

LegisLetter

FLORIDA STATE UNIVERSITY GOVERNMENTAL RELATIONS

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ECONOMIC OUTLOOK

The General Revenue Estimating Conference met last week to update the legislature on changes in the Revenue outlook for the rest of this year and for Fiscal Year 2010-11. Since the August General Revenue Estimating Conference, total collections have been running slightly above expectations with some sources

performing above estimate and others below. Due to this increase, the Revenue Estimating Conference has made adjustments to its forecast. Fiscal Year 2009-10 has been revised upward by \$338.4 million or 1.64% above the August estimate and for Fiscal Year 2010-11, expected revenues were increased by \$312.6 million or 1.41% above the earlier forecast

2009-10 appropriation, however, for the 2010-11 fiscal year, the conference increased the K-20 PECO estimate from \$151.9 to \$425.6 million. The university system's previous 2010-11 allocation was \$56.5 million, which will be adjusted by the Department of Education

Do not adjust your calendar. It is indeed December and I am indeed sending a special edition of the Legisletter. As you have heard by now, the Florida Legislature convened for a special session, which began last week, to debate and pass a commuter rail system provision for Central Florida, and eventually for other regions in the state.

House Bill 1B, which passed on Tuesday and is on its way to the Governor, makes it easier for the state to spend \$432 million to buy 61 miles of existing rail track owned by the CSX Corp, for operation of a commuter rail system. It also improves the state's chances of securing \$2.5 billion over 30 years, mostly from the federal government, for a high-speed rail system linking Tampa, Orlando and Miami.

But while legislators were obligating billions of state and federal dollars to commuter rail, the state's economist was painting a bleak economic picture for the immediate future and, especially for the potential funds available (or not) to craft next year's budget. While the revenue estimates are slightly up from the August report, debts and other deductions continue to grow, and Florida's population continues to decline. **(Please see full story).**

Legislators have completed their work and have gone home for the holidays. They will return in January to begin budget discussions. The regular session starts on Tuesday, March 2, 2010. I will send my weekly updates via this newsletter at that time.

Have a Happy Holiday Season.

However, according to Ms. Amy Baker, Coordinator for the Economic and Demographic Research Office, fiscal recovery in Florida has been extended out about six additional months to the spring of 2011. Factors deciding that forecast include:

- Population Forecast Reduced – decline by 3,954 between 2009 and 2010
- The Educational Enhancement Trust Fund – little or no long-term growth. Overall, the Conference raised the estimates slightly but each year of the Outlook period still has fewer tax dollars for expenditure than were spent in Fiscal Year 2009-10
- Lower ad valorem forecast – The November 2009 Ad Valorem conference estimates July 1, 2010 certified school taxable value to be \$1,469.0 billion. This represents a decline from the July 2009 certified level \$1,819.0 by \$-154.2 billion (-9.5%). This estimate is \$51.5 billion (-3.4%) lower than the previous estimate of \$1,520.2 billion established on July 30, 2009.
- Changed budgetary needs – Retirement outlook worsened; Community College population was increased; Public School Enrollment expected to increase; Voluntary Prekindergarten students expected to increase; Bright Futures and State Health Insurance are running under estimate in the current year, and needs are slightly lower or relatively flat for the next year.
- Current year deficits for 2009-10 – Medicaid -\$462.2 million; Principal State School Trust Fund, -\$38.1 million; Risk Management Trust Fund -\$8.5 million; Voluntary Pre-Kindergarten -\$17.5 million. “The long-range financial outlook has worsened, given all the data and deducts,” concluded Amy Baker.

Additionally, the Public Education Capital Outlay (PECO) Estimating Conference met and updated the July 2009 PECO forecast. There are no changes to the

Special Session Update

The Legislature convened last Thursday, December 3, in special session to address the creation of a SunRail commuter train system in central Florida. The Legislature passed HB 1B and sent it to the Governor on Tuesday. HB 1B provides a statutory framework for enhancing the consideration of passenger rail as a modal choice in the development and operation of Florida's transportation network. The bill:

- Creates a Florida Rail Enterprise, modeled after the Florida Turnpike Enterprise, to coordinate the development and operation of passenger rail services statewide, including high-speed rail;
- Establishes a Statewide Passenger Rail Commission to monitor, advise, and review publicly-funded passenger rail systems;
- Creates dedicated funding sources for the South Florida Regional Transportation Authority (SFRTA) and for future passenger rail development and operations, and revises funding levels and duration for operating costs;
- Requires the Florida Department of Transportation to identify and address the impacts of freight rail traffic changes resulting from passenger rail activities;
- Authorizes DOT to purchase insurance and establish a self-insurance retention fund to insure against liability risks;

Lawmakers passed legislation creating a rail policy this month, potentially making Florida eligible for approximately \$2.6 billion in federal funding. The project will cost the state about \$1 billion annually, and is expected to create an eventual 42,000 jobs.



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We're moving

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