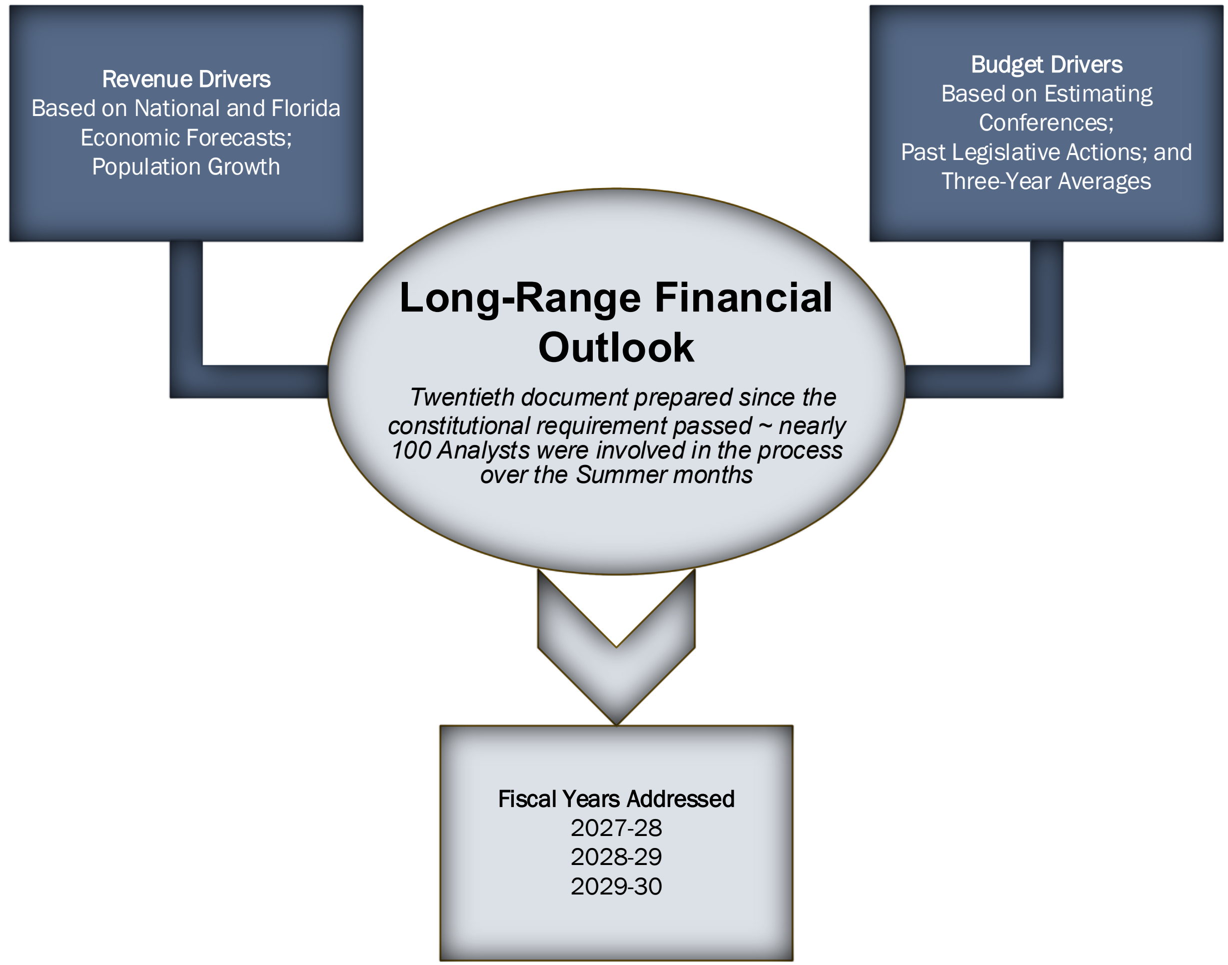
Florida:
Long-Range Financial Outlook

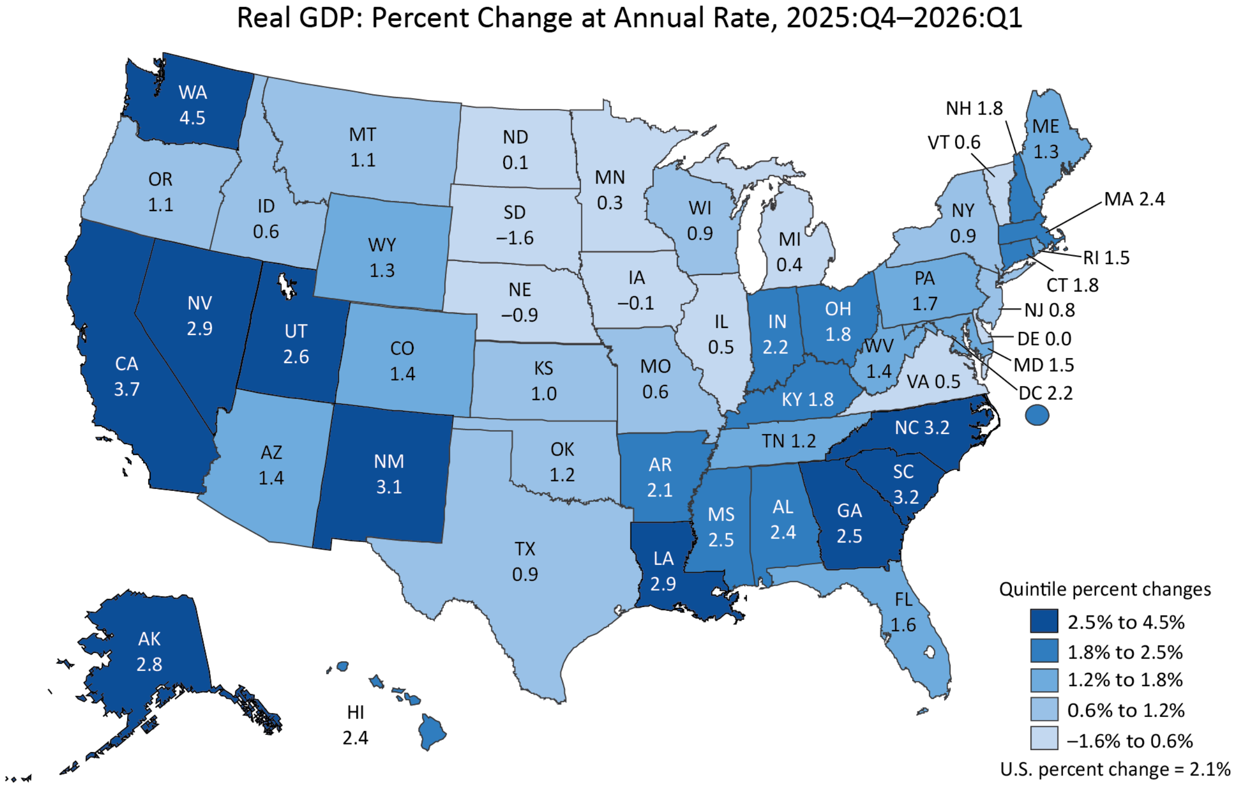
September 11, 2026

Presented by:

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


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
Twentieth document prepared since the constitutional requirement passed ~ nearly 100 Analysts were involved in the process over the Summer months
Fiscal Years Addressed
2027-28
2028-29
2029-30

Florida's GDP Growth...



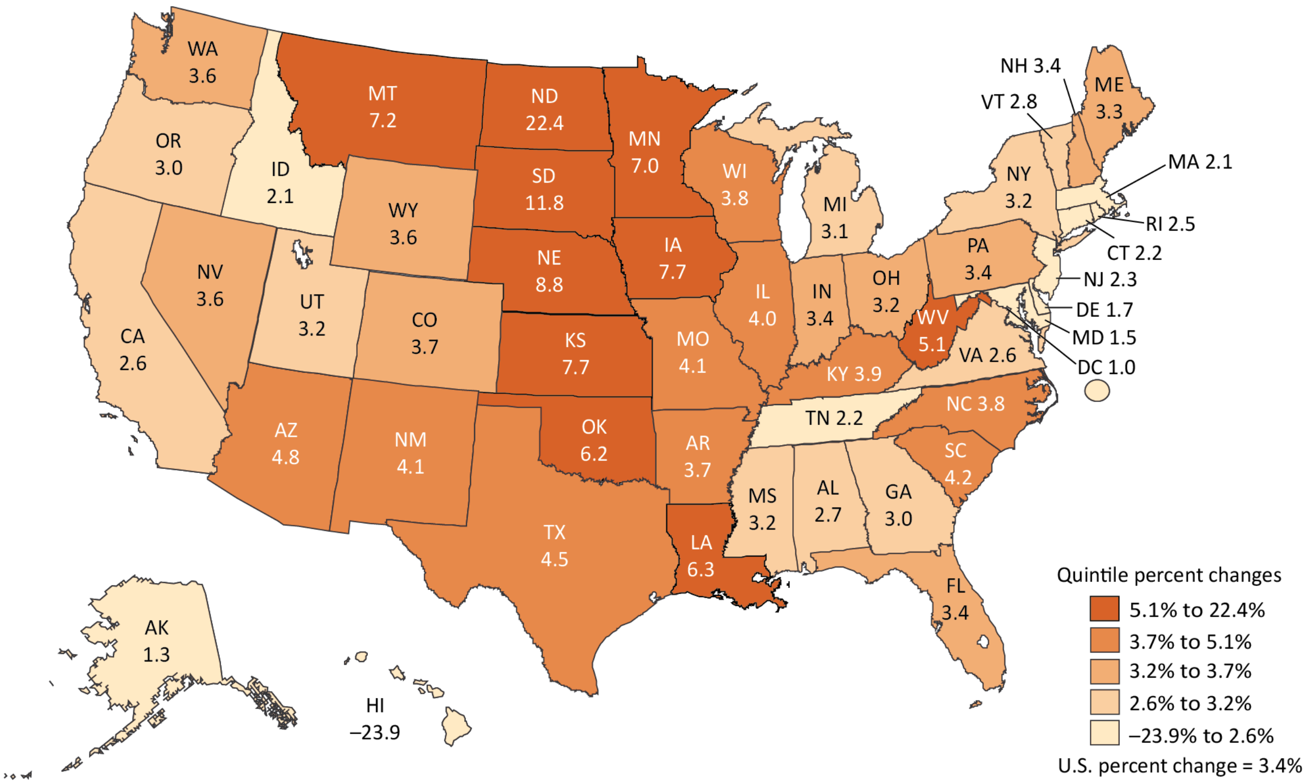
GDP Gross domestic product
U.S. Bureau of Economic Analysis

In the 1st Quarter of 2026, Florida's real economic growth was ranked 22nd in the nation (from high to low) with a 1.6 percent change at an annual rate. The entire United States had quarterly growth of 2.1 percent.

Buffeted by a series of economic shocks related to the pandemic, the state's GDP virtually flatlined (0.6 percent) in Fiscal Year 2019-20, bounced back with 4.5 percent growth in Fiscal Year 2020-21, and then surged by 8.3 percent in Fiscal Year 2021-22. This was followed by sequentially lower year-over-year growth rates of 5.5 percent in Fiscal Year 2022-23; 3.9 percent in Fiscal Year 2023-24; 3.3 percent in Fiscal Year 2024-25; and a projected 2.5 percent in Fiscal Year 2025-26. In the near-term, the Conference expects continued deceleration in the current year (2.0 percent) before a relatively stronger rate (2.7 percent) occurs in next fiscal year. Thereafter, a slow slide begins to a more characteristic growth rate for the state of 2.2 percent per year.

Florida's Personal Income...

Personal Income: Percent Change at Annual Rate, 2025:Q4–2026:Q1

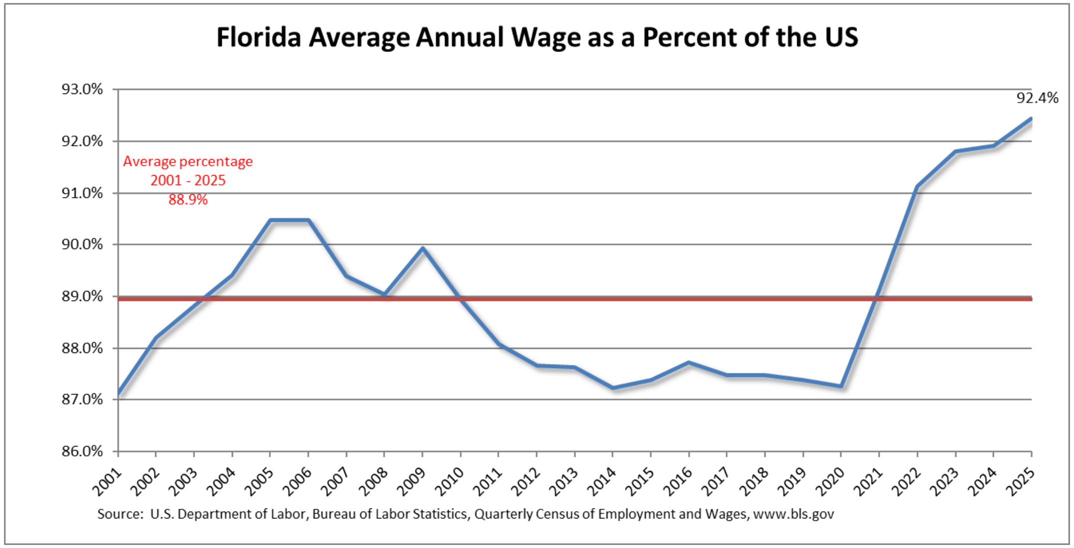


U.S. Bureau of Economic Analysis

In the 1st Quarter of 2026, Florida's personal income growth was ranked 25th in the nation (from high to low) with a 3.4 percent change at an annual rate. This matched the growth for the entire United States.

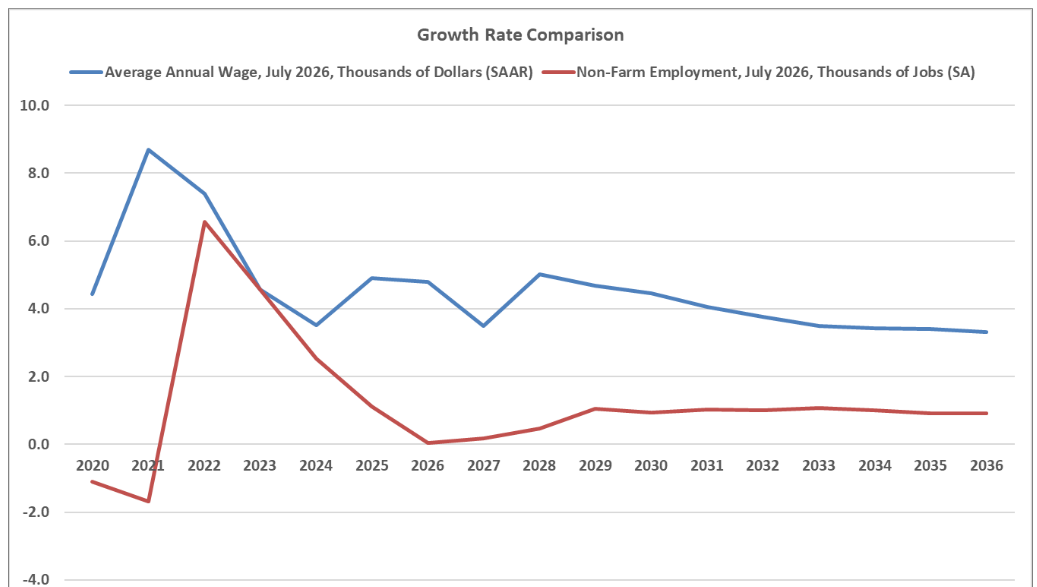
Buttressed during the pandemic by an infusion of federal dollars into Florida's households, the final growth rate for the state's 2020-21 fiscal year was 9.3 percent and for the 2021-22 fiscal year was 7.4 percent. Personal income growth then accelerated to 10.8 percent in Fiscal Year 2022-23 as workers 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 7.3 percent in Fiscal Year 2023-24, with Fiscal Year 2024-25 dropping moderately to 5.6 percent and further to a preliminary 4.5 percent in Fiscal Year 2025-26. After increasing to 6.3 percent in Fiscal Year 2027-28, annual growth rates decelerate and stabilize at 4.6 to 4.8 percent per year.

Wage Gap to U.S. Continues to Narrow in 2025…



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 88.9% to 89.2%. The state's percentage has since climbed to 92.4% in 2025.

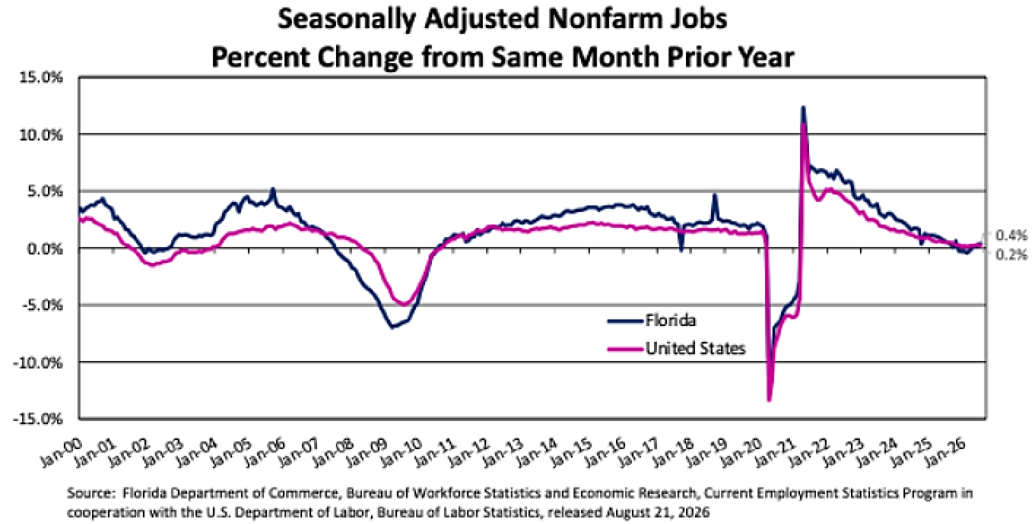
In FY 2025-26, Florida had virtually no employment growth but a 4.8% increase in its average annual wage. After average annual wage growth of 3.5% in FY 2026-27, the state is expected to enter a four-year period of growth at 4.0% or above each year before drifting to a 3.3% annual rate in FY 2035-36. During this same period, employment growth exceeds 1% only one time. This means the higher wages are likely here to stay.



Current Employment Conditions…

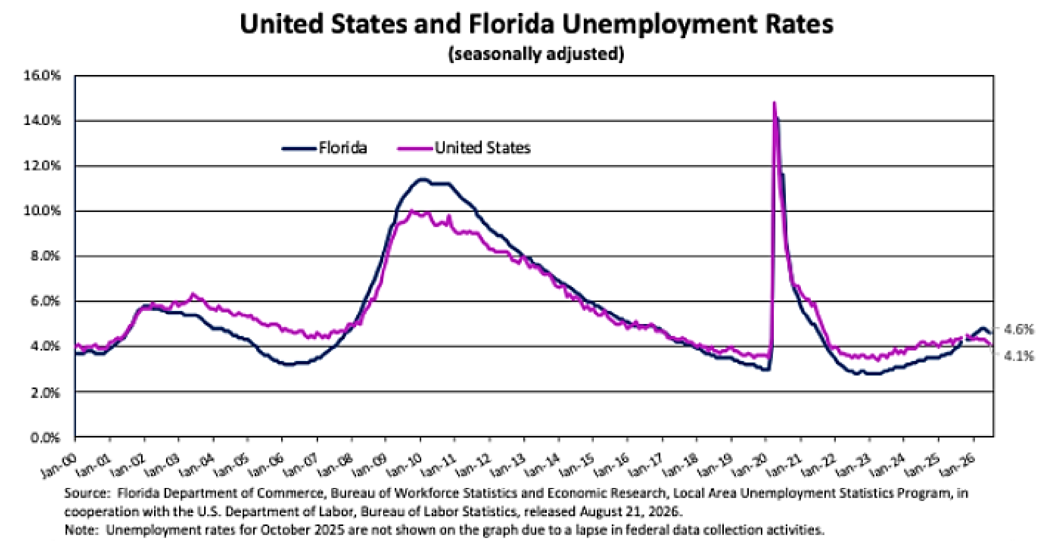
<u>July 2026 Nonfarm Jobs (YOY)</u>
US: 0.2%
FL: 0.4%

After essentially no growth in Fiscal Year 2025-26, the Economic Estimating Conference expects limited growth of 0.2 and 0.5 percent in the current and next fiscal year. Growth is then expected to range between 0.9 percent and 1.1 percent for the remainder of the forecast years.



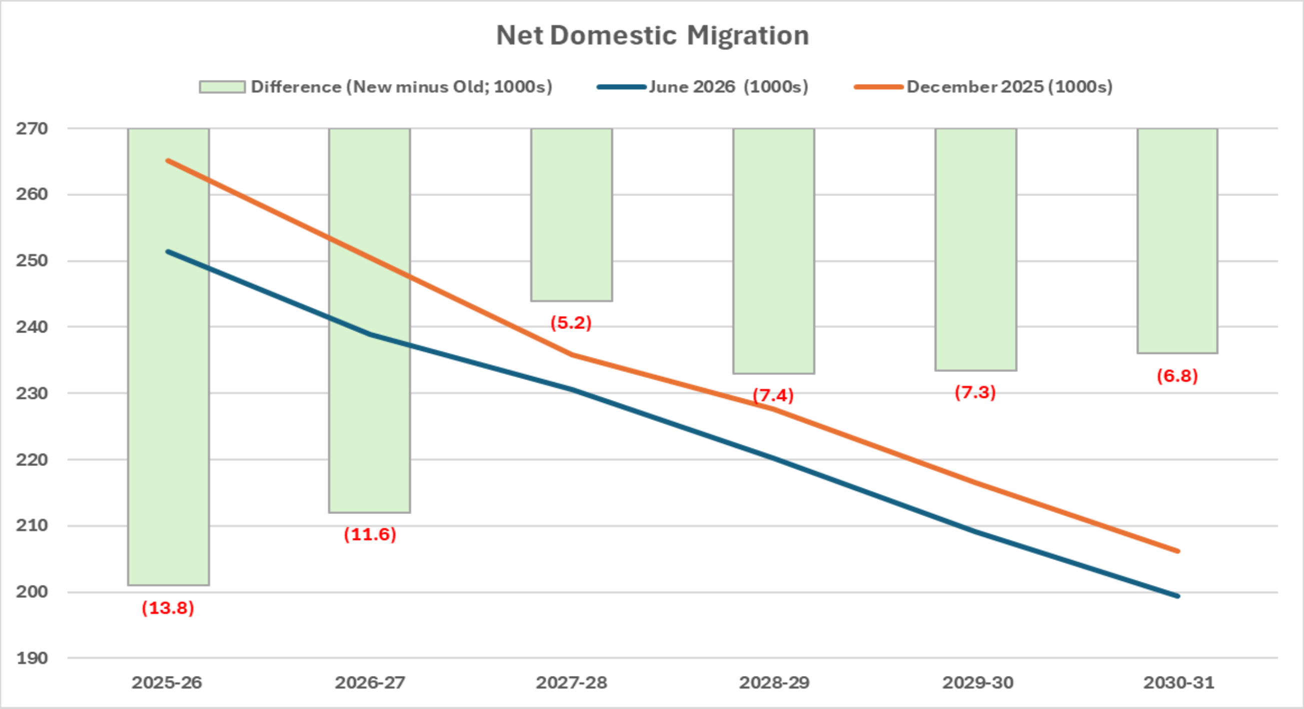
<u>July 2026 Unemployment Rate</u>
US: 4.1%
FL: 4.6% (514,500 jobless persons)

The Economic Estimating Conference assumes the "full employment" unemployment rate is about 4 percent. After nearly four years of a tight labor market with low unemployment, the unemployment rate moved above an optimal level in Fiscal Year 2025-26. The Conference expects the rate to rise further to 4.9 percent in the current year, then fall to 4.7 in Fiscal Year 2027-28 before finding a more stable 4.1 near the end of the forecast horizon.

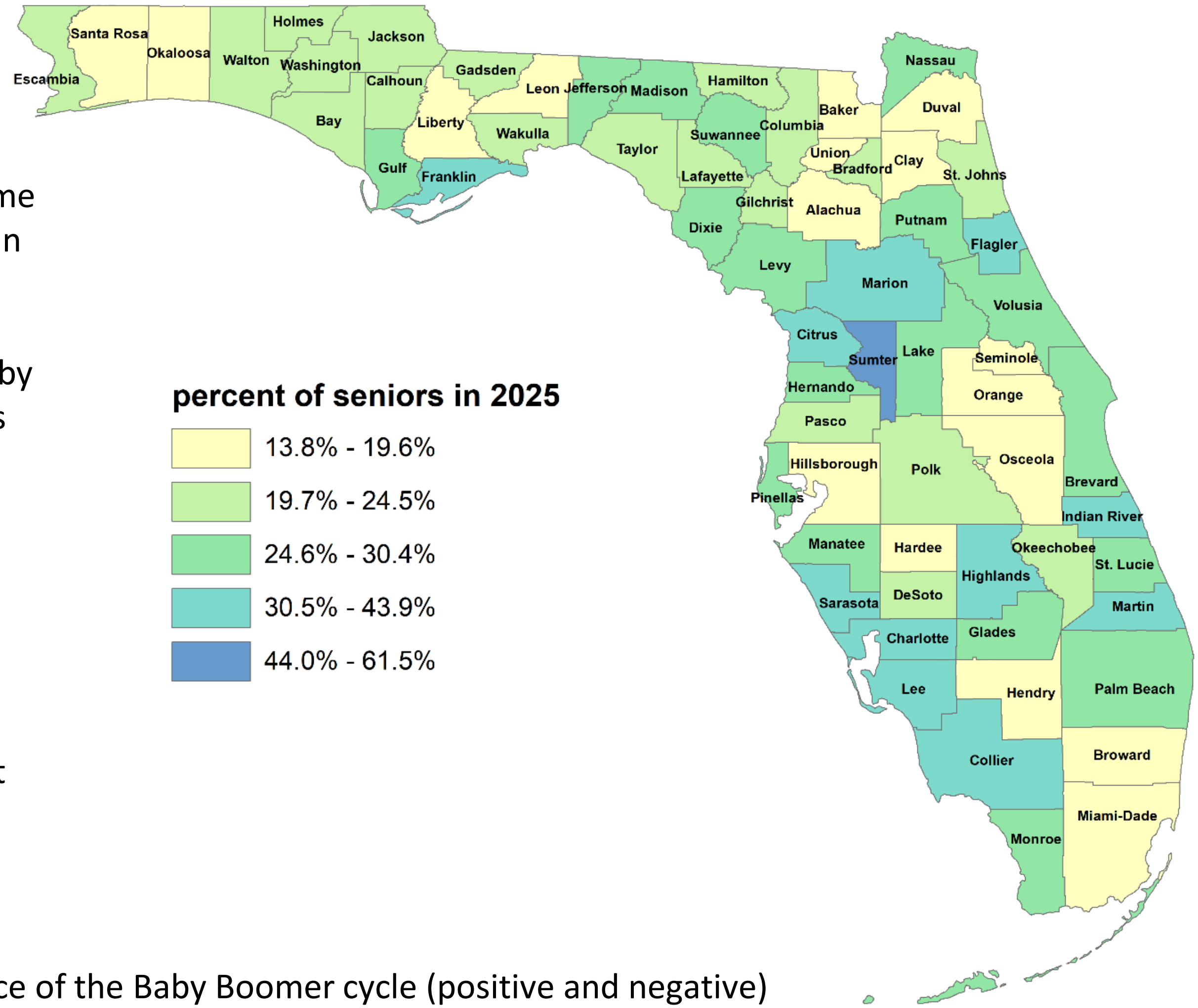


Population Growth Slows…

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Between 2026 and 2030, the Demographic Estimating Conference forecasts growth to average 1.20 percent per year. Nationally, average annual growth is expected to be about one-third of that level—averaging 0.41 percent per year between 2026 and 2030.
- Going forward, natural increase is anticipated to remain negative with deaths outnumbering births. This has been the case every year since the state's 2020-21 fiscal year, meaning all of Florida's population growth is dependent on positive net migration. In a rare move, the Conference lowered net domestic migration in each year of its June 2026 forecast.



Baby Boomers in Context…



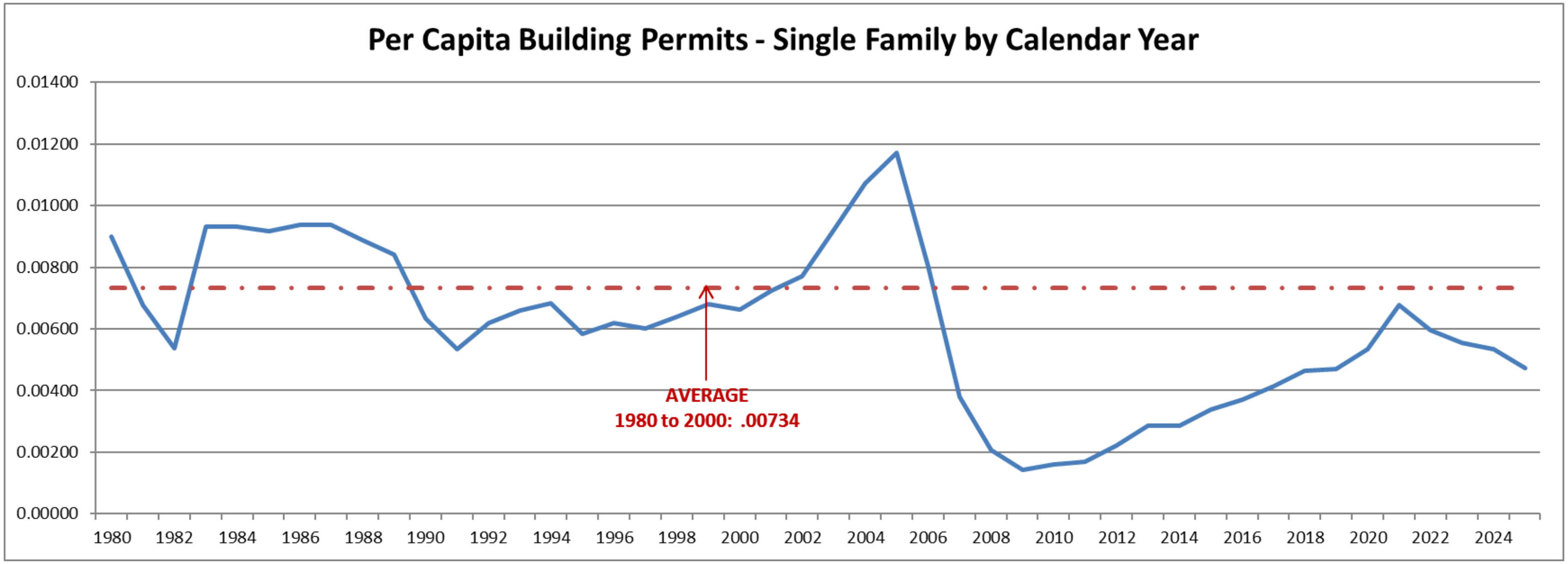
The first cohort of Baby Boomers became eligible for retirement (turned age 65) in 2011. Sixteen of nineteen cohorts have now entered the retirement phase, representing slightly over 81% of all Baby Boomers. The last of the Baby Boomers will turn 65 in 2029.

Just slightly later, the oldest cohort of Baby Boomers will begin to turn 85 in 2031. Florida’s year-over-year growth first drops below 1.0 percent in 2032.

Population aged 65 and over is forecast to represent 27.5% of the total population in 2035, compared with 21.2% in 2020 and 17.3% in 2010.

Altogether, the peak economic influence of the Baby Boomer cycle (positive and negative) will run from 2011 to 2050. 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. In 2025, the highest senior percentage was 61.5 percent in Sumter County, while the lowest was 13.8 percent in Orange County.

Permits Continued to Drift Downwards in 2025…



Despite the strong double-digit growth in eight of 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 and has continued to drift downward to 64.6 percent in 2025. 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 (-8.9%) with FY 2025-26 even worse (-10.8%). The Conference expects FY 2026-27 to remain in negative territory (-1.3%) before the series finally turns positive in FY 2027-28 (+1.4%). Thereafter, annual growth stays positive but gradually declines through FY 2032-33 before drifting negative once again.

Existing Single Home Market

After the turmoil of the housing boom and bust in the early years of this century, existing single-family home sales reached a new peak in FY 2020-21. Immediately after, the series entered four years of negative year-over-year growth, dropping from 353,149 in annual sales to 249,499 at the end of the period. After resuming positive growth in FY 2025-26, the Economic Estimating Conference expects growth of 4.0% in the current year and out-year growth ranging between 1.7% and 4.4%. The level never surpasses the 2020-21 peak.

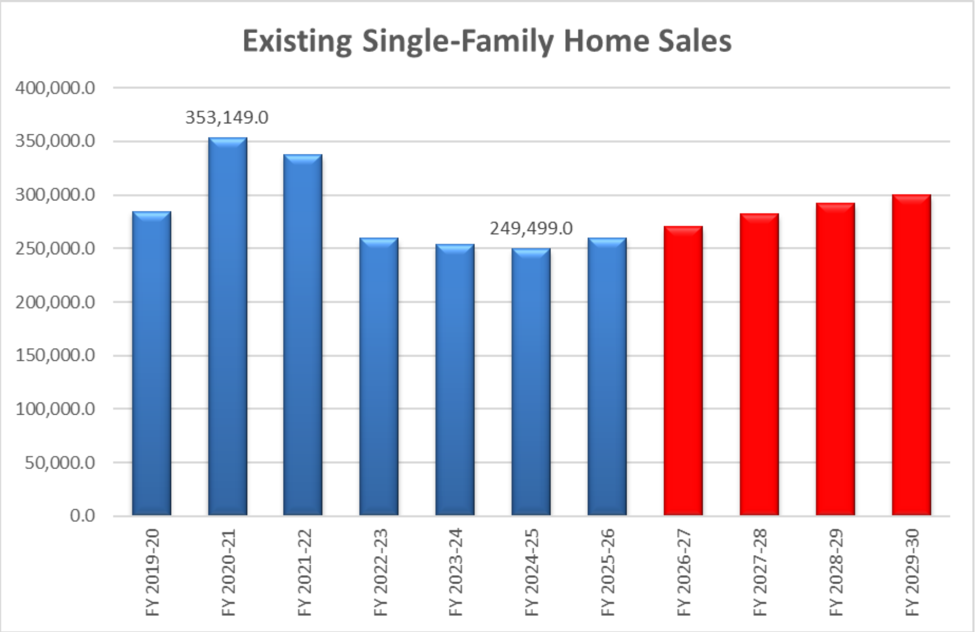
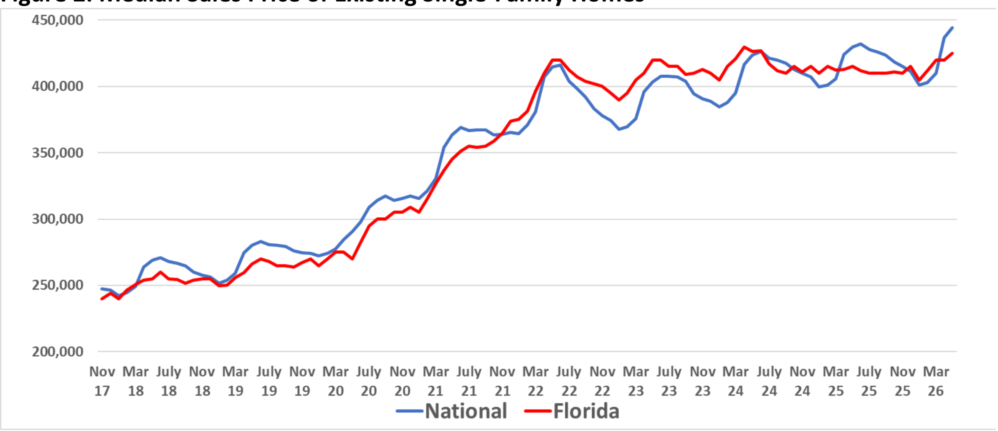


Figure 2: Median Sales Price of Existing Single-Family Homes

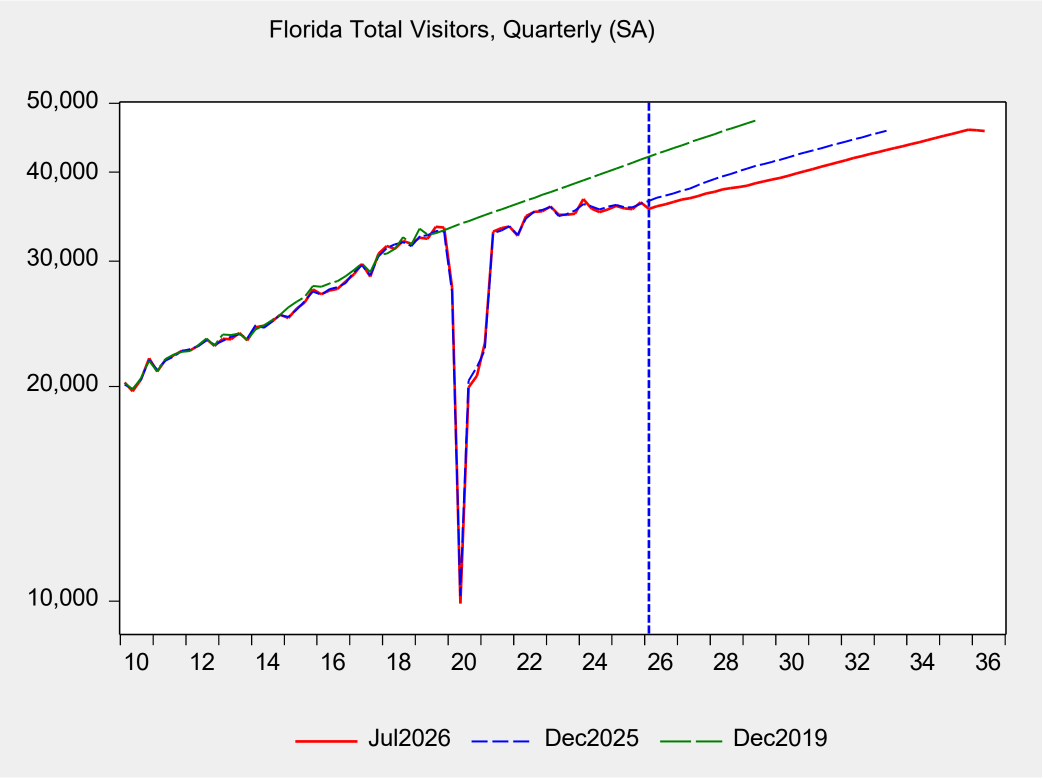


The story is different for the median sales price of single-family homes. After many years of being below the national median price, Florida's median moved well above the national median in the 2021-22, 2022-23 and 2023-24 fiscal years. The state dropped slightly below the national price in Fiscal Year 2024-25 when it posted $413,104 for the year, a decline from the prior year's $416,291. The preliminary results for FY 2025-26 shows only 0.4% growth over the prior year at $414,621. The Economic Estimating Conference expects another year of slow growth in the current year (0.6%), with out-year growth ranging between 1.8% and 2.3%.

Tourism Has Lower Path Forward...

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 in domestic visitors after the worst of the pandemic, with Canadian and international visitors still at sub-peak levels. Total visitors, growing by 38.8 percent, surpassed the pre-pandemic peak by the end of Fiscal Year 2021-22, albeit with a very different composition.

With no growth in Fiscal Year 2024-25 (0.0 percent) and only 0.7 percent growth in Fiscal Year 2025-26, the Economic Estimating Conference expects modest growth (1.8 percent) during Fiscal Year 2026-27; however, the rate picks up to 2.7 percent in Fiscal Year 2027-28. For Fiscal Year 2028-29, growth softens again to 2.2 percent. In subsequent years, the rate fluctuates while remaining below 3.0 percent in each year. The expected 145.8 million visitors in Fiscal Year 2026-27 will have a collective effect on Florida's infrastructure of an additional 2.08 million residents. The new forecast levels never exceed the pre-pandemic forecast levels for the overlapping years.



August General Revenue Forecast…

Fiscal Year	January 2026 Adj Forecast	August 2026 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	*51857.1*				*4.4%*
2026-27	51,864.8	52,339.9	475.1	482.8	0.9%
2027-28	52,781.6	53,289.6	508.0	949.7	1.8%
2028-29	54,117.6	54,616.8	499.2	1,327.2	2.5%
2029-30	55,519.0	55,846.1	327.1	1,229.3	2.3%
2030-31	57,023.3	57,315.3	292.0	1,469.2	2.6%
2031-32	n/a	58,849.4	n/a	1,534.1	2.7%

Note: "Adj" means adjusted for Measures Affecting Revenue.

Key variables from the new state and national economic forecasts adopted in July 2026 were similar to those adopted in December 2025, with continued deceleration in construction and real estate as well as slowing in tourism growth. Even though some economic disturbance is still evident with downward pressure on household savings, the elevated use of credit, and continuing inflationary pressure, the prior forecasts generally performed well over the past seven months. That said, uncertainty about the economic outlook remains elevated from this point forward. These factors contributed to forecast changes that were relatively minor given the size of the General Revenue Fund, with the old forecast mostly retained as adopted at the prior two conferences.

For general reference, 1% of the prior estimate for the General Revenue Fund in FY 2026-27 is $518.6 million. No year saw an increase over its prior estimate greater than 1 percent.

Total State Reserves...

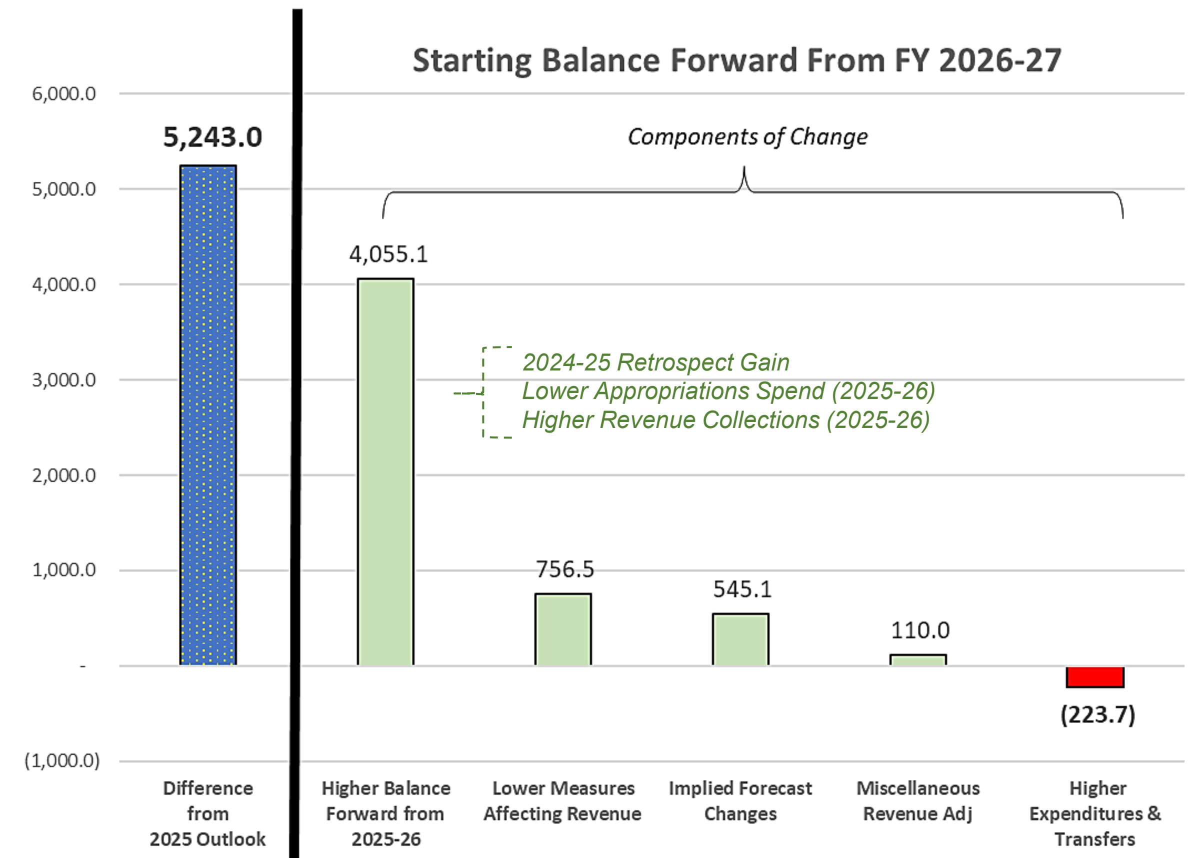
10-Year History

Outlook Year	Baseline Fiscal Year	Unallocated General Revenue	Budget Stabilization Fund	Lawton Chiles Endowment Fund	Emergency Preparedness & Response Fund	Total Anticipated Reserves	GR Summer 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	4,440.2	-	497.1	12,691.9	48,515.9	26.2%
2025	2025-26	9,274.3	4,870.2	-	841.5	14,986.0	50,485.0	29.7%
2026	**2026-27**	**11,045.0**	**4,988.3**	**-**	**163.1**	**16,196.4**	**52,339.9**	**30.9%**

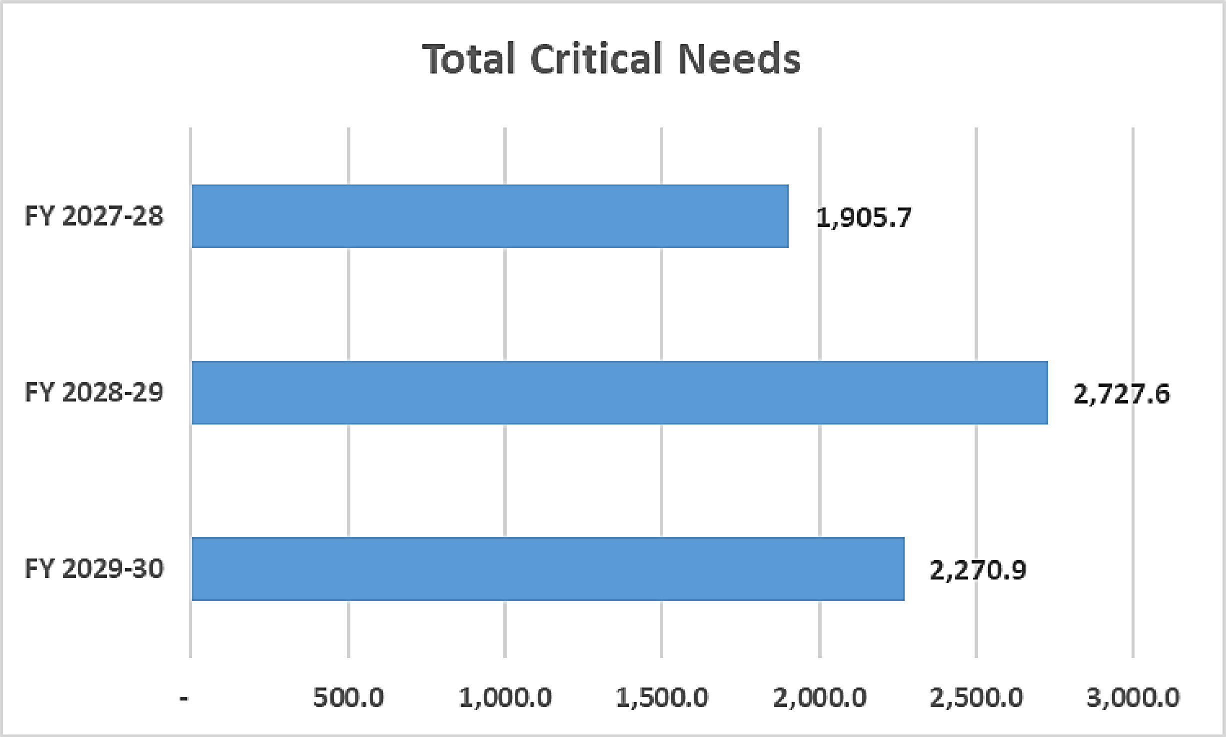
- At the time each of the previous ten Outlooks was adopted, total state reserves ranged from 10.8% to 41.3% of the General Revenue estimate.
- Based on the state’s records at the time of this Outlook, total state reserves are nearly $16.2 billion or 30.9% of the General Revenue estimate for FY 2026-27.
  - This includes an authorized but pending transfer to the Budget Stabilization Fund.
- Beginning in Fiscal Year 2021-22, the Legislature made a series of discretionary transfers to the Budget Stabilization Fund to increase the fund balance from the minimum of five percent to the maximum of ten percent of General Revenue collections. Collectively, these transfers total over $3.3 billion. As a result, the Budget Stabilization Fund is at its constitutional maximum.

GR Outlook Balance as Starting Point…

The projected ending balance for Fiscal Year 2026-27 (nearly $11.05 billion) is used as the starting point for the Long-Range Financial Outlook. Relative to last year's expectation, this is $5.24 billion higher and was influenced by a number of legislative actions. The primary component of this change was the large carry-over balance from Fiscal Year 2025-26 that the Legislature subsequently retained. The second component was the downsized Measures Affecting Revenue. Before its final inclusion in the Outlook, the projected FY 2026-27 ending balance was adjusted by $154.6 million in current year deficits identified by the estimating conferences and increased spending authorized by budget amendment. The final starting point for FY 2027-28 is $10.89 billion in nonrecurring funds.



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 2025 Outlook, the total across the three years -12.0 percent lower, but with an atypical pattern of the greatest needs occurring in the second year of the Outlook. In part, this is because several of the Critical Needs drivers contain deep reductions in their needs for General Revenue dollars as supporting trust fund revenues are available to allow significant fundshifts. These swaps are generally temporary in nature.

Critical Needs Cost Explained by Three Drivers...

General Revenue Fund Significant Critical Needs Budget Drivers ($Millions)	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Three-Year Total
Driver #15 – Increases in Employer-Paid Benefits for State Employees	947.5	1,142.8	1,321.0	3,411.3
Driver #6 – Medicaid Program	1,210.0	789.3	438.0	2,437.4
Driver #13 – General Revenue Transfer to Emergency Preparedness and Response Fund	533.3	533.3	533.3	1,600.0
Grand Total	**2,690.9**	**2,465.4**	**2,292.4**	**7,448.7**

Driver #15 *funds increases for the state employee health insurance program and the Florida Retirement System (FRS). For the health insurance program, funds are included for the impact to state agencies of a 6.33 percent increase for each year of the plan to employer-paid premiums, based on a three-year average. Further, nonrecurring General Revenue is included for each year of the plan to resolve projected deficits for the program. 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.*

Driver #6 *funds the caseload and expenditures estimates adopted by the July 2026 Social Services Estimating Conferences. An exception is made for the Home & Community Based Services Waiver which reflects the latest budget amendment for future years. Caseloads are expected to be 4.00 million in Fiscal Year 2027-28; 4.04 million in Fiscal Year 2028-29; and 4.07 million in Fiscal Year 2029-30. The program is expected to serve 3.97 million eligible Floridians in Fiscal Year 2026-27. The Conference estimates costs based on caseload, service utilization, Federal Medical Assistance Percentage, medical inflation, and managed care rate changes.*

Driver #13 *transfers funds from the General Revenue Fund to the Emergency Preparedness and Response (ERP) Fund based on the three-year average of actual transfers. The ERP 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.*

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 2025 Outlook, the total across the three years is -20.8 percent lower and declines in cost 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 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Three-Year Total
Critical Needs	1,905.7	2,727.6	2,270.9	6,904.2
Other High Priority Needs	3,333.3	3,303.8	3,254.2	9,891.3
Critical Needs plus Other High Priority Needs	**5,239.0**	**6,031.4**	**5,525.1**	**16,795.5**

General Revenue Fund Percentage of Total Critical Needs and Other High Priority Needs	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Three-Year Total
Critical Needs	36.4%	45.2%	41.1%	41.1%
Other High Priority Needs	63.6%	54.8%	58.9%	58.9%
Critical Needs plus Other High Priority Needs	**100.0%**	**100.0%**	**100.0%**	**100.0%**

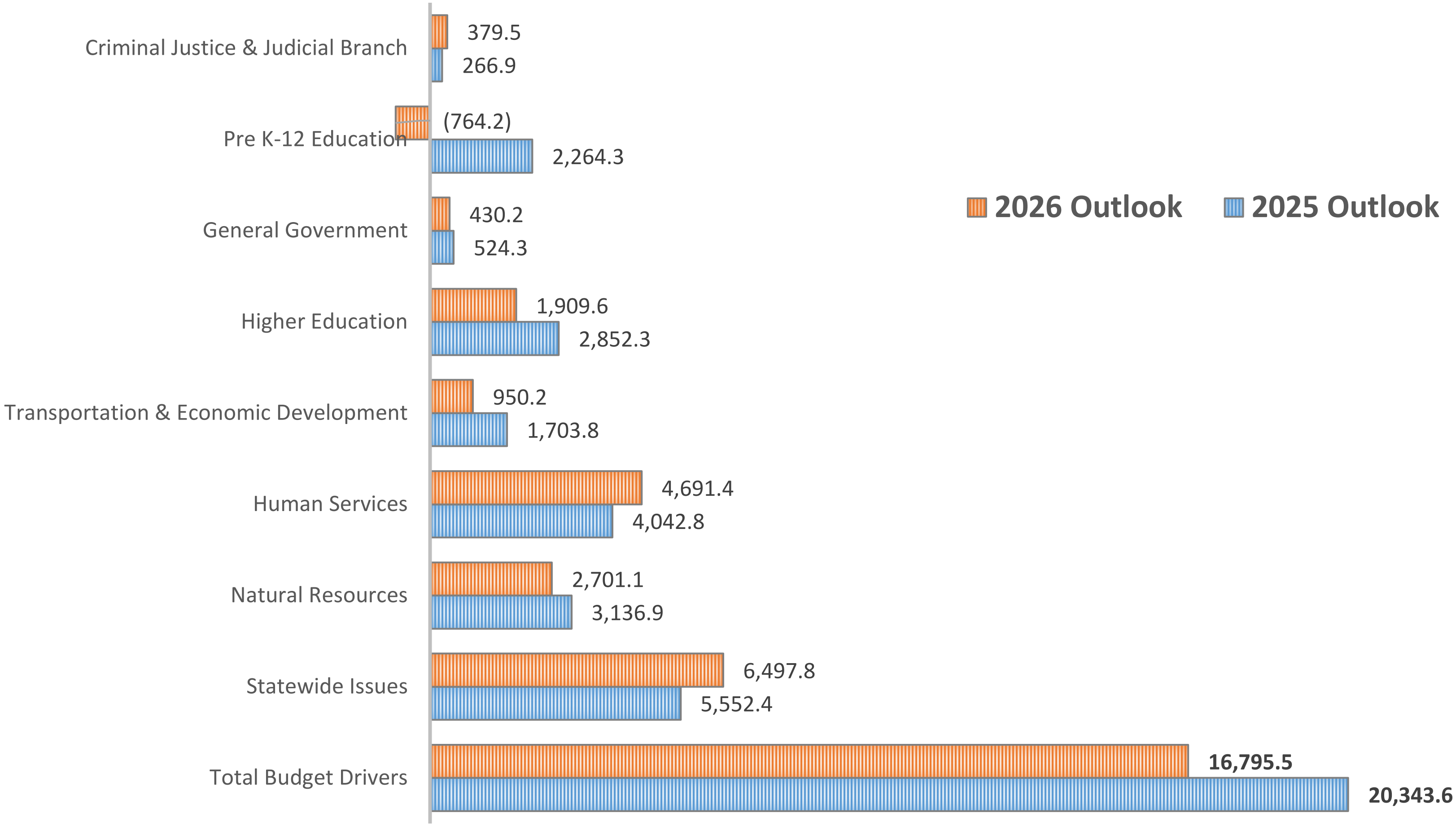
GR Drivers by Policy Area...

General Revenue Fund Total Critical Needs and Other High Priority Needs by Policy Area ($Millions)	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Three-Year Total
Pre K-12 Education	(855.2)	190.1	(99.2)	(764.2)
Higher Education	628.5	647.2	633.9	1,909.6
Human Services	1,963.1	1,537.4	1,190.8	4,691.4
Criminal Justice & Judicial Branch	126.5	126.5	126.5	379.5
Transportation & Economic Development	316.2	317.8	316.2	950.2
Natural Resources	937.7	899.4	864.0	2,701.1
General Government	145.8	141.4	143.1	430.2
Administered Funds - Statewide Issues	1,976.4	2,171.6	2,349.8	6,497.8
Total New Issues	**5,239.0**	**6,031.4**	**5,525.1**	**16,795.5**

General Revenue Fund Total Critical Needs and Other High Priority Needs by Policy Area ($Millions)	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	% of Three-Year Total
Pre K-12 Education	-16.3%	3.2%	-1.8%	-4.6%
Higher Education	12.0%	10.7%	11.5%	11.4%
Human Services	37.5%	25.5%	21.6%	27.9%
Criminal Justice & Judicial Branch	2.4%	2.1%	2.3%	2.3%
Transportation & Economic Development	6.0%	5.3%	5.7%	5.7%
Natural Resources	17.9%	14.9%	15.6%	16.1%
General Government	2.8%	2.3%	2.6%	2.6%
Administered Funds - Statewide Issues	37.7%	36.0%	42.5%	38.7%
Total New Issues	**100.0%**	**100.0%**	**100.0%**	**100.0%**

In Fiscal Year 2027-28, two policy areas (Statewide Issues and Human Services) compose 75 percent of the total need for General Revenue, but their future pathways differ. Over the three years, Statewide Issues grows in dollar value, moving from 37.7 percent of all needs to 42.5 percent. Conversely, Human Services declines over the period in both dollars and shares.

Total New GR Infusion = $16.8 Billion



The total need for new infusions of General Revenue over the three years analyzed in the Outlook is $16.8 billion. This is over $3.5 billion less than last year's total cost of $20.3 billion, a 17.4 percent decrease. Only three policy areas included in the plan are going up in need: Statewide Issues, Human Services and Criminal Justice & Judicial Branch. The greatest dollar difference occurs in Statewide Issues (up $945.4 million or 17.0 percent).

Total Additional GR Expenditures = $23.1 Billion

General Revenue Fund Recurring and Nonrecurring Budget Driver Impact ($Millions)	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Three-Year Total	% of Three-Year Total
New Recurring Drivers for Each Year	2,170.3	1,932.8	1,286.7	5,389.7	
Continuation of Year 1 Recurring Drivers		2,170.3	2,170.3	4,340.5	
Continuation of Year 2 Recurring Drivers			1,932.8	1,932.8	
Cumulative Impact of Recurring Drivers	2,170.3	4,103.1	5,389.7	11,663.0	50.6%
Nonrecurring Drivers for Each Year	3,068.7	4,098.7	4,238.4	11,405.8	49.4%
Grand Total	**5,239.0**	**8,201.7**	**9,628.1**	**23,068.8**	

Focusing solely on the total General Revenue increases needed each year does not present a complete picture of the full expenditure impacts on the state's long-term budget. This is true for both the level of commitment and the budget's growth from year-to-year. Over the entire three-year period, 50.6 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 $5.2 billion needed for the budget drivers in Fiscal Year 2027-28, $2.2 billion will also be needed in Fiscal Year 2028-29 (and again in Fiscal Year 2029-30) to continue those programs. The subsequent years are not treated as new drivers.

In effect, the $16.8 billion in new funding over the Outlook period ultimately results in almost $23.1 billion in additional expenditures over the three years. 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. Permanent redirects can be positive or negative.*

- 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 -$440.0 million in Fiscal Year 2027-28; -$855.1 million in Fiscal Year 2028-29; and nearly -$1.3 billion in Fiscal Year 2029-30. This year's revenue adjustments, while substantial, are considerably less than those included in the 2025 Outlook.

	2027-28			2028-29			2029-30		
	REC	NR	Total	REC	NR	Total	REC	NR	Total
Continuing Tax and Fee Changes	(477.5)	113.1	(364.4)	(955.0)	113.1	(841.9)	(1,432.5)	113.1	(1,319.4)
Time-Limited Tax and Fee Changes	-	(308.3)	(308.3)	-	(308.3)	(308.3)	-	(308.3)	(308.3)
Permanent Redirects from GR	(301.2)	-	(301.2)	(602.3)	-	(602.3)	(903.5)	-	(903.5)
Permanent Redirects to GR	363.6	-	363.6	727.3	-	727.3	1,090.9	-	1,090.9
Trust Fund Transfers (GAA)	-	170.2	170.2	-	170.2	170.2	-	170.2	170.2
TOTAL	**(415.0)**	**(25.0)**	**(440.0)**	**(830.1)**	**(25.0)**	**(855.1)**	**(1,245.1)**	**(25.0)**	**(1,270.1)**

Outlook for FY 2027-28 Compared to Last Year

Fiscal Year 2027-28	2025 Outlook	2026 Outlook	Difference
Funds Available			
Balance Forward from 2026-27	5,802.0	10,890.4	5,088.4
Available General Revenue	53,122.5	53,454.9	332.4
Revenue Adjustments	(1,337.0)	(440.0)	937.0
Total Funds Available	**57,547.5**	**63,905.3**	**6,357.8**
			11.1%
Projected Expenditures			
Base Budget for 2027-28	49,981.3	49,104.5	(876.8)
Previously Authorized Expenditures	337.8	342.2	4.4
Total New Budget Drivers for 2027-28	6,682.3	5,239.0	(1,443.3)
Total Projected Expenditures	**57,001.4**	**54,685.8**	**(2,315.6)**
			-4.1%
Additional Adjustments for Reserves			
Reserve	2,071.8	2,084.7	12.9
Bottom Line	**(1,525.7)**	**7,134.8**	**8,660.5**

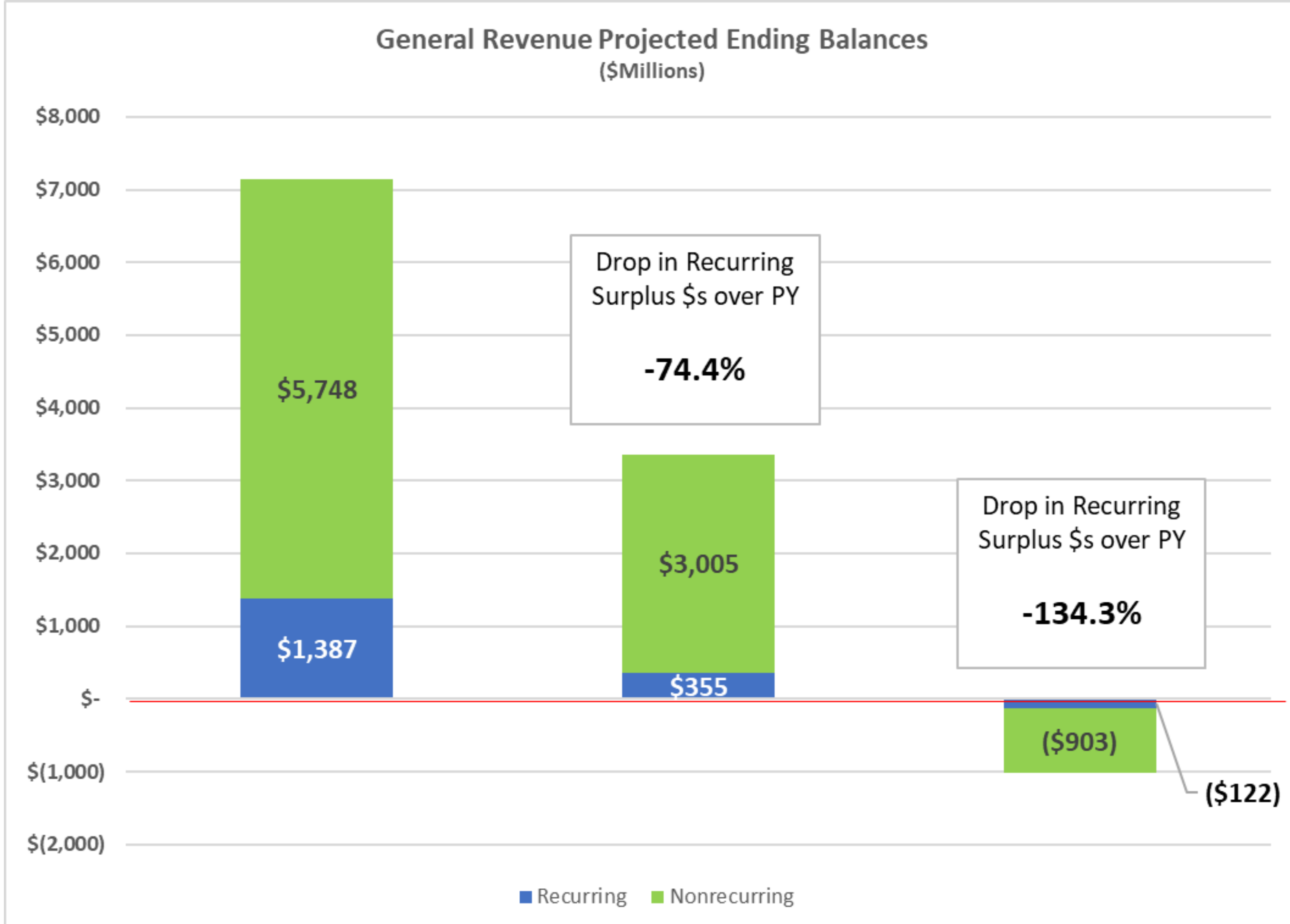
Strategic actions taken by the Legislature in the 2026 Session have significantly improved the state's overall financial position relative to the last two adopted Outlooks. Specifically, for Fiscal Year 2027-28, the 2026 Outlook projects a surplus of $7.1 billion compared to a projected deficit of $1.5 billion in the 2025 Outlook—a positive improvement of nearly $8.7 billion. Funds available are nearly 11.1 percent higher than expected, largely due to the higher balance forward from Fiscal Year 2026-27 that was explained on a previous slide. Projected expenditures are also 4.1 percent less than expected, a direct function of the lower recurring budget for Fiscal Year 2026-27 which became the base budget for Fiscal Year 2027-28.

The Bottom Line For All Three Years...

After taking account of the budget drivers for Critical Needs and Other High Priority Needs as well as the Revenue Adjustments and Minimum Reserves, the Outlook projects a surplus for Years 1 and 2 but shows a projected deficit for Year 3 of the Outlook period. While Years 1 and 2 remain positive, the problem first experienced in Year 3 is building throughout. This is evidenced by the plummeting shares of the reported surplus represented by recurring GR. 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.

2026 Long-Range Financial Outlook Summary General Revenue Fund ($Millions)		Year 1 FY 2027-28	Year 2 FY 2028-29	Year 3 FY 2029-30
Revenues Available		**53,455**	**54,782**	**56,011**
Unused Reserve from Prior Year		**10,890**	**9,220**	**5,497**
Expenditures	Minimum Reserve	(2,085)	(2,137)	(2,184)
	Recurring Base Budget	(49,105)	(51,275)	(53,208)
	Previously Authorized Appropriations	(342)	(344)	(345)
	Critical Needs Budget Drivers	(1,906)	(2,728)	(2,271)
	Other High Priority Needs Budget Drivers	(3,333)	(3,304)	(3,254)
	Ending Balance After Expenditures	**7,575**	**4,215**	**246**
Revenue Adjustments	Tax and Fee Changes	(673)	(1,150)	(1,628)
	Trust Fund Transfers and Redirects	233	295	358
	Revenue Adjustments	**(440)**	**(855)**	**(1,270)**
Projected Surplus / (Deficit)		**7,135**	**3,360**	**(1,025)**
	Recurring $ Share of Surplus/(Deficit)	1,387	355	(122)

Fiscal Strategies



The decision about when to implement the fiscal strategies is essential to calculating the total level of needed adjustments. For the 2026 Outlook, there are projected surpluses for Fiscal Years 2027-28 and 2028-29; 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 $300 million ($40.6 million recurring; $260.3 million nonrecurring) made in each year of the Outlook period would resolve both recurring and nonrecurring projected deficits in Year 3 of the forecast period, assuming no new investments are undertaken.

Black Swan…

“Black Swans” are typically low probability, high impact events.

When it met in June 2026, the Demographic Estimating Conference softened the annual loss in domestic migration from nearly 14,000 in FY 2025-26 to just 6,800 in FY 2030-31, assuming the phenomenon was largely temporary in nature. In part, this decision was due to the limited data available for the ongoing event. If the loss proves to be systemic or worsening rather than time-limited, the effect on Florida’s economy could be substantial. Each lost population cohort stacks over time, causing even small adjustments to have outsized impacts.

Net Domestic Migration

Official Forecast Vintage	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**
June 2026 (1000s)	251.4	238.9	230.6	220.2	209.2	199.4
December 2025 (1000s)	265.2	250.5	235.8	227.6	216.5	206.2
Difference (New minus Old; 1000s)	(13.8)	(11.6)	(5.2)	(7.4)	(7.3)	(6.8)

Simulation A...Sequential 14,000 Pop Reductions	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**
Population Deduction from Baseline	(14,000)	(28,000)	(42,000)	(56,000)	(70,000)
Statewide Per Capita Method (Direct Impact)					
Lost Real GDP ($millions)	(837.7)	(1,698.9)	(2,581.3)	(3,484.7)	(4,410.5)
Percent Loss of Real GDP	-0.1%	-0.1%	-0.2%	-0.2%	-0.3%
Statewide Model Run (Full Feedback)					
Lost GDP ($millions)	(743.9)	(1,463.4)	(2,183.5)	(2,923.5)	(3,697.3)
Percent Loss of Real GDP	-0.1%	-0.1%	-0.1%	-0.2%	-0.2%

Simulation B...Doubling Pop Reductions	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**2030-31**
Population Deduction from Baseline	(14,000)	(28,000)	(56,000)	(112,000)	(224,000)
Statewide Per Capita Method (direct)					
Lost Real GDP ($millions)	(837.7)	(1,698.9)	(3,441.8)	(6,969.3)	(14,113.5)
Percent Loss of Real GDP	-0.1%	-0.1%	-0.2%	-0.5%	-0.9%
Statewide Model Run (Full Feedback)					
Lost GDP ($millions)	(743.9)	(1,463.4)	(3,023.9)	(6,367.8)	(13,514.6)
Percent Loss of Real GDP	-0.1%	-0.1%	-0.2%	-0.4%	-0.9%

Simulation EDR-A assumes the population reduction of 14,000 continues in each year through 2030-31, the year the last baby boomer is expected to move to Florida. Given the uncertainty in the June forecast, this is not so much a Black Swan as a feasible event although it is currently not considered the probable outcome. Relative to the direct impact of the population loss, the economy regains some of its footing from indirect effects such as lower prices and improved unemployment rates.

Simulation EDR-B assumes the population reduction doubles each year through 2030-31, at which point essentially all of the growth now projected for that year is eliminated. The economy is unable to absorb population losses of this magnitude, as evidenced by the two model runs producing nearly identical results. By the fifth year, Real GDP is nearly 1 percent lower.