

EXECUTIVE SUMMARY
Revenue Estimating Conference for the General Revenue Fund
March 13, 2009

Since the November General Revenue Estimating Conference, weakness in the state, national and world economies has deepened. In response, the Revenue Estimating Conference has reduced its estimate of General Revenue collections for Fiscal Year 2008-09 by \$1.1 billion or 4.9% below the estimate from November. For Fiscal Year 2009-10, expected revenues were reduced by \$2.3 billion or 10.6% from the earlier forecast.

Estimated revenue collections for Fiscal Year 2008-09 are less than Fiscal Year 2007-08 receipts by \$3.2 billion or 13.1%. The Fiscal Year 2009-10 forecast has decreased by 4.5% over the revised Fiscal Year 2008-09 estimate, resulting in the fourth consecutive year of declining revenues.

The revisions to the forecast are primarily attributable to the interplay of several economic events. First, the still dysfunctional credit market continues to constrain the housing market, consumer expenditures and business investment. Second, the spread of the worst national recession in the postwar era to a global recession has affected business expenditures in Florida and has dampened tourism and exports. Third, the deterioration of wealth from accelerating job losses, the continued depreciation of home values, and the decline in asset values have exerted pressure on discretionary spending. Fourth, Florida's population has ceased to grow in the current period and is not expected to return to historic growth rates. These factors influence revenue collections in the following ways:

- **Sales Tax...**In addition to the continued decline in home prices, worsening job losses and the drop in asset values are undermining consumer and business confidence and reducing discretionary spending. Consumer response to these conditions has been stronger than originally anticipated. In this regard, purchases in all sectors fell sharply since the last forecast and are expected to remain below previous estimates. These adjustments persist throughout the forecast period.
- **Documentary Stamp and Intangibles Taxes...**Tax collections are expected to be significantly below previous estimates. While existing home sales volume has improved, a significant portion of this increase is attributable to mounting foreclosures. Moreover, home prices will continue to fall, exerting downward pressure on collections until the credit market improves and the housing market stabilizes. In addition, the outlook for loans related to automobile sales has further weakened.
- **Corporate Income Tax...**Tax collections will decline in Fiscal Years 2008-09 and 2009-10 by 21.1% and 13.8%, respectively. The overall weakness is largely due to: (1) lower profits of companies previously benefiting from the overheated real estate market, (2) losses related to credit instruments, and (3) compressed profit margins caused by the economic downturn.

Revenue collections are not anticipated to exceed the Fiscal Year 2005-06 level within the three-year forecast horizon.

**GENERAL REVENUE FUND
FINANCIAL OUTLOOK STATEMENT**

including results of the March 13, 2009 Revenue Estimating Conference
FY 2008-09 through FY 2011-12
(\$ MILLIONS)

DATE: 13-Mar-2009
TIME: 4:00 PM

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
FUNDS AVAILABLE 2008-09			
Balance forward from 07-08	0.0	320.9	320.9
Estimated revenues	20,870.2	74.4	20,944.6
Transfers from trust funds	0.0	939.6	939.6
Transfers from Budget Stabilization Fund (A)	0.0	1,072.4	1,072.4
Transfer from Lawton Chiles Endowment Fund (B)	0.0	700.0	700.0
Transfer from Florida Housing Finance Corporation	0.0	190.0	190.0
Repayment of storm related loans	0.0	13.8	13.8
FCO reversions	0.0	2.3	2.3
Prior year reversion (SB2A, Sec. 26)	0.0	10.0	10.0
Cancellation of warrants	0.0	2.0	2.0
Federal funds interest earnings rebate	(4.3)	0.0	(4.3)
Total 2008-09 funds available	<u>20,865.9</u>	<u>3,325.4</u>	<u>24,191.3</u>
ESTIMATED EXPENDITURES 2008-09			
Operations	12,565.2	302.6	12,867.8
Aid to Local Government	12,370.2	20.1	12,390.3
Fixed Capital Outlay	38.5	328.4	366.9
FCO/Aid to Local Governments	0.0	47.8	47.8
Reappropriations	0.0	102.2	102.2
Special Appropriations SB2A-Sec. 54	0.0	10.0	10.0
SB2A reductions to appropriations	(921.5)	(56.8)	(978.3)
SB2A vetoes	72.0	18.9	90.9
Total 08-09 estimated expenditures	<u>24,124.4</u>	<u>773.2</u>	<u>24,897.6</u>
ENDING BALANCE (B)	(3,258.5)	2,552.2	(706.3)
FUNDS AVAILABLE 2009-10			
Balance forward from 08-09	0.0	0.0	0.0
Estimated revenues	20,007.9	(9.5)	19,998.4
Unused appropriations/reversions	0.0	97.9	97.9
FCO reversions	0.0	2.0	2.0
Cancellation of warrants	0.0	2.0	2.0
Federal funds interest earnings rebate	(4.3)	0.0	(4.3)
Total 2009-10 funds available	<u>20,003.6</u>	<u>92.4</u>	<u>20,096.0</u>

continued on the following page

**GENERAL REVENUE FUND
FINANCIAL OUTLOOK STATEMENT**

including results of the March 13, 2009 Revenue Estimating Conference
FY 2008-09 through FY 2011-12
(\$ MILLIONS)

DATE: 13-Mar-2009
TIME: 4:00 PM

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
FUNDS AVAILABLE 2010-11			
Balance forward from 09-10	0.0	0.0	0.0
Estimated revenues	21,090.7	0.5	21,091.2
Unused appropriations/reversions	0.0	97.9	97.9
FCO reversions	0.0	2.0	2.0
Cancellation of warrants	0.0	2.0	2.0
Federal funds interest earnings rebate	(4.3)	0.0	(4.3)
Total 2010-11 funds available	21,086.4	102.4	21,188.8
 FUNDS AVAILABLE 2011-12			
Balance forward from 10-11	0.0	0.0	0.0
Estimated revenues	23,007.9	0.0	23,007.9
Unused appropriations/reversions	0.0	97.9	97.9
FCO reversions	0.0	2.0	2.0
Cancellation of warrants	0.0	2.0	2.0
Federal funds interest earnings rebate	(4.3)	0.0	(4.3)
Total 2011-12 funds available	23,003.6	101.9	23,105.5

FOOTNOTES

(A) The FY 2008-09 beginning balance in the Budget Stabilization Fund is \$1353.7 million. These figures do not include hurricane-related budget amendments transferring funds to the Casualty Insurance Risk Management TF which must be repaid (EOG #483 for FY 2004-05 of \$11.0 million and EOG #205 for FY 2005-06 of \$11.8 million). At the time of this statement \$7.5 million remains to be repaid. Per Section 77 of the 2008 General Appropriations Act, \$672.4 million was transferred to the General Revenue Fund in September. An additional \$400 million was transferred in February pursuant to Section 51 of SB2A.

(B) Section 52 of Senate Bill 2A transfers \$700 million from the Lawton Chiles Endowment Fund to the General Revenue Fund on June 15, 2009. This transfer shall be reduced by any federal economic stimulus funds that may accrue to the General Revenue Fund, subject to federal requirements, to the extent the federal funds reduce the need for the transfer.

(C) This financial statement is based on current law as it is currently administered. It does not include the potential effect of any legal actions which might affect revenues or appropriations. The Attorney General periodically issues an update on any such litigation. In addition, it does not recognize any deficits in any spending programs unless specifically stated.

(D) Potential future revenues of \$77.1 million in FY 2008-09, \$150 million in FY 2009-10, and \$129.2 million in FY 2010-11, including recurring revenues of \$100 million, and revenue of \$60.4 million already received in FY 2007-08 pursuant to the Seminole Tribe gaming compact are not included in this outlook statement pending legislative approval of the compact in accordance with the opinion of the Florida Supreme Court in case no. SC07-2154.

General Revenue Financial Outlook - UPDATED FOR MARCH REC

FY 2008-09	<u>Recurring</u>	<u>Non-recurring</u>	<u>Total</u>
Regular Session Ending Balance	79.3	515.1	594.4
<u>Adjustments Since Regular Session:</u>			
August Revenue Estimating Conference	(1,765.8)	(296.3)	(2,062.1)
September Budget Stabilization Fund Transfer		672.4	672.4
November Revenue Estimating Conference	(1,403.2)	56.2	(1,347.0)
Special Session A Budget Reductions	921.5	56.8	978.3
Special Session A Transfers/Fees	55.1	1,566.4	1,621.5
Vetoes	(72.0)	(18.9)	(90.9)
Post Special Session A Ending Balance	<u>(2,185.1)</u>	<u>2,551.7</u>	<u>366.6</u>
March REC	(1,073.4)	0.5	(1,072.9)
Adjusted Ending Balance	<u>(3,258.5)</u>	<u>2,552.2</u>	<u>(706.3)</u>
Estimated Federal Stimulus		1,207.1	1,207.1
Current Year Medicaid Deficit		(293.9)	(293.9)
Potential Ending Balance	<u>(3,258.5)</u>	<u>3,465.4</u>	<u>206.9</u>
FY 2009-10	<u>Recurring</u>	<u>Non-recurring</u>	<u>Total</u>
Balance Forward from FY 2008-09		206.9	206.9
March FY 2009-10 Estimated Revenues	20,003.6	92.4	20,096.0
FY 2009-10 Recurring Base Expenditures	24,095.7		24,095.7
Balance Available for Appropriation	<u>(4,092.1)</u>	<u>299.3</u>	<u>(3,792.8)</u>
Minimal "Must Funds" (Medicaid Workload & MOE, FEFP, RLE loss, Prisons)	(1,650.0)	(618.8)	(2,268.8)
Surplus/Deficit	<u>(5,742.1)</u>	<u>(319.5)</u>	<u>(6,061.6)</u>
Estimated Federal Stimulus		2,948.4	2,948.4
Remaining Deficit	<u>(5,742.1)</u>	<u>2,628.9</u>	<u>(3,113.2)</u>

Revenue Estimating Conference
Lottery Sales
February 27, 2009
Executive Summary

The Revenue Estimating Conference met concerning Lottery revenues on February 27, 2009. The conference increased expected distributions to the Educational Enhancement Trust Fund (EETF) from current projections by \$36.7 million in 2008-09 and \$33.7 million in 2009-10. These figures translate into growth rates of -4.2% in 2008-09 and -1.3% in 2009-10. Distributions are then expected to decline by 0.5% in 2010-11, and increase by .7% in 2011-12, and 1.3% in 2012-13. The major reason for the change in the forecast is that since the Florida Lottery joined Powerball in early January, Powerball sales have been running considerably ahead of expectations, and further that the diversion of those sales from other games has been less than anticipated by the original projections.

The forecast for Powerball sales was increased as compared to the prior forecast by \$99.3 million in 2008-09, and \$129.1 million in 2009-10. Additionally, the percentage of Powerball sales that represents “new” money was increased from 20% in both years to 48.1% in 2008-09 and 47.7% in 2009-10. The result is that the net impact of Powerball on total sales was increased from \$28.7 million to \$116.8 million in 2008-09, from \$60.3 million and to \$205.5 million in 2009-10.

For Scratch-off games, the projected sales level was dropped by \$23.3 million in 2008-09 and by \$61.7 million in 2009-10, relative to the previous forecast. There were further reductions made in the forecasts for Mega Money, Cash 3, and Play 4, with mixed results by year for Lotto, and Fantasy 5. Projected Raffle ticket sales were increased by \$15.2 million for 2008-09, but left unchanged for 2009-10. The details of the forecast and changes are shown in the table on the next page.

Summary of All games (Including Powerball)				
		October 2008	Recommended Revision	Difference
Scratch-off	2008-09	2108.2	2084.9	-23.3
	2009-10	2118.1	2056.4	-61.7
	2010-11		2036.9	
Lotto	2008-09	660.0	654.1	-5.9
	2009-10	540.0	563.3	23.3
	2010-11		572.3	
Powerball	2008-09	143.6	242.9	99.3
	2009-10	301.5	430.6	129.1
	2010-11		410.8	
Mega Money	2008-09	111.0	101.9	-9.1
	2009-10	107.0	92.9	-14.1
	2010-11		94.2	
Fantasy 5	2008-09	276.3	284.3	8.0
	2009-10	248.3	243.3	-5.0
	2010-11		244.3	
Cash 3	2008-09	330.3	323.1	-7.2
	2009-10	330.3	319.9	-10.4
	2010-11		321.2	
Play 4	2008-09	245.6	240.5	-5.1
	2009-10	250.6	249.2	-1.4
	2010-11		250.2	
Raffle	2008-09	28.1	43.3	15.2
	2009-10	30.0	30.0	0.0
	2010-11		30.0	
TOTAL	2008-09	3903.1	3975.0	71.9
	2009-10	3925.8	3985.6	59.8
	2010-11		3959.9	
EETF from Ticket sales	2008-09	1120.5	1152.7	32.2
	2009-10	1107.6	1143.3	35.7
	2010-11		1136.8	
Other Income	2008-09	23.0	42.5	19.5
	2009-10	23.0	36.5	13.5
	2010-11		36.5	
80% unclaimed prizes	2008-09	46.0	31.0	-15.0
	2009-10	46.6	31.0	-15.6
	2010-11		31.0	
TOTAL EETF	2008-09	1189.5	1226.2	36.7
	2009-10	1177.2	1210.9	33.7
	2010-11		1204.3	

**EDUCATIONAL ENHANCEMENT TRUST FUND
FINANCIAL OUTLOOK STATEMENT**

including the results of the February 2009 Revenue Estimating Conferences
FY 2008-09 through FY 2011-12
(\$ MILLIONS)

DATE: 27-Feb-09
TIME: 2:00 PM

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
FUNDS AVAILABLE 2008-09			
Balance forward from 2007-08	0.0	149.4	149.4
Revenues from Lottery ticket sales	1,225.7	0.5	1,226.2
Revenues from slot machine activity	178.0	(73.6)	104.4
Transfer from DOL Administrative TF	0.0	6.3	6.3
Interest earnings	3.0	0.0	3.0
Total 2008-09 funds available	<u>1,406.7</u>	<u>82.6</u>	<u>1,489.3</u>
ESTIMATED EXPENDITURES 2008-09			
Public Schools	402.3	0.0	402.3
Public Schools/non-FEFP	6.9	3.3	10.2
State University System	205.9	22.6	228.5
Community Colleges	121.9	8.1	130.0
Bright Futures	422.7	13.5	436.2
Student Financial Assistance	38.9	0.0	38.9
SMART Schools/Classrooms First	166.9	0.0	166.9
Class Size Reduction/Debt Service	155.0	0.0	155.0
Reappropriations	0.0	0.6	0.6
Budget amendment (EOG #B2009-0128)	0.0	(48.2)	(48.2)
Pending budget amendment (refund)	0.0	2.3	2.3
Reductions to appropriations (SB2A)	(78.7)	(2.3)	(81.0)
Reductions to appropriations vetoes	3.2	0.1	3.3
Total 08-09 estimated expenditures	<u>1,445.0</u>	<u>(0.0)</u>	<u>1,445.0</u>
AVAILABLE RESERVES	(38.3)	82.6	44.3
FUNDS AVAILABLE 2009-10			
Balance forward from 2008-09	0.0	44.3	44.3
Revenues from Lottery ticket sales	1,210.9	0.0	1,210.9
Revenues from slot machine activity	178.0	(45.1)	132.9
Interest earnings	3.0	0.0	3.0
Total 2009-10 funds available	<u>1,391.9</u>	<u>(0.8)</u>	<u>1,391.1</u>
FUNDS AVAILABLE 2010-11			
Balance forward from 2009-10	0.0	0.0	0.0
Revenues from Lottery ticket sales	1,204.3	0.0	1,204.3
Revenues from slot machine activity	178.0	0.0	178.0
Interest earnings	3.0	0.0	3.0
Total 2010-11 funds available	<u>1,385.3</u>	<u>0.0</u>	<u>1,385.3</u>
FUNDS AVAILABLE 2011-12			
Balance forward from 2010-11	0.0	0.0	0.0
Revenues from Lottery ticket sales	1,212.3	0.0	1,212.3
Revenues from slot machine activity	183.3	0.0	183.3
Interest earnings	3.0	0.0	3.0
Total 2011-12 funds available	<u>1,398.6</u>	<u>0.0</u>	<u>1,398.6</u>

Educational Enhancement Trust Fund (EETF) Funding for Education for 2009-10

Assuming no change in Bright Futures, same percentage reduction to all other programs except bond payments for FCO. Includes a 5% tuition increase.

	FCO	Public Schools & Workforce	Community Colleges	State Universities	Other Ed Scholarships	Other Ed Bright Futures	Total
Nonrecurring from Prior Year		(3,338,946)	(8,387,040)	(21,719,471)		(12,523,500)	(45,968,957)
Recurring appropriation 2008-09	321,934,217	346,693,150	116,959,158	197,654,435	38,867,314	422,752,038	1,444,860,312
Percent of Selected Recurring Base		49.5%	16.7%	28.2%	5.6%		
Adjustments:							
Bright Futures - Workload						26,126,414	26,126,414
Bright Futures - Restore NR						12,523,500	12,523,500
Bright Futures - @5% tuition						21,500,000	21,500,000
SUBTOTAL	0	0	0	0	0	60,149,914	60,149,914
SUBTOTAL -- recurring base	321,934,217	346,693,150	116,959,158	197,654,435	38,867,314	482,901,952	1,505,010,226
Adjustment to balance to revenue		(26,619,569)	(8,980,283)	(15,176,175)	(2,984,285)	0	(53,760,312)
Adjustment to pay BF Workload & Restore NR		(29,783,399)	(10,047,621)	(16,979,917)	(3,338,978)	0	(60,149,914)
EETF Allocation FY 2009-10	321,934,217	290,290,182	97,931,255	165,498,343	32,544,051	482,901,952	1,391,100,000
Percent of Total 2009-10	23.1%	20.9%	7.0%	11.9%	2.3%	34.7%	
Percent change to base	0.0%	-16.3%	-16.3%	-16.3%	-16.3%	14.2%	-3.7%
Percent change to prior year	0.0%	-29.6%	-24.7%	-27.6%	-16.3%	10.7%	-11.3%

**Revenue Estimating Conference for Maximum Appropriation
from the Public Education Capital Outlay Trust Fund**

Executive Summary

The table below shows the estimated amount available for appropriation to the Public Education Capital Outlay (PECO) program. These amounts reflect the results of the March 16, 2009 Revenue Estimating Conference.

	Maximum PECO Appropriations	Estimated PECO Bonding
FY 2008-09	1216.1	924.2
FY 2009-10	359.3	155.1
FY 2010-11	372.1	192.8
FY 2011-12	569.1	360.1
FY 2012-13	749.8	525.8
FY 2013-14	1157.7	904.1
FY 2014-15	1022.6	756.7
FY 2015-16	843.6	580.4
FY 2016-17	779.6	520.6
FY 2017-18	783.5	519.5

The Revenue Estimating Conference reduced the forecast of the maximum amount available for appropriation from the PECO Trust Fund for FY 2009-10 by \$157.9 million, to \$359.3 million in total. Of this total amount, \$155.1 million is from the sale of bonds, a reduction of \$98.9 million from the November 2008 estimate. Nearly all of this revision is due to the lower forecast for the Gross Receipts Tax, which funds the debt service on the bonds. The reduction in the Gross Receipts Tax forecast is derived in large part from a lower estimate of collections reflecting reduced consumption of electricity as a result of the recession and a near term reduction in expected price increases. Lower consumption and prices also reduced the forecast of collections from gas. Additionally, the portion of the Communications Services Tax that is used to fund PECO bonds was reduced.

In the subsequent two years after FY09-10, the reduction in the Gross Receipts Tax estimate continues to affect the bonding levels, causing further reductions in bonding capacity of around \$300 annually.

The amount available as cash is projected to be \$204.2 million in FY2009-10, lower by \$59.0 million from the November forecast. The amount available as cash is reduced because of the lower tax forecast and also because of lower interest earnings on trust fund balances.

**PUBLIC EDUCATION CAPITAL OUTLAY (PECO) ESTIMATING CONFERENCE
MAXIMUM POSSIBLE PECO TRUST FUND APPROPRIATION**

		Nov '08 REC <u>Estimate</u>	March '09 REC <u>Estimate</u>	<u>Change</u>
FY 08-09	Appropriation	1216.1	1216.1	0.0
	Bonded Projects	924.2	924.2	0.0
	Non-bonded Projects	291.9	291.9	0.0
FY 09-10	Maximum Available	517.2	359.3	-157.9
	Bonded Projects	254.0	155.1	-98.9
	Non-bonded Projects	263.2	204.2	-59.0
FY 10-11	Maximum Available	774.7	372.1	-402.6
	Bonded Projects	501.2	192.8	-308.4
	Non-bonded Projects	273.5	179.3	-94.2
FY 11-12	Maximum Available	920.5	569.1	-351.4
	Bonded Projects	651.6	360.1	-291.5
	Non-bonded Projects	268.9	209.0	-59.9
FY 12-13	Maximum Available	788.9	749.8	-39.1
	Bonded Projects	538.6	525.8	-12.8
	Non-bonded Projects	250.3	224.0	-26.3
FY 13-14	Maximum Available	1012.6	1155.7	143.1
	Bonded Projects	734.5	904.1	169.6
	Non-bonded Projects	278.1	251.6	-26.5
FY 14-15	Maximum Available	858.4	1022.6	164.2
	Bonded Projects	584.4	756.7	172.3
	Non-bonded Projects	274.0	265.9	-8.1
FY 15-16	Maximum Available	652.1	843.6	191.5
	Bonded Projects	394.7	580.4	185.7
	Non-bonded Projects	257.4	263.2	5.8
FY 16-17	Maximum Available	534.4	779.6	245.2
	Bonded Projects	281.9	520.6	238.7
	Non-bonded Projects	252.5	259.0	6.5
FY 17-18	Maximum Available	615.4	783.5	168.1
	Bonded Projects	328.6	519.5	190.9
	Non-bonded Projects	286.8	264.0	-22.8