Florida:
Long-Range Financial Outlook

September 12, 2025

Final

Presented by:

The Florida Legislature
Office of Economic and
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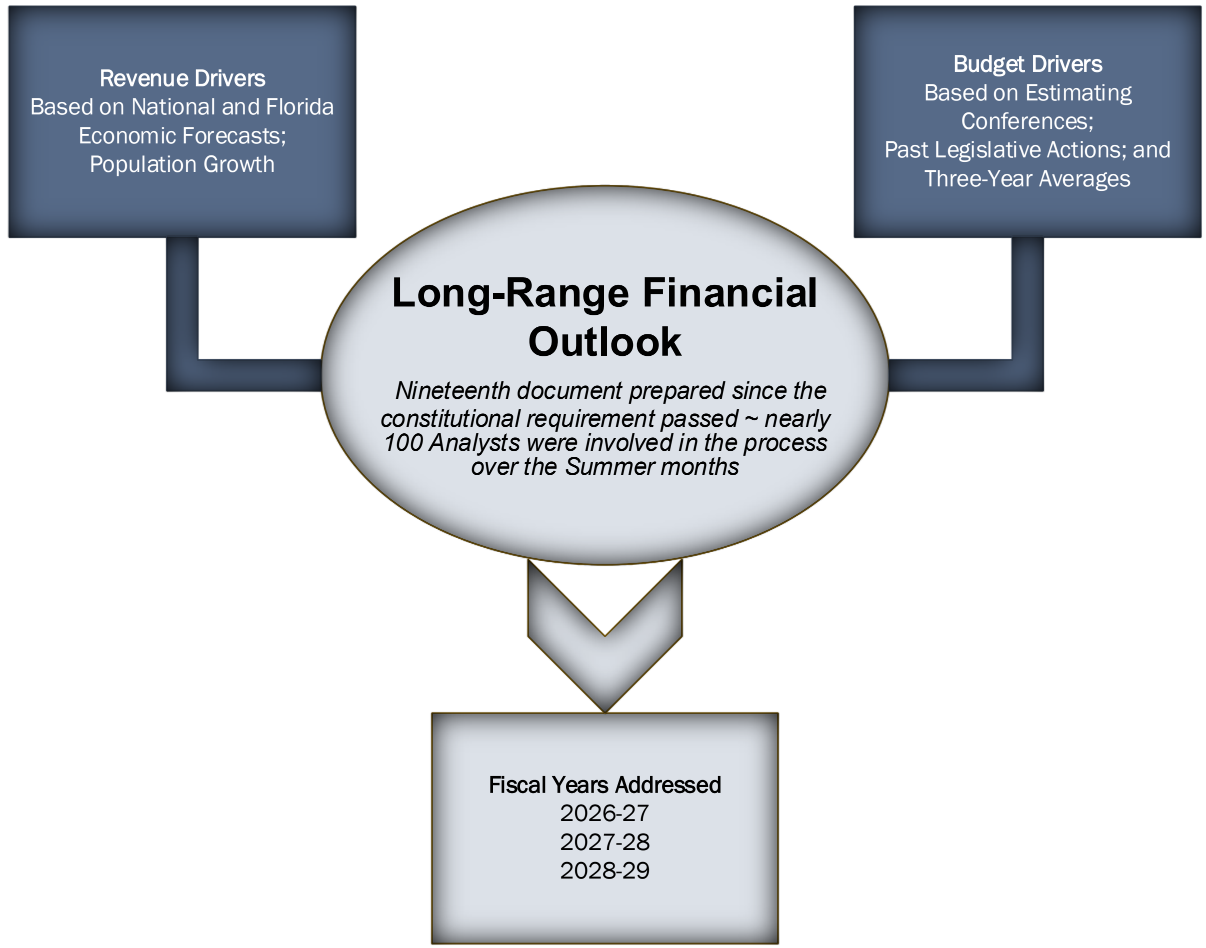
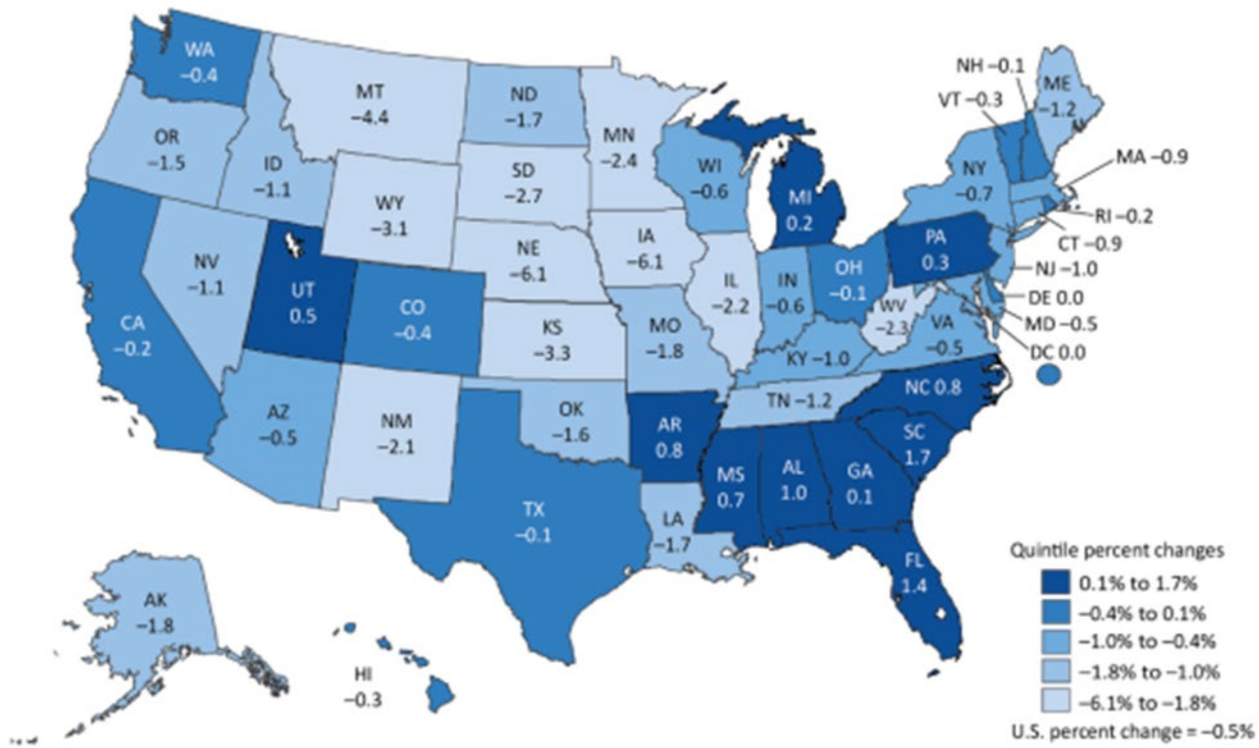

Revenue Drivers
Based on National and Florida Economic Forecasts; Population Growth
Budget Drivers
Based on Estimating Conferences;
Past Legislative Actions; and Three-Year Averages
Long-Range Financial Outlook
Nineteenth document prepared since the constitutional requirement passed ~ nearly 100 Analysts were involved in the process over the Summer months
Fiscal Years Addressed
2026-27
2027-28
2028-29

Florida's GDP Growth...

Real GDP: Percent Change at Annual Rate, 2024:Q4–2025:Q1

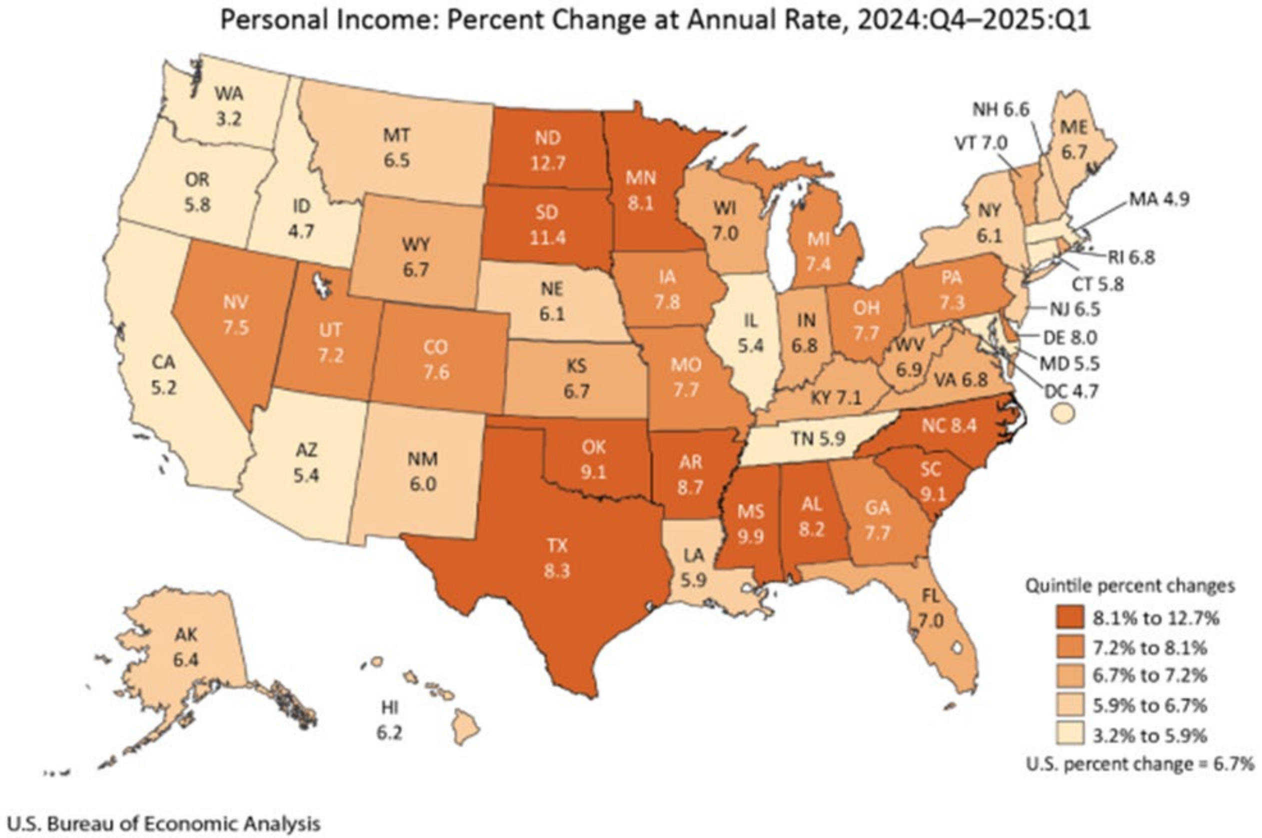


U.S. Bureau of Economic Analysis

In the 1st Quarter of 2025, Florida's real economic growth was ranked 2nd in the nation with a 1.4 percent change at an annual rate. The entire United States had negative quarterly growth of -0.5 percent.

Buffeted by a series of economic shocks, the state's GDP dipped to near zero (0.4 percent) in Fiscal Year 2019-20, bounced back to 4.5 percent in Fiscal Year 2020-21, and surged to 8.3 percent in Fiscal Year 2021-22, exceeding the prior peak growth rate of 6.6 percent in Fiscal Year 2004-05. The state's economy expanded by a still robust 4.9 percent in Fiscal Year 2022-23; 3.7 percent in Fiscal Year 2023-24; and 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 per year.

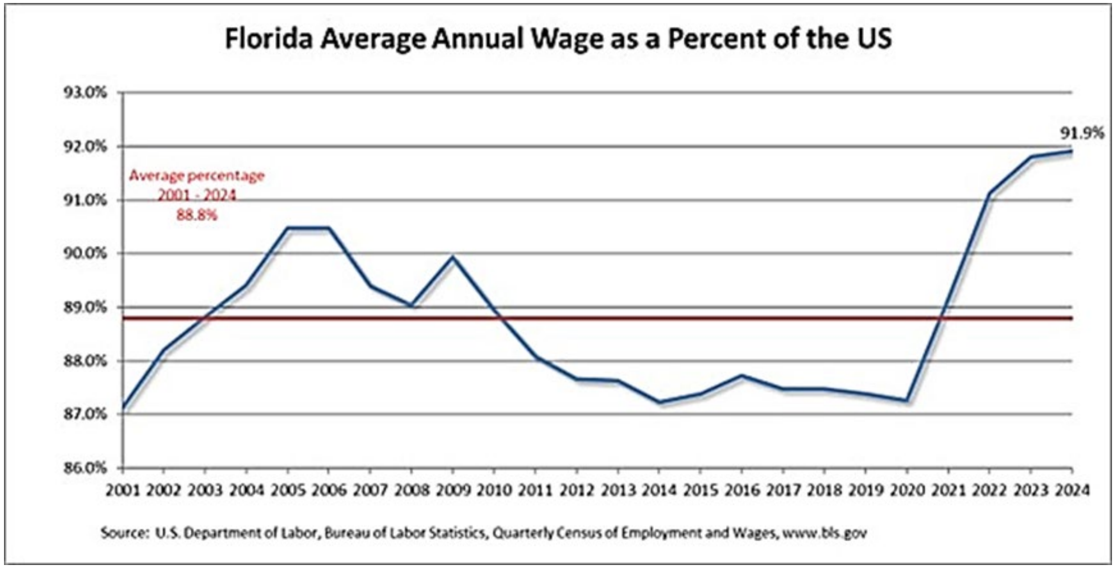
Florida's Personal Income...



In the 1st Quarter of 2025, Florida's personal income growth was ranked 22nd in the nation with a 7.0 percent change at an annual rate. The entire United States had quarterly growth of 6.7 percent.

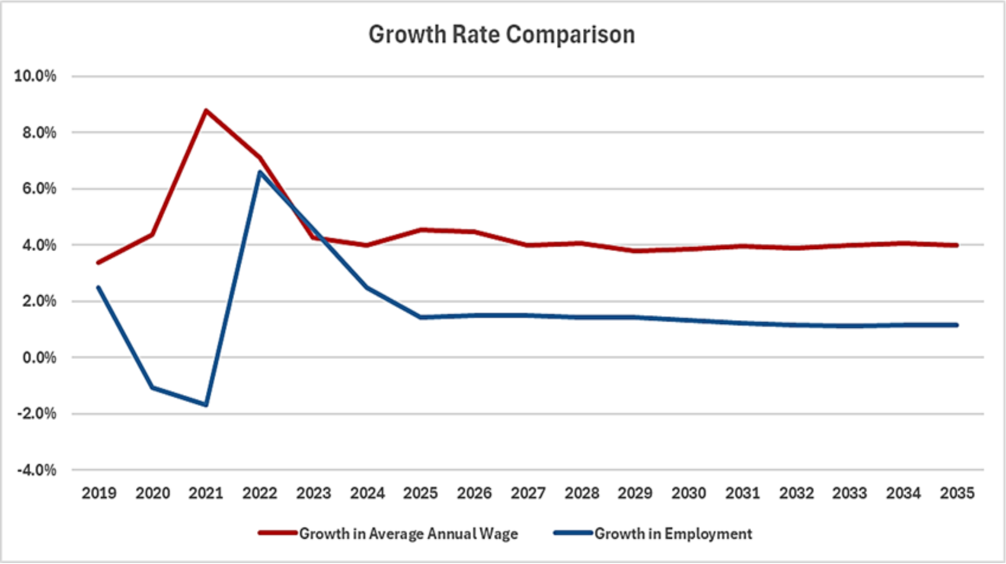
Buttressed during the pandemic by an infusion of federal dollars into Florida's households, the final growth rate for the state's 2020-21 fiscal year was 9.3 percent and for the 2021-22 fiscal year was 6.2 percent. Personal income growth then accelerated to 9.2 percent in Fiscal Year 2022-23 as workers 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 had still 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.

Wage Gap Continues to Narrow in 2024…

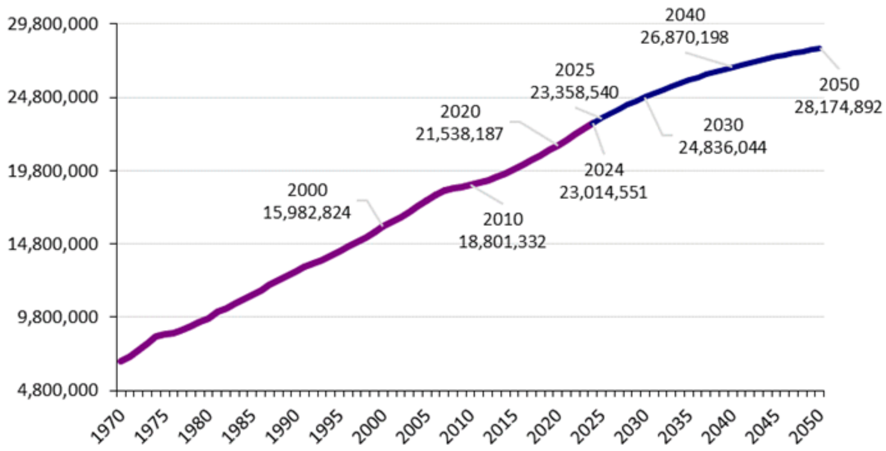


In the first two decades of this century, Florida's average annual wage was below the US average. The most recent data shows that the state's average percentage fell from 2016 when it was 87.7% to 87.3% in 2020. This picture changed in 2021 when Florida moved above its longer run average of 88.8% to 89.2%. The state's percentage has since risen to 91.9% in 2024.

In 2024-25, Florida saw a 1.4% increase in the number of jobs in covered employment but a 4.5% increase in total wages. Based on Conference projections of average annual wage growth of 3.8% or above each year—with an estimated 4.5% increase in the current year and a projected 4.0% in FY 2026-27—the higher wages are likely here to stay.



Florida's Population Topped 23 million in 2024…

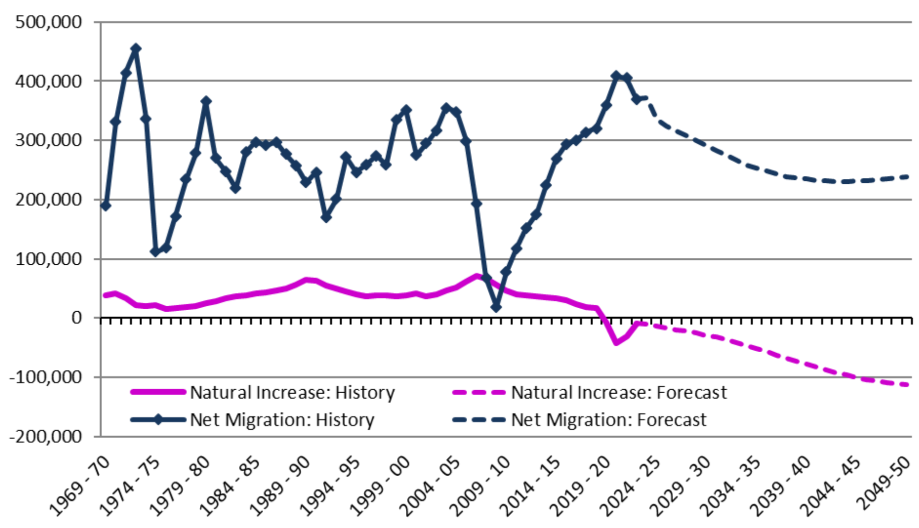


Florida's population is expected to break the 24 million mark in calendar year 2027—and sometime during 2030, the state's population is expected to reach almost 25 million residents.

Historically, the strongest April-over-April growth rate in this century was the year 2000 at 2.58%, 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.

Between 2025 and 2030, the Demographic Estimating Conference forecasts growth to average 1.23% per year. Nationally, average annual growth is expected to be about one-third of that level — averaging 0.41% per year between 2025 and 2030.

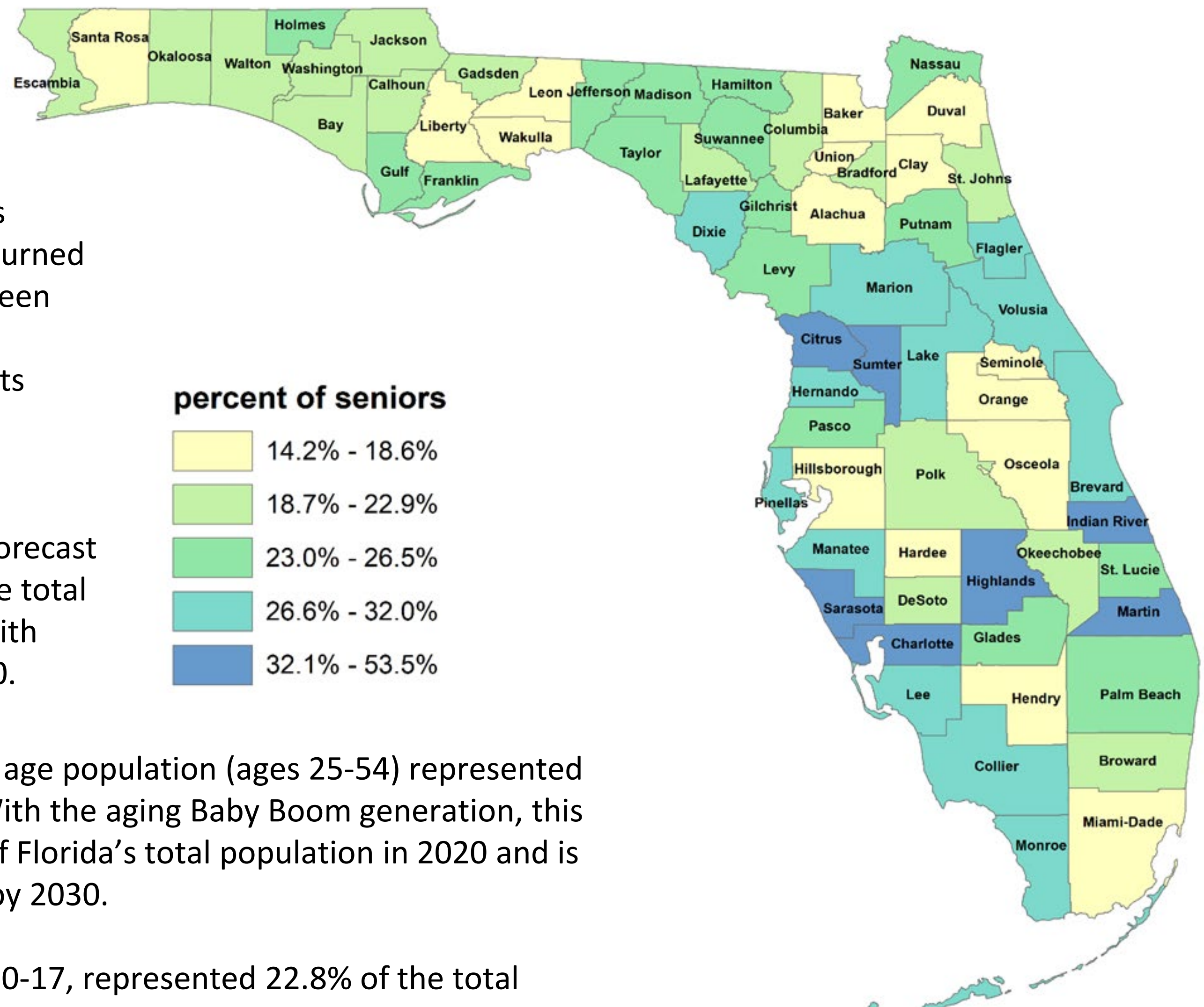
In the past, Florida's population growth has largely been from net migration. Going forward, this will produce all of Florida's population growth, as natural increase is anticipated to remain negative with deaths outnumbering births.



Baby Boomers in Context…

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% of all Baby Boomers.

Population aged 65 and over is forecast to represent at least 24.7% of the total population in 2030, compared with 21.2% in 2020 and 17.3% in 2010.

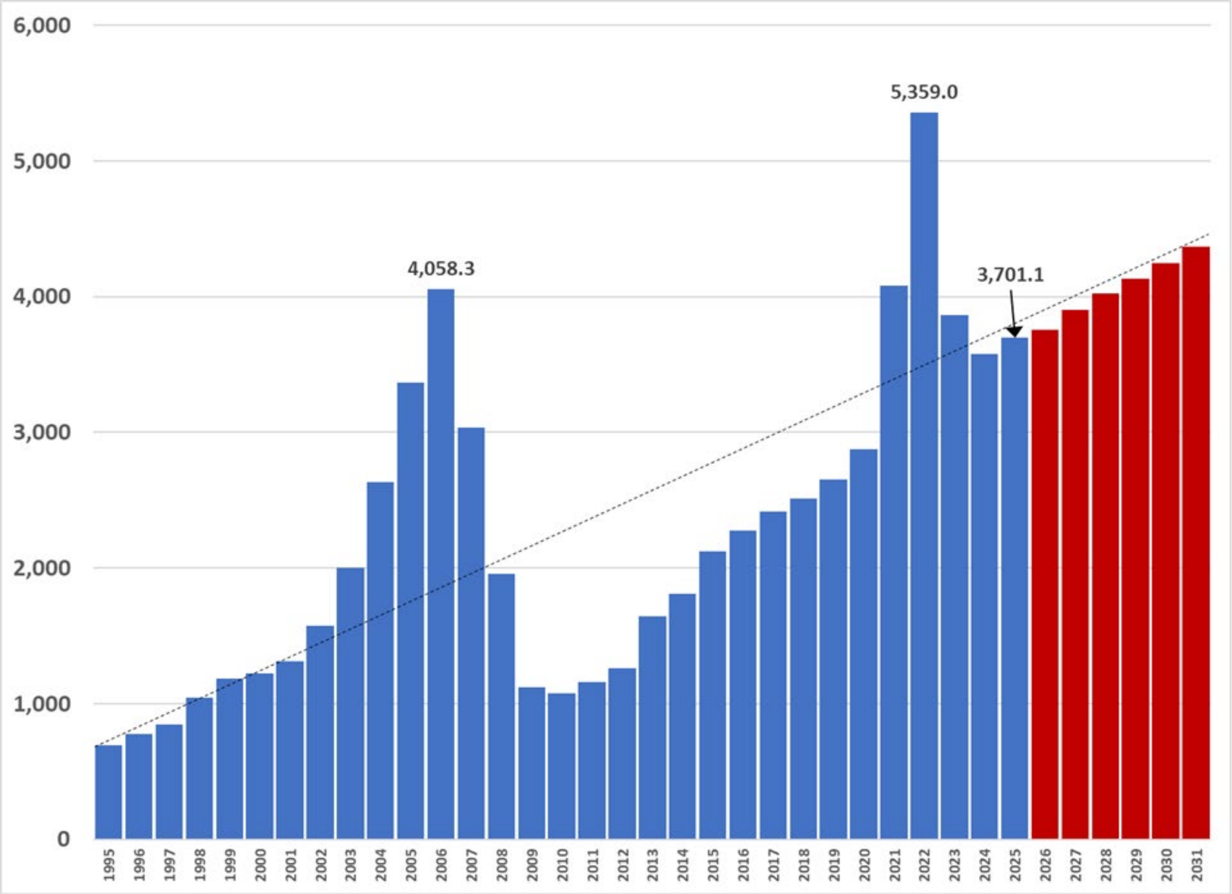


In 2000, Florida's prime working age population (ages 25-54) represented 41.5% of the total population. With the aging Baby Boom generation, this population represented 36.8% of Florida's total population in 2020 and is anticipated to represent 36.2% by 2030.

The youngest population group, 0-17, represented 22.8% of the total population in 2000. In 2020, only 19.5% of the total population was in this age group, and its share is projected to be 19.2% in 2030.

2025

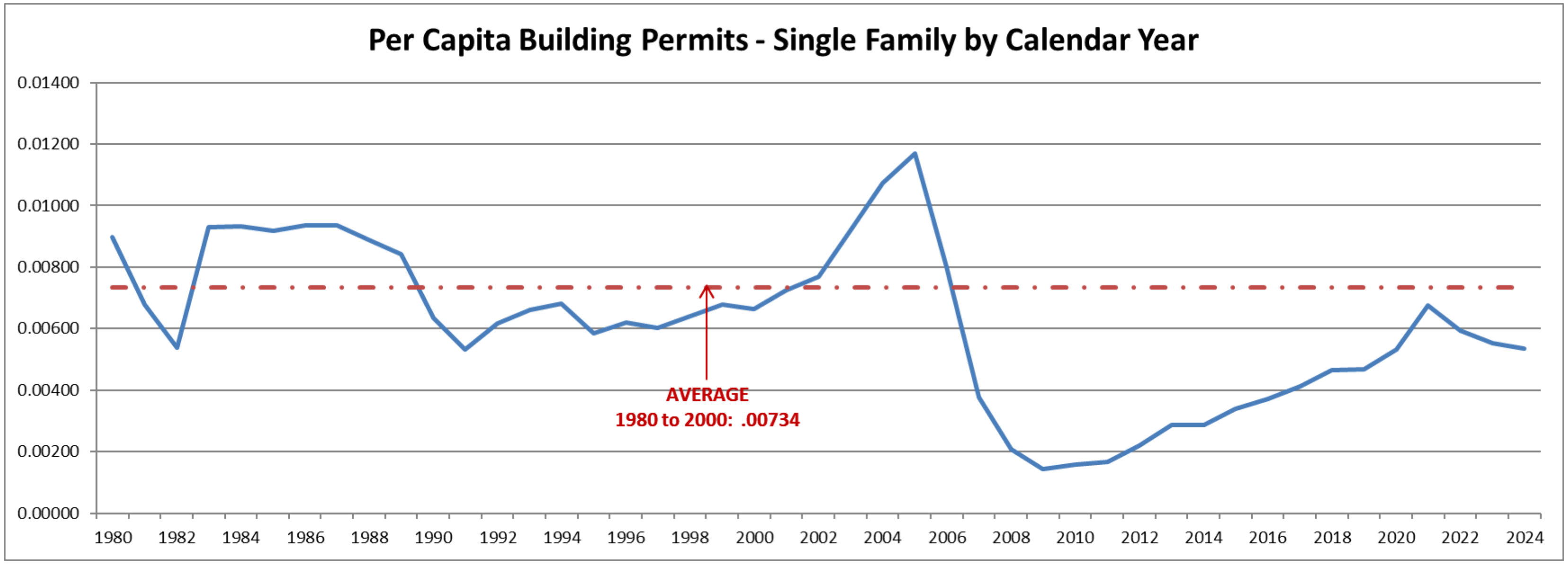
Doc Stamp Payback for Prior Surge...



Documentary Stamp Tax collections in FY 2024-25 snapped a steep two-year decline (-27.9% and -7.4%). The Conference views that period as a correction from the interest rate-fueled surge during the height of pandemic which inflated collections in FY 2020-21 and FY 2021-22.

With affordability challenges, a payback for pre-buying during the pandemic, and high interest rates moving only slowly into the background, Documentary Stamp Tax collections in FY 2025-26 are expected to increase a relatively weak 1.5 percent to $3.76 billion. Stronger growth is projected for FY 2026-27 (3.8 percent) and FY 2027-28 (3.2 percent), before a downshift to two years of more modest growth (2.7 percent each year). The remaining years of the forecast show annual growth that moves from 2.9 percent to 3.0 percent.

Permits Continued to Drift Downwards in 2024…

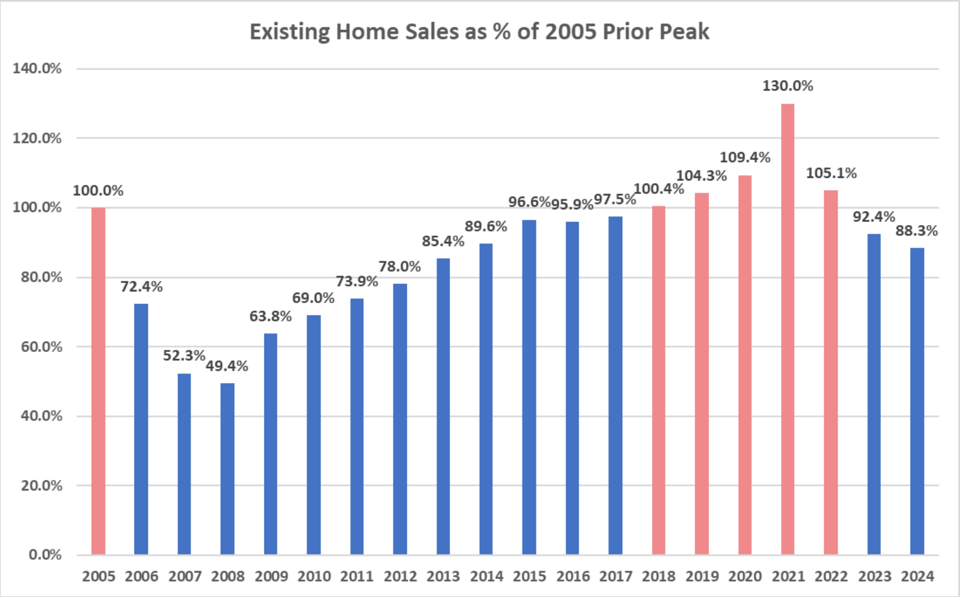


Despite the strong double-digit growth in eight of the ten calendar years from 2012 to 2021, the per capita level is still below historic standards for single family building permits. With the robust growth seen in 2021, the level finally reached 92.2 percent of the long run average; however, it reduced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

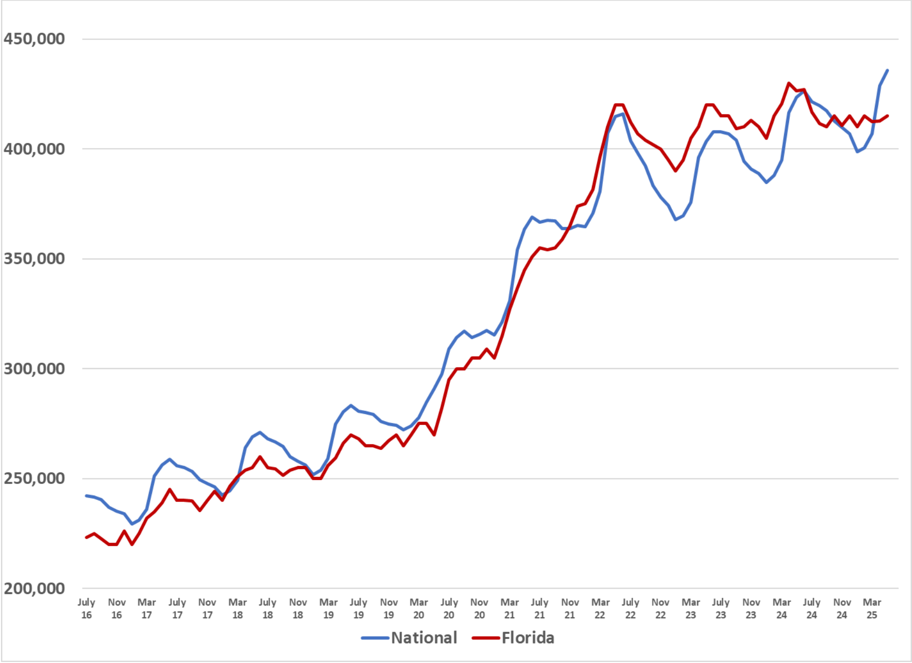
The Economic Estimating Conference believes single-family starts (a closely aligned metric that lags permits) saw a strong decline in FY 2024-25 (-7.7%) and expects FY 2025-26 to be even worse (-9.0%) before positive growth resumes in FY 2026-27 (0.3%). Annual growth that runs between 2.7% and 3.0% will then persist through the end of the decade.

Existing Single Home Market

The volume of existing home sales 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.

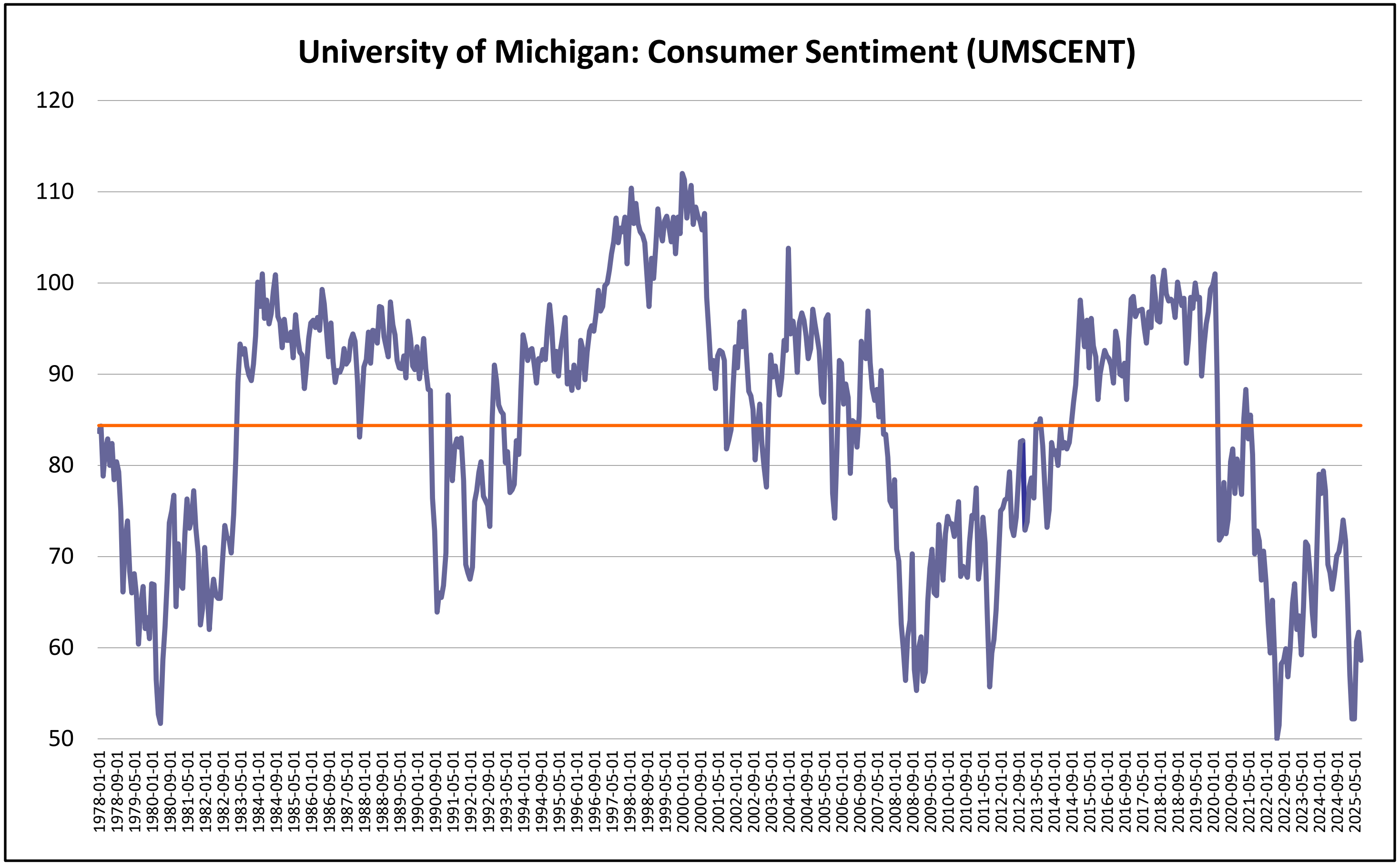


National and Florida Median Price (Single Family)



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 is 96.5 percent of its April 2024 peak ($429,900) and below the national median by the greatest amount since May 2020.

Consumer Perceptions Still Subdued



Nationally, the sentiment reading for August 2025 (58.6) is still near its lowest point since the current series began (June 2022 at 50.0). The lowest point prior to this was May 1980 at 51.7 during a period with high inflation, rising interest rates, high unemployment and a recession induced in part by the 1979 energy crisis. Over the past 38 months, consumer sentiment improved to 79.4 in March 2024 but has remained in the basement ever since. The August reading remains well below the long-run average (84.4). The National Economic Estimating Conference suggests sentiment will not move above the average during the forecast horizon.

General Revenue Forecast…

Fiscal Year	March 2025 Adj Forecast	August 2025 Forecast	Difference	Incremental YOY 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	*22551.6*				*4.8%*
2011-12	*23618.8*				*4.7%*
2012-13	*25314.6*				*7.2%*
2013-14	*26198.0*				*3.5%*
2014-15	*27681.1*				*5.7%*
2015-16	*28325.4*				*2.3%*
2016-17	*29594.5*				*4.5%*
2017-18	*31218.2*				*5.5%*
2018-19	*33413.8*				*7.0%*
2019-20	*31366.2*				*-6.1%*
2020-21	*36280.9*				*15.7%*
2021-22	*44035.7*				*21.4%*
2022-23	*47327.8*				*7.5%*
2023-24	*48342.0*				*2.1%*
2024-25	*49676.0*				*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%
2029-30	55,843.2	55,777.3	(65.9)	1,407.8	2.6%
2029-30	n/a	57,228.5	n/a	1,451.2	2.6%

Adj = Incorporating Measures Affecting Revenue

Key variables from the new state and national economic forecasts adopted in July 2025 were noticeably weaker in the near term, with the Conference noting that the risk was predominantly to the downside. While the economy was relatively stable in FY 2024-25, a less certain economic environment exists from this point forward. For these reasons, the forecast changes 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 FY 2024-25 exceeded expectations since the last conference by $391.8 million (or 0.8 percent), within the range that the Conference normally attributes to noise. After analyzing this year-to-date performance by source, the Conference increased the estimates for FY 2025-26 through FY 2028-29, but none of the annual adjustments are material relative to the size of the overall forecast.

GR Outlook Balance as Starting Point…

The starting point for the Long-Range Financial Outlook has been further reduced by $142.6 million 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 FY 2026-27 as nonrecurring funds.

Fiscal Year 2025-26	As Presented in 2024 3-YR Outlook	AUG 2025 FINAL	Difference
Funds Available			
Balance Forward from 2024-25	7,754.6	8,090.9	336.3
Adjustment for PY Shortfalls	(26.8)	-	26.8
2025 Session Actions (budget-related)	-	5,682.3	5,682.3
General Revenue Forecast	49,697.1	50,447.4	750.3
Miscellaneous Adjustments	160.9	168.7	7.8
Trust Fund Transfers	-	148.9	148.9
Tax and Fee Changes	(865.2)	37.6	902.8
Total Funds Available	56,720.6	64,575.8	7,855.2
			13.8%
Projected Expenditures			
Base Budget from 2024-25	45,138.7	45,138.7	-
Preliminary Reappropriations	-	2,712.7	2,712.7
Spending Above the Base for 2025-26	7,545.7	7,020.4	(525.3)
Discretionary Transfer to BSF	-	429.6	429.6
Total Projected Expenditures	52,684.4	55,301.4	2,617.0
			5.0%
Unallocated General Revenue			
Minimum GR Reserve	1,944.5	1,944.5	-
Revenue Available Above Min Res	**2,091.7**	**7,329.9**	**5,238.2**
Total Unallocated General Revenue	*4,036.2*	*9,274.3*	*5,238.2*

Note: Numbers may not add due to rounding.

Decomposition of 2025 Session Actions (budget-related)	
Release of Contingency Appropriations	2104.0
Forced Reversions & Miscellaneous	3578.3
	5682.3

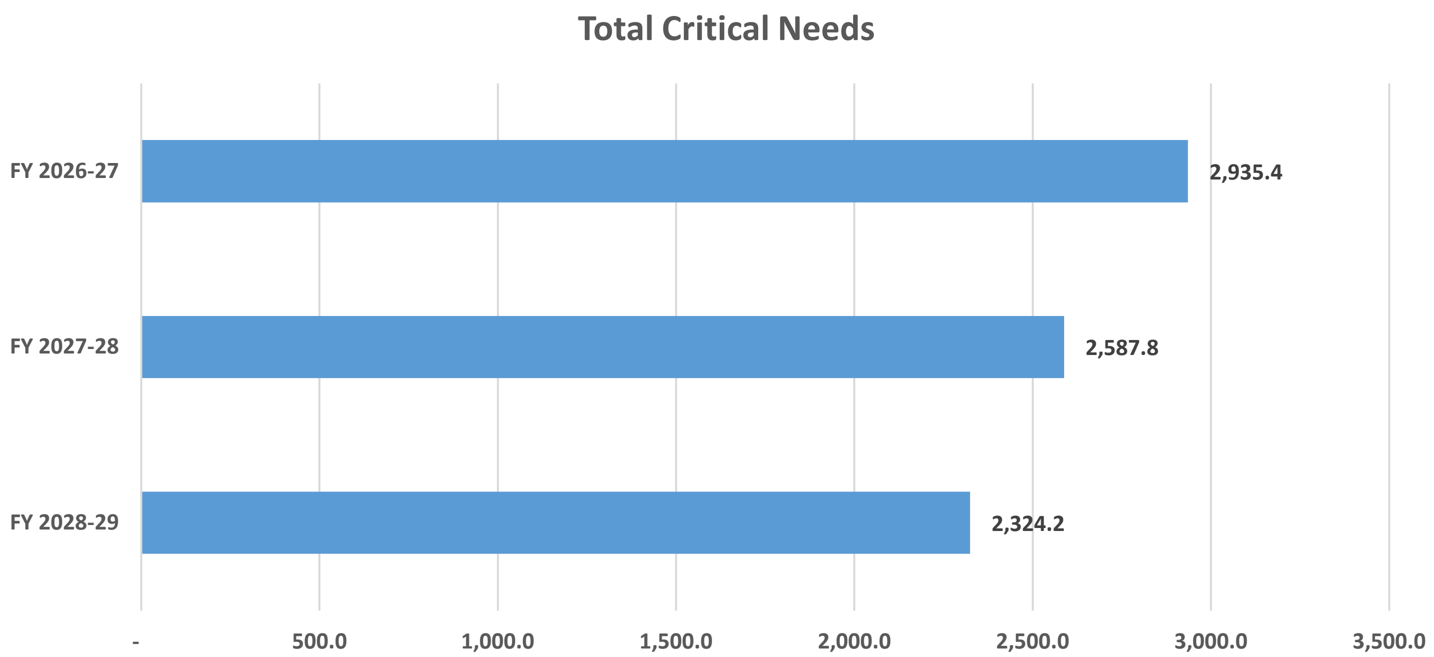
Total State Reserves...

10-Year History

Outlook Year	Baseline Fiscal Year	Unallocated General Revenue	Budget Stabilization Fund	Lawton Chiles Endowment Fund	Emergency Preparedness & Response Fund	Total Reserves	GR Summer Revenue Estimate	% of GR Estimate
2015	2015-16	1,709.1	1,353.7	590.2	-	3,653.0	28,414.1	12.9%
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	12,692.2	48,515.9	26.2%
2025	2025-26	9,274.3	4,870.2	-	841.5	14,986.0	50,485.0	29.7%

- At the time each of the previous ten Outlooks was adopted, total state reserves ranged from 10.8% to 41.3% of the General Revenue estimate.
- Based on the state's records at the time of this Outlook, total state reserves are nearly $15.0 billion or 29.7% of the General Revenue estimate for FY 2025-26.
  - This includes an expected $500 million transfer from the Emergency Preparedness and Response Fund for Fiscal Year 2025-26 that is contingent on the submission of a report on expenditures related to emergencies incurred since July 1, 2022. [Section 273; Chapter 2025-198, L.O.F.]
- The Budget Stabilization Fund is now at its constitutional maximum.

Critical Needs...



Critical Needs can generally be thought of as the absolute minimum the state must do absent significant law or structural changes. In this Outlook, there are a total of **15** Critical Needs drivers. Relative to the 2024 Outlook, the total across the three years 3.5 percent higher, but with a similar pattern of greater need in the first year that declines over time.

Critical Needs Drivers...

Across the three years addressed in the Outlook, four drivers explain 86 percent of the expected expenditures for Critical Needs. Of those, the top two explain more than 53 percent.

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**

Driver #13 *transfers funds from the General Revenue Fund to the Emergency Preparedness and Response (EPR) Fund based on a three-year average of actual transfers. The EPR Fund is the state's primary source of funding for preparing or responding to a disaster declared by the Governor as a state of emergency. Currently, the EPR Fund contains funds transferred from the General Revenue Fund as well as funds received from the Federal Emergency Management Agency. This is a new driver for the Outlook.*

Driver #6 *funds the caseload and expenditures estimates adopted by the July 2025 Social Services Estimating Conferences. The program is expected to serve 4.16 million eligible Floridians in Fiscal Year 2025-26. Caseloads are then expected to reach 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 estimated costs for caseload, service utilization, Federal Medical Assistance Percentage, and medical inflation are projected based on historical trends and other forecasting methodologies.*

Adding Other High Priority Needs...

The **28** Other High Priority Needs reflect issues that have been funded in most, if not all, of the recent budget years. Relative to the 2024 Outlook, the total across the three years is 7.8 percent lower, but grows as a share of all needs each year.

Both types of drivers are combined to represent a more complete, yet still conservative, approach to estimating future expenditures. Essentially, the total projected cost for the Critical Needs and Other High Priority Needs shows the impact of continuing the programs and priorities funded in recent years into the three years included in the Outlook.

General Revenue Fund Dollar Value of Critical Needs and Other High Priority Needs ($Millions)	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Three-Year Total
Critical Needs	2,935.4	2,587.8	2,324.2	7,847.4
Other High Priority Needs	4,305.5	4,094.5	4,096.2	12,496.2
Critical Needs plus Other High Priority Needs	7,240.9	6,682.3	6,420.4	20,343.6

General Revenue Fund Percentage of Total Critical Needs and Other High Priority Needs	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Three-Year Total
Critical Needs	40.5%	38.7%	36.2%	38.6%
Other High Priority Needs	59.5%	61.3%	63.8%	61.4%
Critical Needs plus Other High Priority Needs	100.0%	100.0%	100.0%	100.0%

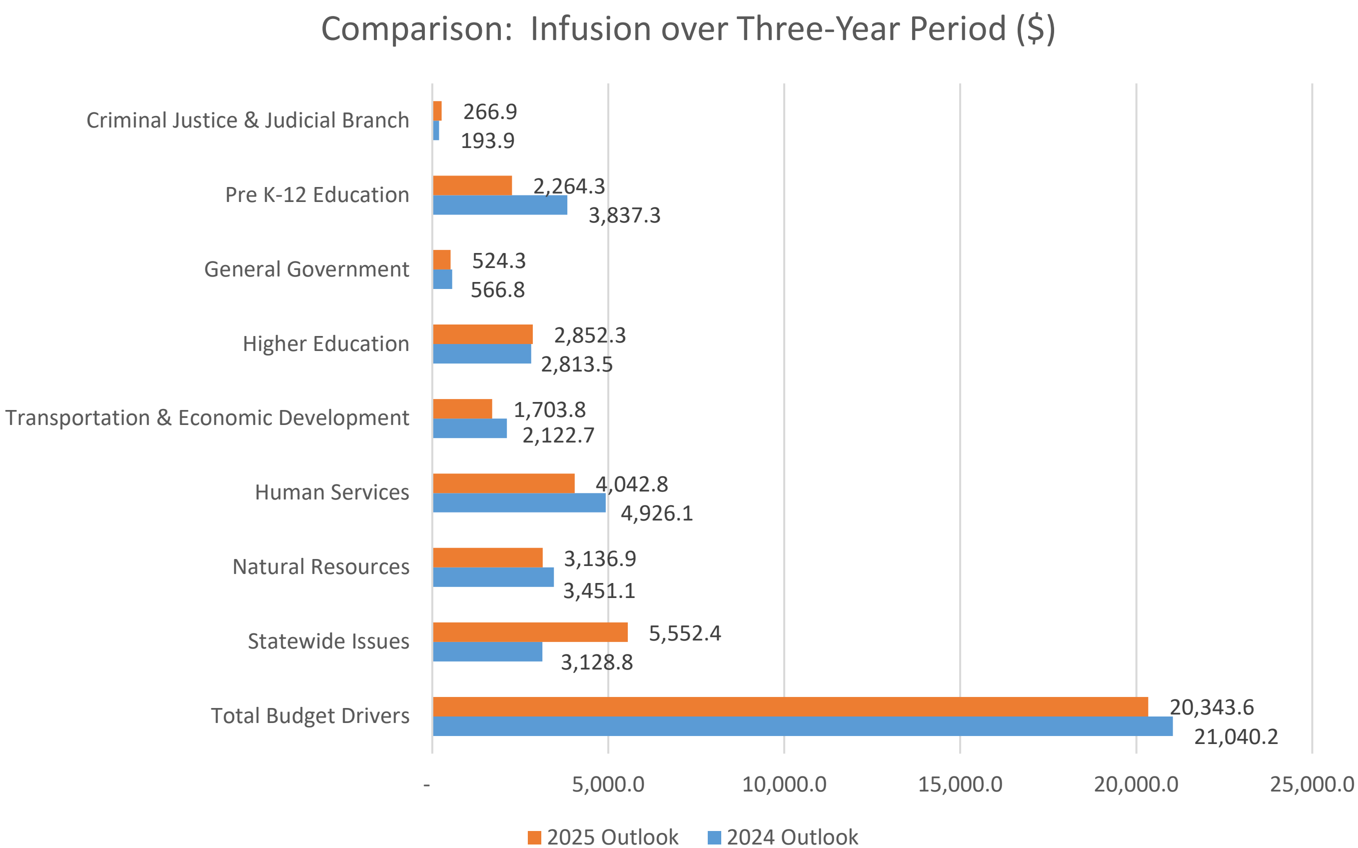
GR Drivers by Policy Area...

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
Pre K-12 Education	701.3	782.2	780.7	2,264.3
Higher Education	1,006.1	930.4	915.7	2,852.3
Human Services	1,702.0	1,300.7	1,040.1	4,042.8
Criminal Justice & Judicial Branch	89.0	89.0	89.0	266.9
Transportation & Economic Development	568.5	566.7	568.5	1,703.8
Natural Resources	1,189.2	973.6	974.2	3,136.9
General Government	171.3	175.4	177.6	524.3
Administered Funds - Statewide Issues	1,813.4	1,864.3	1,874.6	5,552.4
Total New Issues	**7,240.9**	**6,682.3**	**6,420.4**	**20,343.6**

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	% of Three-Year Total
Pre K-12 Education	9.7%	11.7%	12.2%	11.1%
Higher Education	13.9%	13.9%	14.3%	14.0%
Human Services	23.5%	19.5%	16.2%	19.9%
Criminal Justice & Judicial Branch	1.2%	1.3%	1.4%	1.3%
Transportation & Economic Development	7.9%	8.5%	8.9%	8.4%
Natural Resources	16.4%	14.6%	15.2%	15.4%
General Government	2.4%	2.6%	2.8%	2.6%
Administered Funds - Statewide Issues	25.0%	27.9%	29.2%	27.3%
Total New Issues	**100.0%**	**100.0%**	**100.0%**	**100.0%**

In Fiscal Year 2026-27, three policy areas (Statewide Issues, Human Services, and Natural Resources) compose 63 percent of the total need for General Revenue, but the pathways are different. Over the three years, Statewide Issues grows from 25.0 percent of all needs to 29.2 percent. Conversely, Human Services declines over the period in both dollars and shares. Natural Resources generally flattens after the first year.

Total New GR Infusion = $20.3 Billion



The total need for new infusions of General Revenue over the three years is $20.3 billion. This total three-year driver need is 3.4 percent lower than the $21.0 billion identified last year, with only three policy areas included in the plan going up in need. The greatest dollar difference by far is Statewide Issues (up 77.5 percent), in part due to the addition of the new driver.

Total GR Expenditures = $28.5 Billion

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	7,382.7	
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**	

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, over 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. For example, 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 $28.5 billion in additional costs over the three-year forecast period. Both effects are accounted for in the Outlook.

Revenue Adjustments...

- Revenue Adjustments to the General Revenue Fund are incorporated in the Outlook to reflect legislative actions that alter the revenue-side of the state's fiscal picture. These include:

  - ✓ *Tax and Significant Fee Changes...These changes fall into two categories with different effects. The continuing tax and fee changes reflect adjustments to the funds otherwise available and build over time since the impact of each year's change is added to the recurring impacts from prior years. Conversely, the time-limited tax and fee changes are confined to each year and are held constant throughout the Outlook.*
  - ✓ *Trust Fund Transfers and Redirects to the General Revenue Fund...The nonrecurring transfers are held constant each year. The permanent redirects build over time since the impact of each year's change is added to the recurring impacts from prior years. Both are positive adjustments to the dollars otherwise available.*

- 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.

- The expected average for one-time trust fund transfers is $109.7 million during the Outlook period. 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. The three-year average for redirects is $49.9 million per year.

	2026-27			2027-28			2028-29		
	REC	NR	Total	REC	NR	Total	REC	NR	Total
Continuing Tax and Fee Changes	(593.8)	138.3	(455.5)	(593.8)	138.3	(455.5)	(593.8)	138.3	(455.5)
Recurring Impact of Prior Years' and Fee Changes	-	-	-	(593.8)	-	(593.8)	(1,187.6)	-	(1,187.6)
Time-Linted Tax and Fee Changes	-	(537.2)	(537.2)	-	(537.2)	(537.2)	-	(537.2)	(537.2)
Permanent Redirects	49.9	-	49.9	49.9	-	49.9	49.9	-	49.9
Recurring Impact of Permanent Redirects	-	-	-	49.9	-	49.9	99.8	-	99.8
Trust Fund Transfers (GAA)	-	109.7	109.7	-	109.7	109.7	-	109.7	109.7
TOTAL	(543.9)	(289.2)	(833.1)	(1,087.8)	(289.2)	(1,377.0)	(1,631.7)	(289.2)	(1,920.9)

Putting It Together for the First Year

OUTLOOK PROJECTION – FISCAL YEAR 2026-27 *(in millions)*			
	RECURRING	NON RECURRING	TOTAL
AVAILABLE GENERAL REVENUE	**51,919.1**	**9,408.9**	**61,328.0**
Recurring Base Budget	47,117.5	0.0	47,117.5
Previously Authorized Appropriations	257.3	77.2	334.5
Transfer to Budget Stabilization Fund	0.0	0.0	0.0
Critical Needs	1,647.0	1,288.4	2,935.4
Other High Priority Needs	1,216.8	3,088.7	4,305.4
TOTAL EXPENDITURES	**50,238.5**	**4,454.3**	**54,692.8**
ENDING BALANCE AFTER EXPENDITURES	**1,680.6**	**4,954.6**	**6,635.2**
Revenue Adjustments	(543.9)	(289.2)	(833.1)
Reserve	0.0	2,035.7	2,035.7
PROJECTED ENDING BALANCE	**1,136.7**	**2,629.7**	**3,766.4**

Combined, the costs of recurring and nonrecurring General Revenue Critical Needs are significantly less than the available General Revenue dollars. When previously authorized Appropriations and Other High Priority Needs are added, the General Revenue projected surplus is $6.6 billion.

After accounting for the revenue adjustments and a $2.03 billion Reserve, the projected General Revenue surplus is $3.77 billion, but almost 70 percent of this is nonrecurring dollars.

Outlook for FY 2026-27 Compared to Last Year

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**

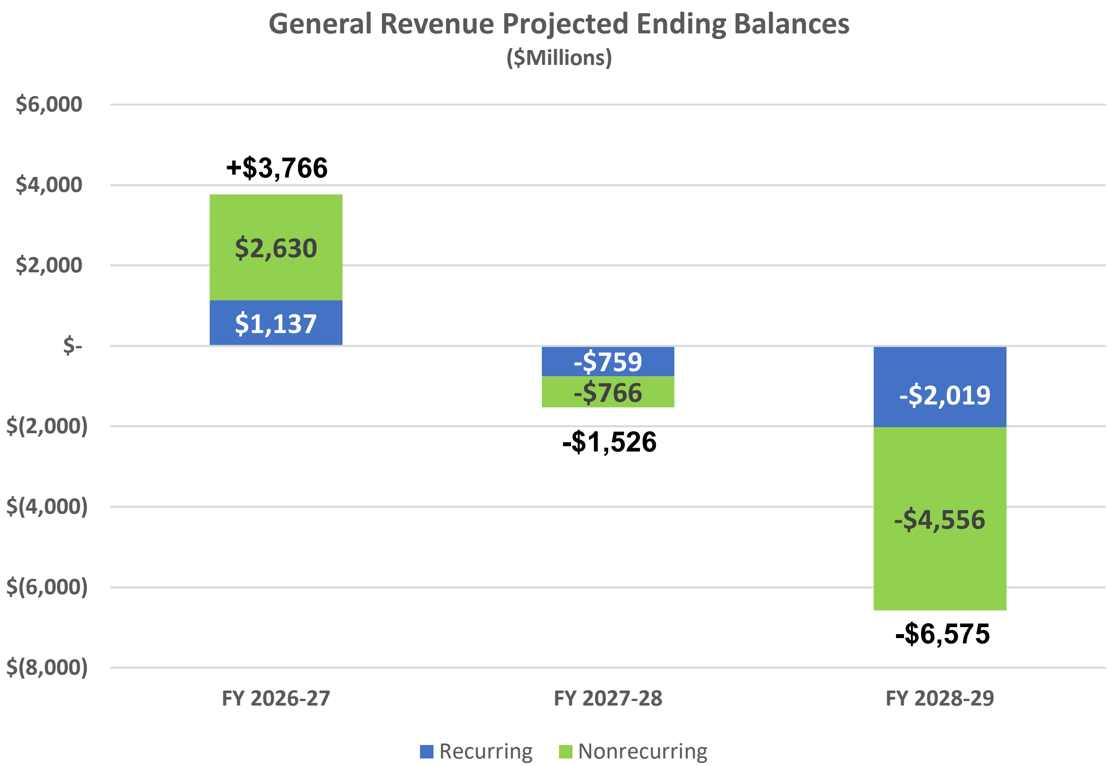
Strategic actions taken by the Legislature in the 2025 Session significantly improved the state's near-term financial position relative to last year's Outlook. For Fiscal Year 2026-27, the 2025 Outlook projects a surplus of $3.8 billion compared to a projected deficit of $2.8 billion in the 2024 Outlook—a positive improvement of nearly $6.6 billion. 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.

The Bottom Line For All Three Years...

	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)**

After taking account of the budget drivers for Critical Needs and Other High Priority Needs as well as the Revenue Adjustments, the Outlook projects a surplus for Year 1 but shows projected deficits for Years 2 and 3 of the Outlook period. Further, the $6.6 billion deficit in Year 3 assumes that the $1.5 billion deficit projected for Year 2 will be cleared prior to the start of the new year. The bottom line is that the revenue forecast will not support spending at its recent rate of growth, meaning fiscal strategies continue to be needed.

Fiscal Strategies...



The decision about when to implement the fiscal strategies is essential to calculating the total level of needed adjustments. 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.

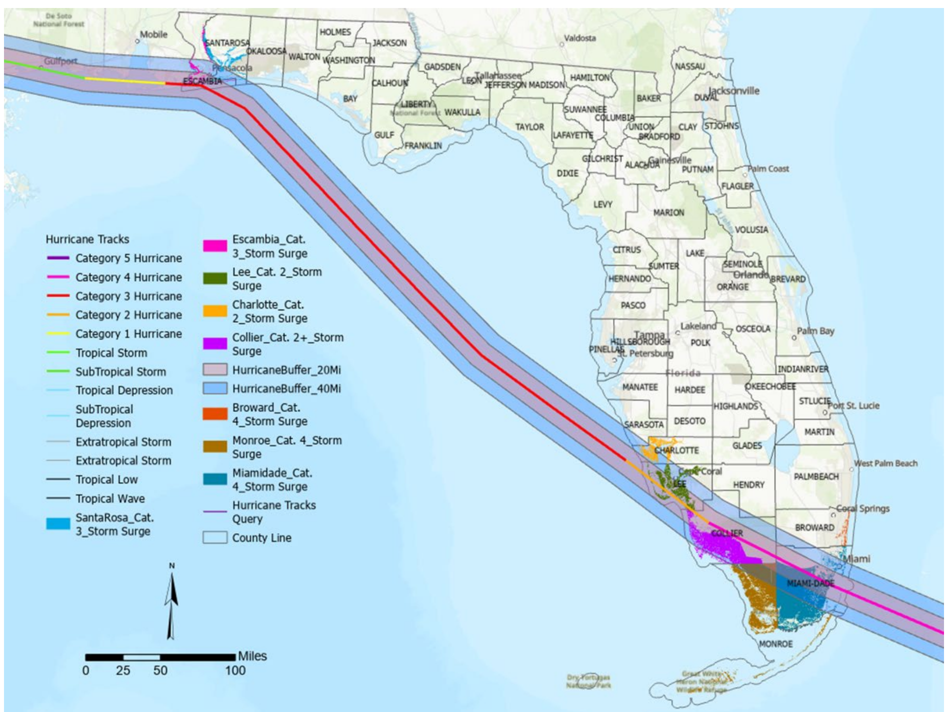
For example, adjustments totaling $2.0 billion ($673.2 million recurring; $1.4 billion nonrecurring) made in each year of the Outlook period would resolve both recurring and nonrecurring projected deficits for all three years. In the alternative, fiscal strategies could be deferred until Year 2, when 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. In this case, adjustments totaling nearly $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—assuming expenditures and revenue adjustments stayed within the projected levels for Year 1.

Black Swan...

"Black Swans" are typically low probability, high impact events, but the term also refers to ideas that are perceived impossibilities that may later be disproven. The event described below is relative to the current estimating conference forecasts.

- The realization of co-occurring or nearly co-occurring risks would be a stress not just on reserves, but also on human capital and physical resources. While the BSF is sufficient to handle Florida's share of a single catastrophic event—assuming current expenditures shares between all federal, state and private entities remain the same—catastrophic events occurring back-to-back without sufficient time for reserves to rebuild would likely exceed the existing BSF balance and require significantly different approaches to avoid long-term economic damage.

EDR Model: Great Miami Hurricane of 1926



EDR Study Results...*On a normalized basis, the Great Miami Hurricane of 1926 remains the costliest storm of all time. Today, $780.9 billion of real property exists in the areas (portions of a subset of counties) that were in the most severely impacted regions. While normalization allows for comparison across hurricanes over time, it doesn't address building code changes that materially reduce vulnerability. Primarily using studies centered on the modern Florida Building Code first introduced in 2002, EDR's projected loss is between $186.3 billion to $211.0 billion after making this adjustment. Of the total adjusted damage estimate, the State of Florida would expect to pay a disaster-related minimum of $3.4 billion to $3.8 billion based on today's expenditure shares.*