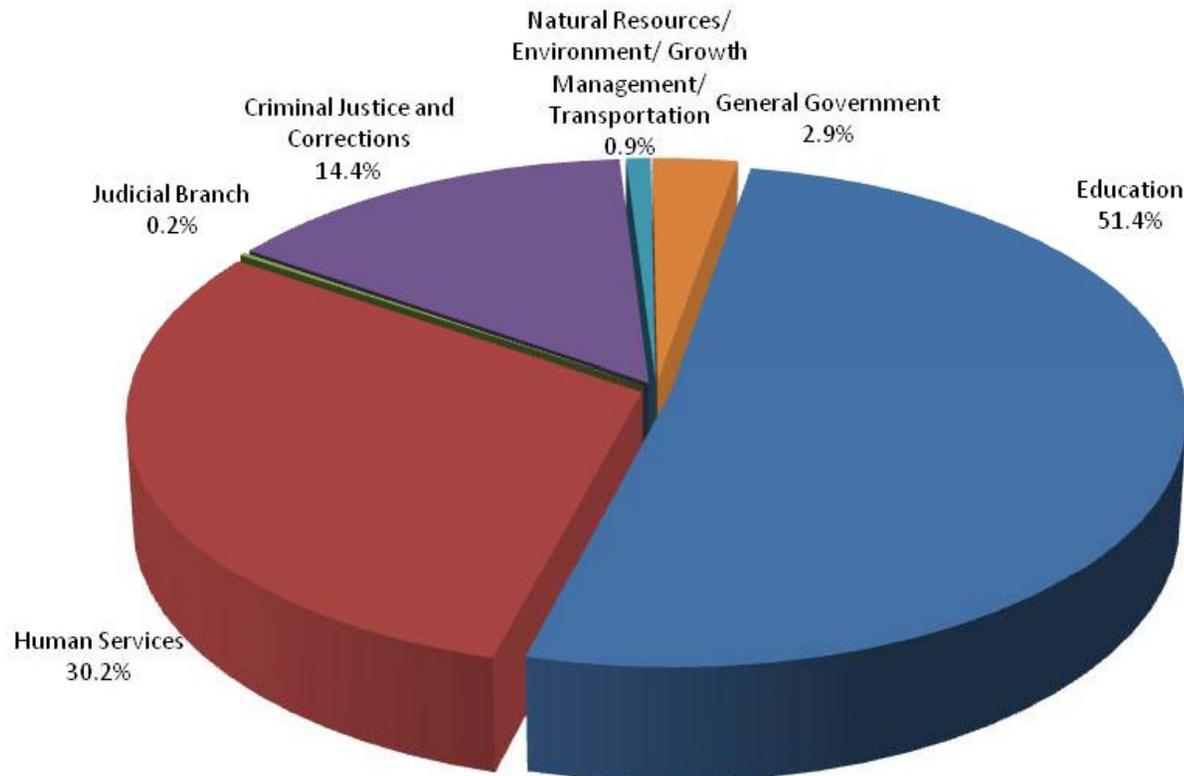
Prior Year Revenue Shares...

**Classification of State Receipts
FY 2010-2011
\$71,990.9 Million**



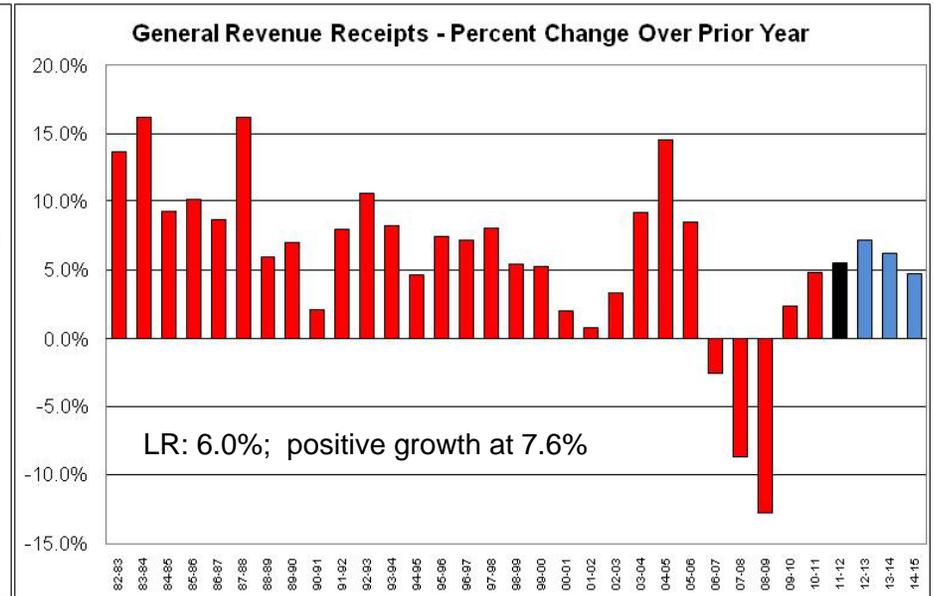
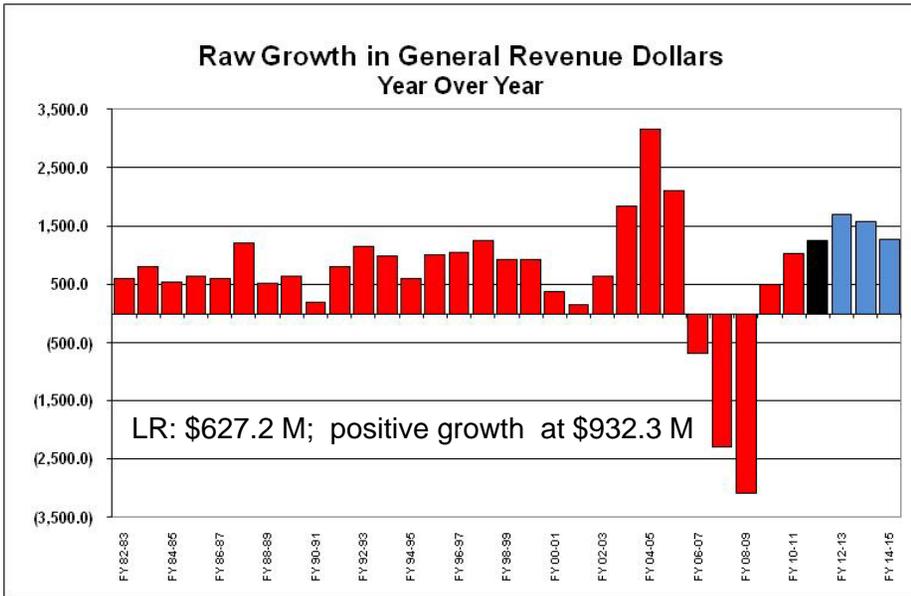
Federal Assistance begins to fall back to more typical levels in FY 2011-12, increasing the pressure on General Revenue.

General Revenue Appropriations



| Program Area | Dollars | Percent |
|-------------------------------------------------------------------|-----------------|---------------|
| Education | 11,908.9 | 51.4% |
| Human Services | 6,988.4 | 30.2% |
| Judicial Branch | 47.6 | 0.2% |
| Criminal Justice and Corrections | 3,344.8 | 14.4% |
| Natural Resources/ Environment/ Growth Management/ Transportation | 197.6 | 0.9% |
| General Government | 683.0 | 2.9% |
| Total | 23,170.4 | 100.0% |

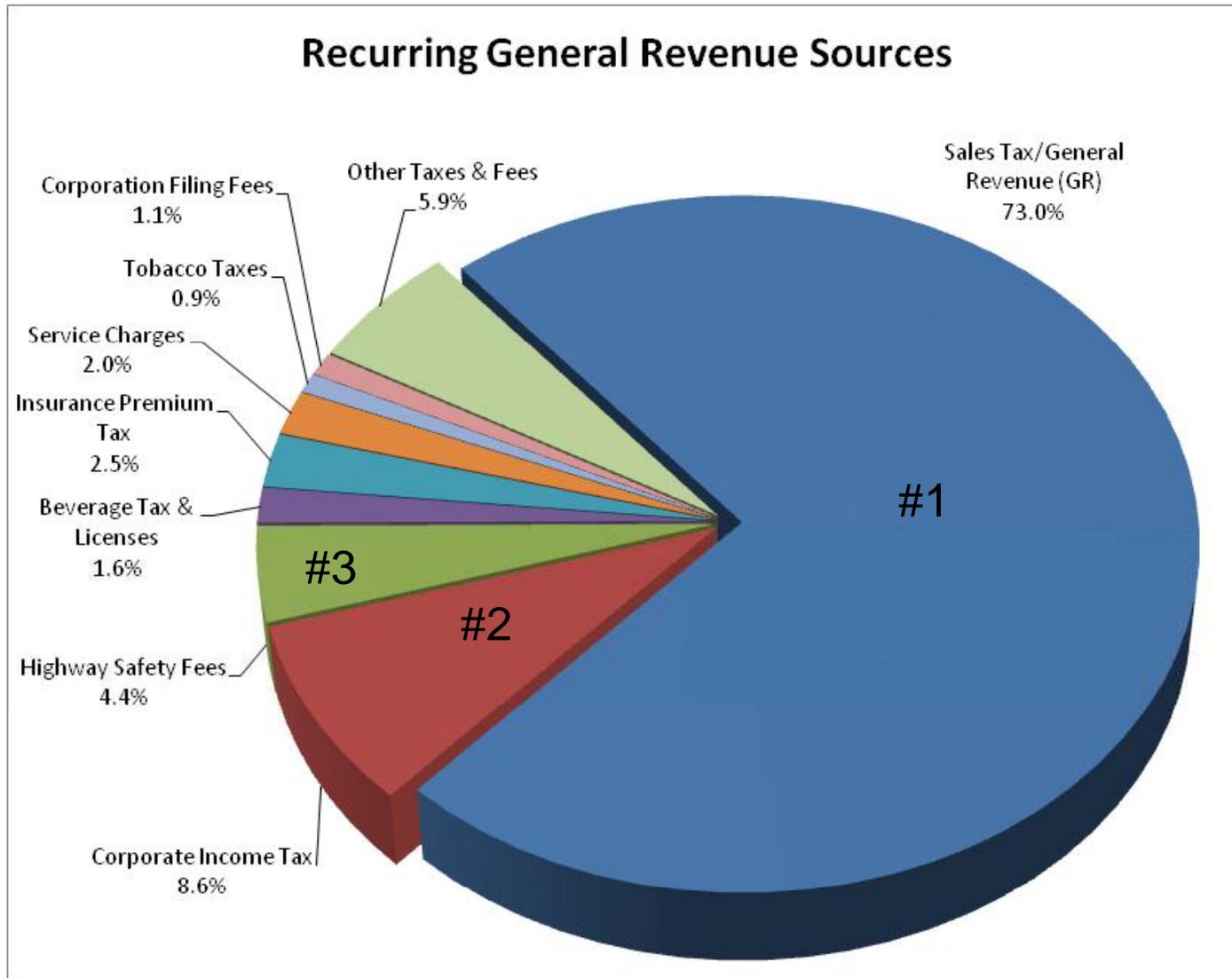
General Revenue Outlook



| Fiscal Year | March Forecast | July* Forecast | Difference (New - Dec) | Incremental Growth | Growth |
|-------------|----------------|----------------|------------------------|--------------------|--------|
| 2005-06 | 27074.8 | | | | 8.4% |
| 2006-07 | 26404.1 | | | | -2.5% |
| 2007-08 | 24112.1 | | | | -8.7% |
| 2008-09 | 21025.6 | | | | -12.8% |
| 2009-10 | 21523.1 | | | | 2.4% |
| 2010-11 | 22412.5 | 22551.6 | 139.1 | 1028.5 | 4.8% |
| 2011-12 | 23844.7 | 23795.1 | (49.6) | 1243.5 | 5.5% |
| 2012-13 | 25554.3 | 25495.1 | (59.2) | 1700.0 | 7.1% |
| 2013-14 | 27140.2 | 27063.6 | (76.6) | 1568.5 | 6.2% |
| 2014-15 | 28442.8 | 28340.9 | (101.9) | 1277.3 | 4.7% |

*Post-Session and Summer Adjustments for End-of-Year, Forecast Changes & Unanticipated Reversions

General Revenue Sources...



Prior to Refunds

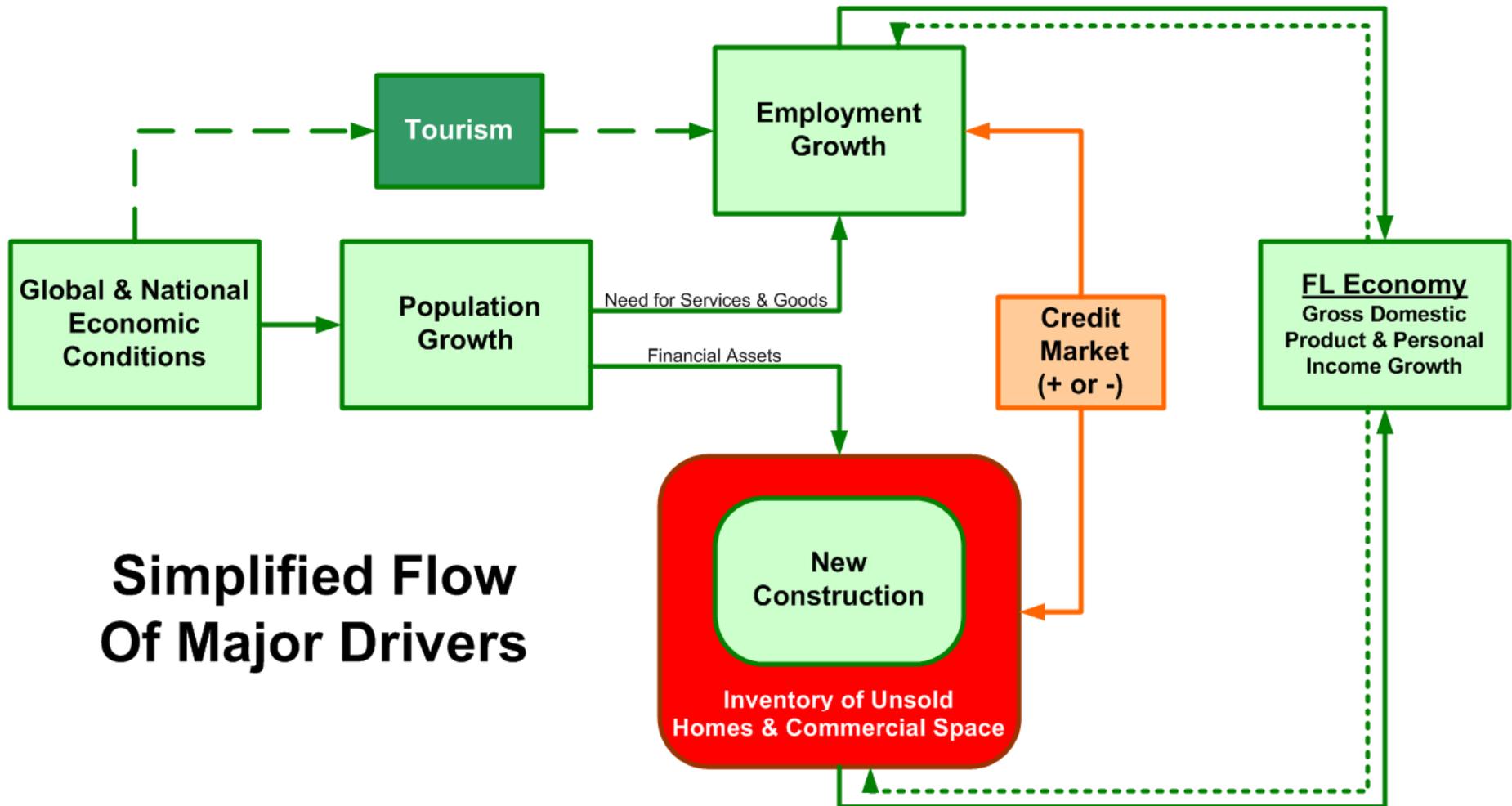
Educational Enhancement Trust Fund

| (\$ millions) | <u>RECURRING</u> | NON- <u>RECURRING</u> | <u>TOTAL</u> |
|-------------------------------------------|------------------|--------------------------|----------------------------|
| FUNDS AVAILABLE 2011-12 | | | |
| Total 2011-12 funds available | 1,353.8 | 69.1 | 1,422.9 |
| EFFECTIVE APPROPRIATIONS 2011-12 | | | |
| Total 2011-12 effective appropriations | 1346.9 | 25.9 | 1372.8 |
| AVAILABLE RESERVES | 6.9 | 43.2 | 50.1 |
| FUNDS AVAILABLE 2012-13 | | | |
| Balance forward from 2011-12 | 0.0 | 50.1 | 50.1 |
| Revenues from Lottery ticket sales | 1,193.5 | 0.0 | 1,193.5 |
| Revenues from slot machine activity | 174.2 | (24.8) | 149.4 |
| Interest earnings | 3.0 | 0.0 | 3.0 |
| Total 2012-13 funds available | 1,370.7 | 25.3 | 1,396.0 |
| Growth over 2011-12 Appropriations | 23.8 | (0.6) | 23.2 1.7% |
| FUNDS AVAILABLE 2013-14 | | | |
| Revenues from Lottery ticket sales | 1,212.2 | 0.0 | 1,212.2 |
| Revenues from slot machine activity | 174.2 | 0.0 | 174.2 |
| Interest earnings | 3.0 | 0.0 | 3.0 |
| Total 2013-14 funds available | 1,389.4 | 0.0 | 1,389.4 |
| FUNDS AVAILABLE 2014-15 | | | |
| Revenues from Lottery ticket sales | 1,231.0 | 0.0 | 1,231.0 |
| Revenues from slot machine activity | 178.7 | 0.0 | 178.7 |
| Interest earnings | 3.0 | 0.0 | 3.0 |
| Total 2014-15 funds available | 1,412.7 | 0.0 | 1,412.7 |

State School Trust Fund

| (\$ millions) | <u>RECURRING</u> | NON- <u>RECURRING</u> | <u>TOTAL</u> |
|------------------------------------------------|------------------|--------------------------|---------------------------------|
| FUNDS AVAILABLE 2011-12 | | | |
| Total 2011-12 funds available | 155.9 | 268.9 | 424.8 |
| EFFECTIVE APPROPRIATIONS 2011-12 | | | |
| Total 2011-12 effective appropriations | 145.1 | 224.0 | 369.1 |
| AVAILABLE RESERVES | 10.8 | 44.9 | 55.7 |
| FUNDS AVAILABLE 2012-13 | | | |
| Balance forward from 2011-12 | 0.0 | 55.7 | 55.7 |
| Estimated transfers from Unclaimed Property TF | 160.6 | 0.0 | 160.6 |
| Nonoperating revenue | 1.3 | 0.0 | 1.3 |
| Interest earnings | 2.5 | 0.0 | 2.5 |
| Total 2012-13 funds available | 164.4 | 55.7 | 220.1 |
| Growth over 2011-12 Appropriations | 19.3 | (168.3) | (149.0) -40.4% |
| FUNDS AVAILABLE 2013-14 | | | |
| Estimated transfers from Unclaimed Property TF | 165.6 | 0.0 | 165.6 |
| Nonoperating revenue | 1.3 | 0.0 | 1.3 |
| Interest earnings | 2.5 | 0.0 | 2.5 |
| Total 2013-14 funds available | 169.4 | 0.0 | 169.4 |
| FUNDS AVAILABLE 2014-15 | | | |
| Estimated transfers from Unclaimed Property TF | 170.8 | 0.0 | 170.8 |
| Nonoperating revenue | 1.3 | 0.0 | 1.3 |
| Interest earnings | 2.5 | 0.0 | 2.5 |
| Total 2014-15 funds available | 174.6 | 0.0 | 174.6 |

Today's Economy



**Simplified Flow
Of Major Drivers**



Florida Risks to the Forecast...

- Florida is on a different recovery path than the nation as a whole.
- Recovery will be uneven, and there will be many ups and downs over the next two years.
- Most of these events have already been built into the prior forecasts --- but not any continuing Oil Spill effects.
- Some of the improvement we're talking about is actually a lessening of the decline. The economy will be better, but still fragile in the short-term.
- Oil and Gas price spikes are back on the front-burner.
- Florida is a diverse state, and areas will differ in their recovery timelines.