

***Florida's Financial
Future
Florida Association of Counties***

November 19, 2011

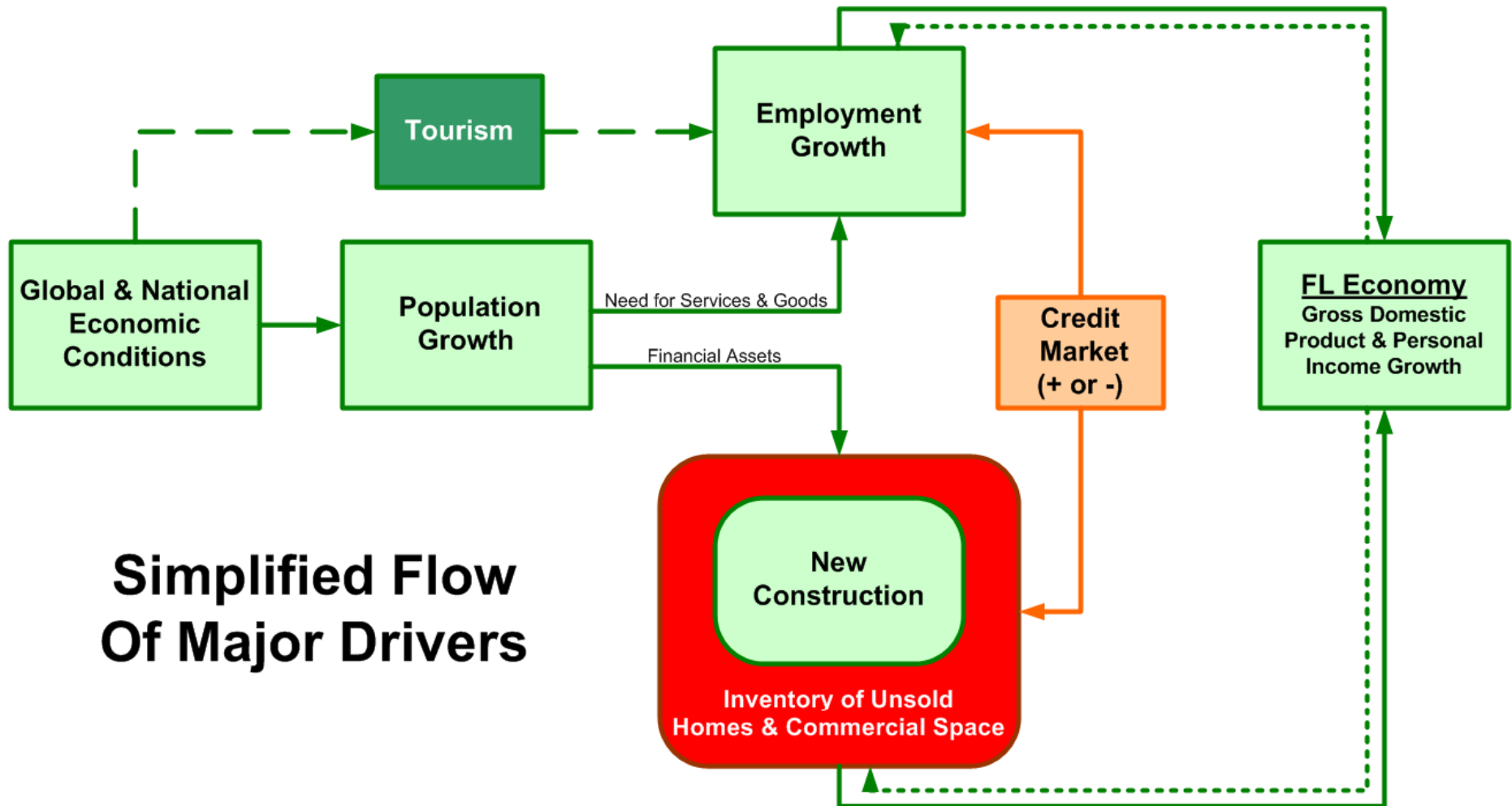
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HISTORY OF 13 RECESSIONS SINCE THE GREAT DEPRESSION

	Contraction Peak To Trough	Decline GDP	Peak Unemployment	
Aug 1929 - Mar 1933	43m	-26.7%	24.9%	Great Depression
1. May 1937 - Jun 1938	13m	-18.2%	19.0%	
2. Feb 1945 - Oct 1945	8m	-12.7%	5.2%	
3. Nov 1948 - Oct 1949	11m	-1.7%	7.9%	
4. Jly 1953 - May 1954	10m	-2.6%	6.1%	
5. Aug 1957 - Apr 1958	8m	-3.7%	7.5%	
6. Apr 1960 - Feb 1961	10m	-1.6%	7.1%	
7. Dec 1969 - Nov 1970	11m	-0.6%	6.1%	
8. Nov 1973 - Mar 1975	16m	-3.2%	9.0%	Prior Longest
9. Jan 1980 - Jly 1980	6m	-2.2%	7.8%	
10. Jly 1981 - Nov 1982	16m	-2.7%	10.8%	Prior Longest
11. Jly 1990 - Mar 1991	8m	-1.4%	7.1%	
12. Mar 2001 - Nov 2001	8m	-0.3%	6.3%	
13. Dec 2007 - Jun 2009	18m	-5.1%	10.1%	Great Recession
Current Recovery 2 years 4 months			9.3%	

Today's Economy



Economy Very Slowly Recovering

Florida growth rates are slowly returning to more typical levels. But, drags are more persistent than past events, and it will take years to climb completely out of the hole left by the recession. Overall...

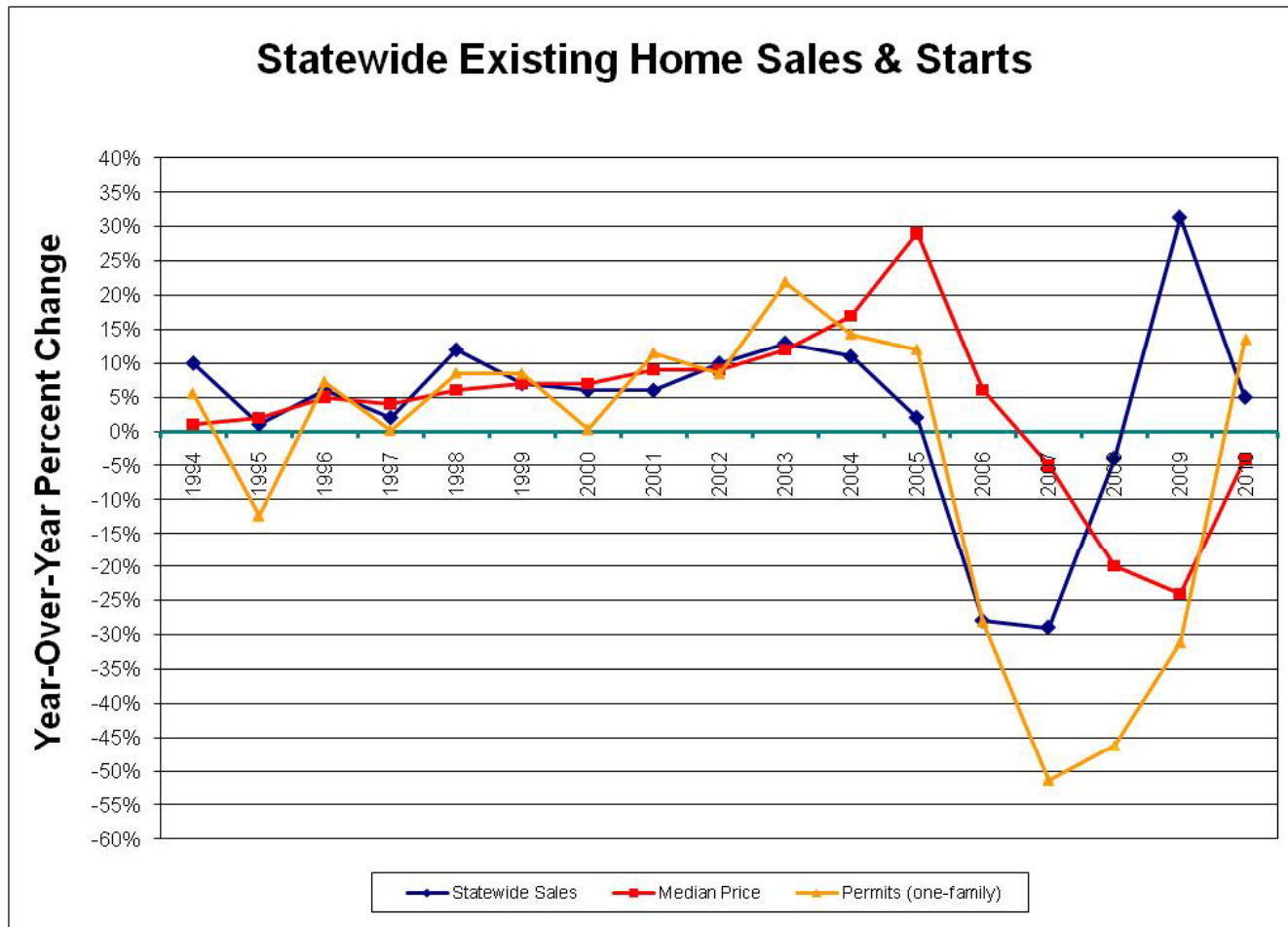
- The national economy is still in recovery (albeit very weak) and, more importantly, the credit markets are still recovering stability – although they remain sluggish and difficult to access.
- The subsequent turnaround in Florida housing will be led by:
 - Low home prices that begin to attract buyers and clear the inventory.
 - Long-run sustainable demand caused by continued population growth and household formation.
 - Florida's unique demographics and the aging of the baby-boom generation (2011 marks the first wave of boomers hitting retirement).

Florida's Net Migration History 1950-2015

Decades	Yearly Net Migration
1950	163,438
1960	136,933
1970	274,305
1980	273,829
1990	261,253
Average	221,952

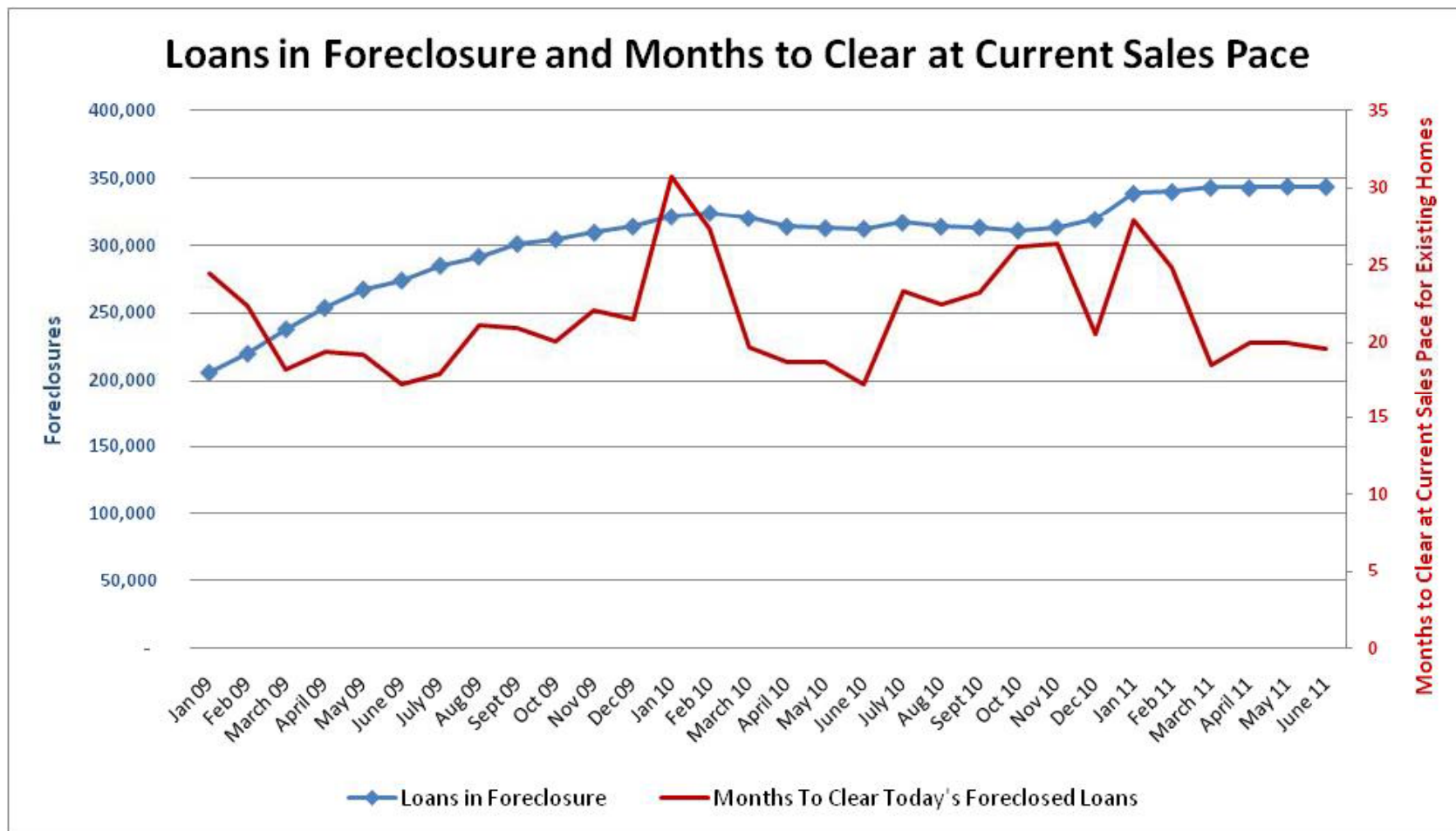
Fiscal Year	Net Migration
2000-01	278,300
2001-02	293,500
2002-03	310,500
2003-04	351,400
2004-05	349,600
2005-06	306,800
2006-07	206,800
2007-08	84,300
2008-09	18,500
2009-10	67,600
2010-11	58,400
2011-12	65,100
2012-13	120,000
2013-14	186,800
2014-15	233,700
2015-16	252,000

Florida Housing is Generally Improving

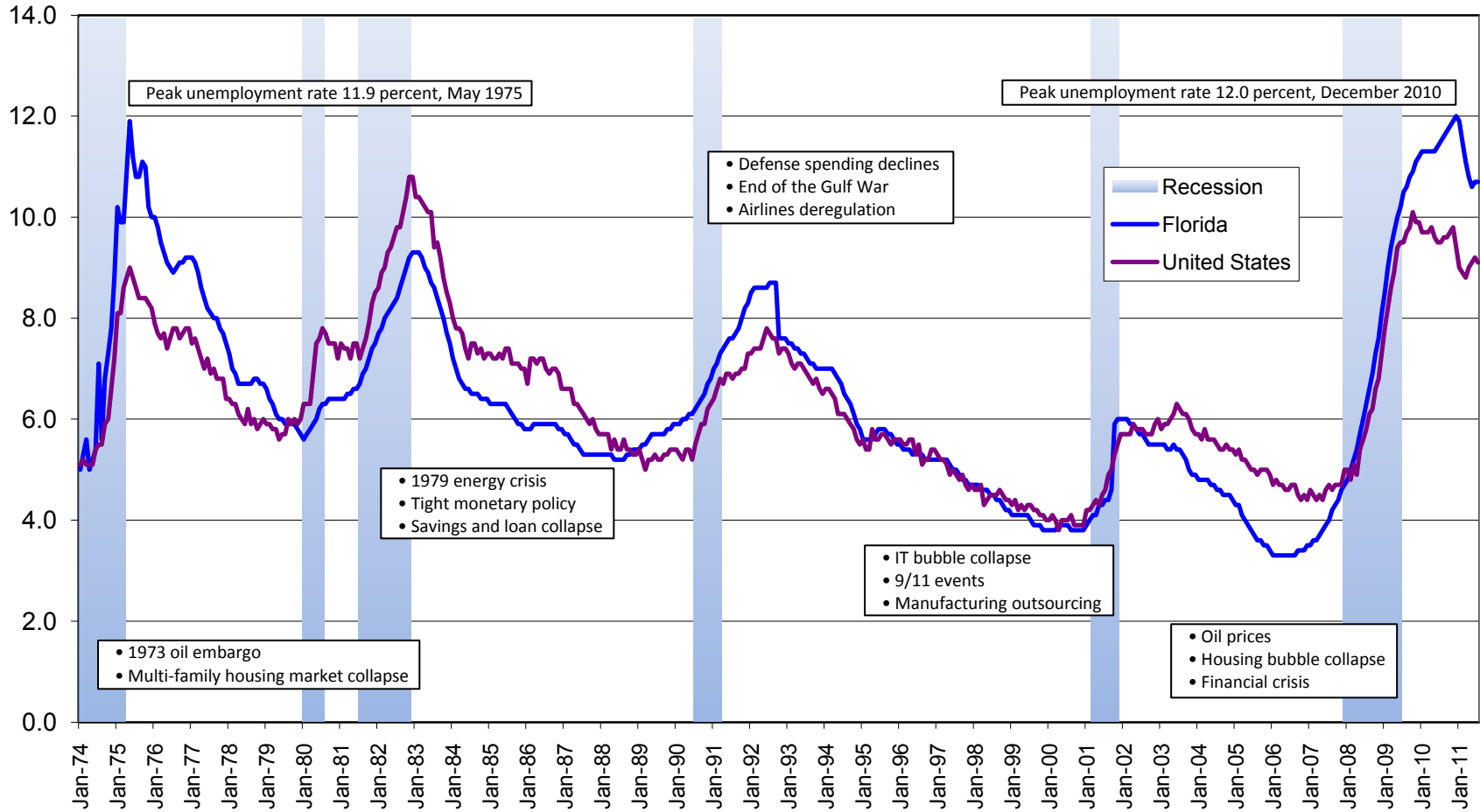


Sales volume and building permits are both back in positive territory, showing year-over-year growth (CY 2010 over 2009); however, building permits are now running 20.5% below last year at the same time (January – April 2011 compared to January – April 2010).

Residential Loans in Foreclosure



Florida and the United States Labor Statistics and Recessionary Periods January 1974 - July 2011 Unemployment Rates



Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Prepared August 2011 (seasonally adjusted).

STATE OF FLORIDA
 METROPOLITAN STATISTICAL AREAS (MSAs) AND METROPOLITAN DIVISIONS (MDs)
 RANKED BY UNEMPLOYMENT RATE
 (NOT SEASONALLY ADJUSTED)
 JULY 2011 (Preliminary)

1. Palm Coast MSA	14.7 %
2. Sebastian-Vero Beach MSA	13.8
3. Port St. Lucie MSA	12.9
4. Ocala MSA	12.8
5. Miami-Miami Beach-Kendall MD	12.5
6. Lakeland-Winter Haven MSA	12.1
7. Naples-Marco Island MSA	11.9
8. Cape Coral-Ft. Myers MSA	11.6
9. Palm Bay-Melbourne-Titusville MSA	11.3
10. Miami-Ft. Lauderdale-Pompano Beach MSA	11.3
11. West Palm Beach-Boca Raton-Boynton Beach MD	11.2
12. Tampa-St. Petersburg-Clearwater MSA	11.1
13. Punta Gorda MSA	11.0
14. North Port-Bradenton-Sarasota MSA	11.0
15. Deltona-Daytona Beach-Ormond Beach MSA	11.0
Florida	11.0
16. Jacksonville MSA	10.4
17. Orlando-Kissimmee-Sanford MSA	10.4
18. Pensacola-Ferry Pass-Brent MSA	10.4
19. Ft. Lauderdale-Pompano Beach-Deerfield Beach MD	9.6
20. Panama City-Lynn Haven-Panama City Beach MSA	9.5
United States	9.3
21. Tallahassee MSA	9.0
22. Gainesville MSA	8.7
23. Crestview-Ft. Walton Beach-Destin MSA	7.4

Released August 19, 2011

NOTE: All data are subject to revision.

Source: Florida Agency for Workforce Innovation, Labor Market Statistics Center, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

General Revenue Recurring History

	Revenues	%	Appropriations	%	Expenditure	%
FY 99-00 actual	\$18,867.6		\$ 18,704.8	3.9%	\$ 17,711.9	-1.3%
FY 00-01 actual	\$19,059.5	1.0%	\$ 20,049.6	7.2%	\$ 18,906.0	6.7%
FY 01-02 actual	\$19,083.9	0.1%	\$ 20,281.2	1.2%	\$ 18,605.7	-1.6%
FY 02-03 actual	\$19,346.1	1.4%	\$ 20,005.0	-1.4%	\$ 20,023.3	7.6%
FY 03-04 actual	\$21,527.5	11.3%	\$ 21,132.7	5.6%	\$ 21,017.4	5.0%
FY 04-05 actual	\$24,400.1	13.3%	\$ 22,577.4	6.8%	\$ 22,213.3	5.7%
FY 05-06 actual	\$26,562.9	8.9%	\$ 24,820.7	9.9%	\$ 23,700.4	6.7%
FY 06-07 actual	\$25,480.2	-4.1%	\$ 26,644.6	7.3%	\$ 25,480.2	7.5%
FY 07-08 actual	\$24,159.4	-5.2%	\$ 27,490.2	3.2%	\$ 25,737.0	1.0%
FY 08-09 actual	\$20,958.4	-13.2%	\$ 24,973.9	-9.2%	\$ 22,887.7	-11.1%
FY 09-10 actual	\$21,488.2	2.5%	\$ 20,310.6	-18.7%	\$ 20,310.6	-11.3%
FY 10-11 actual	\$22,217.6	3.4%	\$ 22,618.0	11.4%	\$ 22,356.8	10.1%
FY 11-12 est.	\$23,115.4	4.0%	\$ 22,799.3	0.8%		
FY 12-13 est.	\$24,307.3	5.2%				
FY 13-14 est.	\$25,779.9	6.1%				

County Taxable Values
Amounts in \$ Millions

	FLORIDA - COUNTIES			ORANGE COUNTY		
	Taxable Value	\$\$ Change	% Change	Taxable Value	\$\$ Change	% Change
2001	\$ 802,204.4			\$ 55,904.8		
2002	\$ 882,238.2	\$ 80,033.8	10.0%	\$ 58,534.4	\$ 2,629.6	4.7%
2003	\$ 981,794.3	\$ 99,556.1	11.3%	\$ 62,389.5	\$ 3,855.1	6.6%
2004	\$1,105,948.8	\$ 124,154.5	12.6%	\$ 67,095.3	\$ 4,705.8	7.5%
2005	\$1,309,754.2	\$ 203,805.4	18.4%	\$ 75,253.2	\$ 8,157.9	12.2%
2006	\$1,635,033.6	\$ 325,279.4	24.8%	\$ 91,811.8	\$ 16,558.6	22.0%
2007	\$1,805,873.1	\$ 170,839.5	10.4%	\$ 107,296.3	\$ 15,484.5	16.9%
2008	\$1,701,867.8	\$ (104,005.3)	-5.8%	\$ 107,014.9	\$ (281.4)	-0.3%
2009	\$1,502,792.4	\$ (199,075.4)	-11.7%	\$ 95,585.2	\$ (11,429.7)	-10.7%
2010	\$1,343,240.9	\$ (159,551.5)	-10.6%	\$ 83,586.8	\$ (11,998.4)	-12.6%
2011	\$1,287,710.1	\$ (55,530.8)	-4.1%	\$ 81,565.4	\$ (2,021.4)	-2.4%
2012	\$1,243,206.7	\$ (44,503.4)	-3.5%	\$ 78,378.3	\$ (3,187.1)	-3.9%
2013	\$1,246,628.9	\$ 3,422.2	0.3%	\$ 79,242.4	\$ 864.1	1.1%

General Revenue Fund Outlook FY11-12 & FY12-13

FY2011-12			
Funds Available	Recurring	NR	Total
Balance Foreward	\$ -	\$ 746.4	\$ 746.4
General Revenue Estimate	\$ 23,615.3	\$ 179.8	\$ 23,795.1
General Revenue Reductions	\$ (499.6)	\$ (100.0)	\$ (599.6)
Trust Fund Transfers	\$ -	\$ 391.6	\$ 391.6
Fixed capital outlay reversions	\$ -	\$ 2.0	\$ 2.0
Federal Funds Interest	\$ (0.3)	\$ -	\$ (0.3)
BP Settlement	\$ -	\$ -	\$ -
Total Funds Available	\$ 23,115.4	\$ 1,219.8	\$ 24,335.2
Appropriations			
Appropriationed	\$ (22,819.5)	\$ (363.2)	\$ (23,182.7)
Transfer to Budget Stabilization	\$ -	\$ (214.5)	\$ (214.5)
Supplemental Appropriations	\$ (10.0)	\$ (76.5)	\$ (86.5)
Reappropriations & Reserves	\$ -	\$ (2.5)	\$ (2.5)
Medicaid, State Court Deficit	\$ -	\$ (116.9)	\$ (116.9)
State Court Deficit	\$ -	\$ (47.6)	\$ (47.6)
Medicaid Deficit	\$ -	\$ (12.4)	\$ (12.4)
Vetoed	\$ 30.2	\$ 68.7	\$ 98.9
Total Appropriations	\$ (22,799.3)	\$ (764.9)	\$ (23,564.2)
Unobligated Funds Available	\$ 316.1	\$ 454.9	\$ 771.0
	1.4%		
		* Rainy Day Reserve	\$ 491.4
		* Lawton Chiles Endowment Balance	\$ 757.9
			1,249.3

FY 2012-13			
Funds Available	Recurring	NR	Total
Balance Foreward	\$ -	\$ 771.0	\$ 771.0
General Revenue Estimate	\$ 25,275.8	\$ 219.3	\$ 25,495.1
General Revenue Reductions	\$ (968.3)	\$ 9.5	\$ (958.8)
Unused Appropriations	\$ (0.2)	\$ 83.6	\$ 83.4
Reappropriations & Reserves	\$ -	\$ 1.8	\$ 1.8
Total Funds Available	\$ 24,307.3	\$ 1,085.2	\$ 25,392.5
Appropriations			
Appropriation Recurring	\$ (22,799.3)	\$ -	\$ (22,799.3)
Transfer to Budget Stabilization	\$ -	\$ (214.5)	\$ (214.5)
Total Appropriations	\$ (22,799.3)	\$ (214.5)	\$ (23,013.8)
Revenues over Spending Base	\$ 1,508.0	\$ 870.7	\$ 2,378.7
	6.6%		
		* Rainy Day Reserve	\$ 705.9
		* Lawton Chiles Endowment Balance	\$ 757.9
			1,463.8

Financial Overview FY 2012-13 From Surplus to Deficit

*The REC official general revenue forecast produced a **\$1,508.0m surplus** in recurring revenue and **\$870.7m surplus** of non-recurring revenue over the spending base*

GR Recurring	GR NR	GR Total
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Funding Critical "Mandatory" Needs Leaves Surplus

Revenue Over Spending Base	\$ 1,508.0	\$ 870.7	\$ 2,378.7
Less: Critical Needs	\$ (1,704.7)	\$ (33.6)	\$ (1,738.3)
Revenues After Critical Needs	\$ (196.7)	\$ 837.1	\$ 640.4

*Funding all critical needs leaves a \$640.4 million surplus. Three programs account for most of the critical needs. These include: **Medicaid \$932.8m**, **Public School funding \$573.4m**, and **Public employee health Ins. \$159.6m**.*

Funding High Priority "Discretionary" Needs Creates Small Deficit

Less: High Priority Needs	\$ (589.6)	\$ (261.7)	\$ (851.3)
Revenues After High Priority	(786.3)	575.4	(210.9)

*Funding all high priority needs leaves a \$210.9m balance. Four programs account for most of the high priority needs. These include: **Discretionary Human Services \$123.6m**, **Higher Education \$88.3m**, **Transportation \$156.2m**, and **State Employee Pension deficit \$368.7m**.*

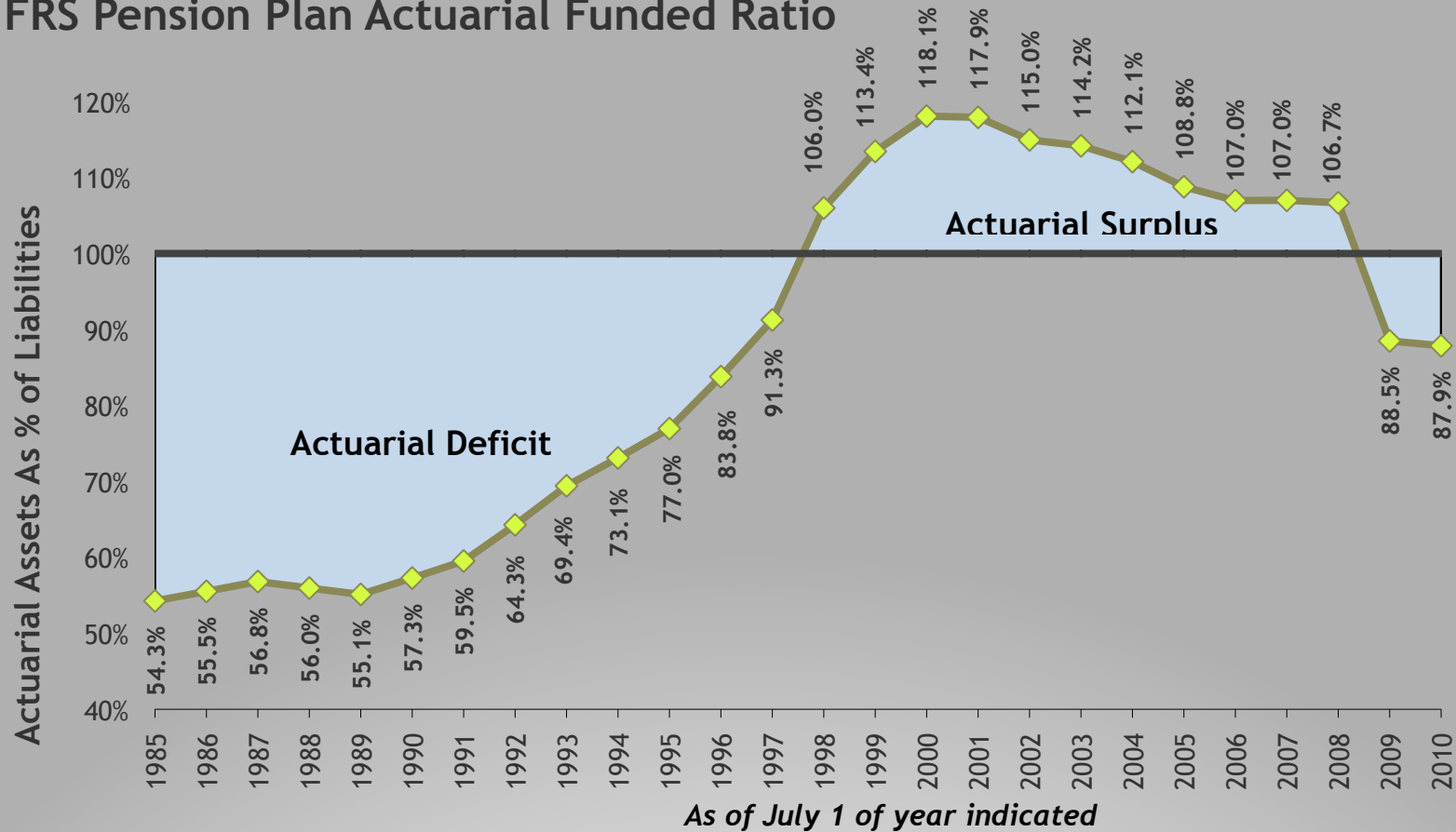
Senate Priorities Add to the Deficit

Less: Senate Priorities	\$ (596.4)	\$ (1,164.8)	\$ (1,761.2)
Revenue After Senate Priorities	(1,382.7)	(589.4)	(1,972.1)

*The Senate proposed four major additional priorities that increase the overall deficit to \$1,982.6m. These priorities include increasing the **reserve by \$1.0b**, funding the public schools loss of non-recurring jobs funds \$554.8m, Persons with Disabilities deficit \$106.4m, and inanced Peco funding \$100m.*

FRS Pension Plan Funded Ratio

FRS Pension Plan Actuarial Funded Ratio



Note: Amounts are interpolated for 1986, 1988, 1990, 1992, 1994 and 1996. Actuarial valuations were conducted biennially prior to

¹ Funded Ratio represents the Actuarial Value of Assets as a percentage of Total Actuarial Liability
 Data Source: Florida Retirement System Actuarial Valuation Reports

Pension Reform

(\$ in millions)

	Budget Issues	State	School Boards	Universities	Colleges	Counties	Other	Total
1	Fund Normal Cost	8.6	39.8	3.0	2.5	18.2	2.8	74.9
2	Contributory System (3%) -- DB and DC	(128.0)	(335.2)	(29.2)	(22.6)	(212.5)	(42.1)	(769.6)
3	Vesting increased from 6 years to 8 years	(7.7)	(20.9)	(0.5)	(1.3)	(11.6)	(2.5)	(44.5)
4	Average Final Compensation from high 5 to high 8	(16.0)	(38.7)	0.6	(2.3)	(25.9)	(4.9)	(87.2)
5	DROP Interest Rate at 1.3%	(24.0)	(57.5)	(6.3)	(4.5)	(30.0)	(5.3)	(127.6)
6	COLA eliminated for service after July 1, 2011	(142.5)	(284.6)	(25.8)	(19.6)	(262.6)	(41.9)	(777.0)
7	Redefine Normal Retirement Date	(47.2)	(107.2)	(6.1)	(7.2)	(79.8)	(14.1)	(261.6)
8	TOTAL IMPACT BASED ON INCREMENTAL CHANGES	(356.8)	(804.3)	(64.3)	(55.0)	(604.2)	(108.0)	(1,992.6)
9	STATE ONLY IMPACT			(1,280.4)				