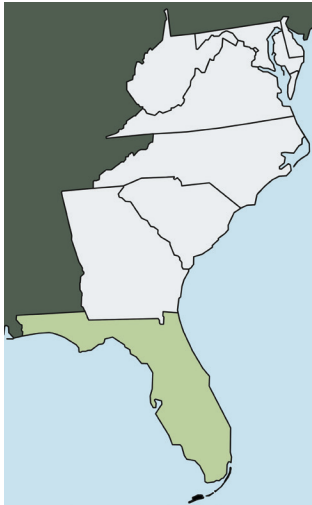# FLORIDA Budget Report Card

FLORIDA WAS A MODEL of consistency, with solid average grades in four of the five budget categories studied in fiscal 2015 through 2019.

The state's top A average in budget forecasting was buoyed by a long-standing process for consensus revenue estimating that includes the executive branch and representatives from both legislative chambers. Its expenditure forecasting is particularly detailed, with the Office of Economic and Demographic Research providing five-year projections of costs for social services, Medicaid, corrections, and other expenditures. Longer-range financial projections are also used to map out critical needs, forecast risks, and budget drivers.

Florida scored B averages in budget maneuvers, reserve funds, and transparency. The state eschewed most budget maneuvers—one-time actions to achieve balance—with the exception of shifting trust fund money into the general fund. In the reserve funds category, policies for withdrawing from the Budget Stabilization Fund and keeping it stocked are defined by law. Like twenty-nine other states, Florida does not consider revenue volatility in reserve policies. In legacy costs, including public worker pensions and other postemployment benefits (OPEB), primarily health care, the state averaged a C. Florida was among thirty states with annual funding in line with actuarial recommendations for pensions each year from 2015 through 2019. The pension funding ratio in fiscal 2019 was 78 percent, 7 percentage points above the total for all states. The state does not fund OPEB on an actuarial basis.

SOUTH ATLANTIC STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Delaware	B	A	C	B	B
Florida	A	B	C	B	B
Georgia	C	A	B	B	B
Maryland	A	C	C	C	B
North Carolina	A	B	C	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	D	A	C
West Virginia	B	B	B	B	B
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preparing for the Storm* at VolckerAlliance.org.

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FLORIDA Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	A	A	A	A	A	
Consensus Revenue Forecasts	✓	✓	✓	✓	✓	● ● ● ● ●
Multiyear Expenditure Forecasts	✓	✓	✓	✓	✓	
Multiyear Revenue Forecasts	✓	✓	✓	✓	✓	
Revenue Growth Projections	✓	✓	✓	✓	✓	
5-YEAR AVERAGE A						

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	B	B	B	B	B	
Deferring Recurring Expenditures	✓	✓	✓	✓	✓	
Revenue and Cost Shifting	✗	✗	✗	✗	✗	● ● ● ● ●
Funding Recurring Expenditures with Debt	✓	✓	✓	✓	✓	
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓	
5-YEAR AVERAGE B						

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	C	C	C	C	C	
Public Employee OPEB Funding	✗	✗	✗	✗	✗	
Public Employee Pension Funding	✓	✓	✓	✓	✓	● ● ● ● ●
Public Employee Pension Funded Ratio*	86%	79%	79%	80%	78%	
5-YEAR AVERAGE C						

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	B	B	B	B	B	
Positive Reserve or General Fund Balance	✓	✓	✓	✓	✓	
Reserve Funds Disbursement Policy	✓	✓	✓	✓	✓	● ● ● ● ●
Reserve Funds Replenishment Policy	✓	✓	✓	✓	✓	
Reserves Tied to Revenue Volatility	✗	✗	✗	✗	✗	
5-YEAR AVERAGE B						

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND
						'15 '16 '17 '18 '19
CATEGORY GRADE	B	B	B	B	B	
Consolidated Budget Website	✓	✓	✓	✓	✓	
Provides Debt Tables	✓	✓	✓	✓	✓	● ● ● ● ●
Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗	✗	✗	
Discloses Tax Expenditures	✓	✓	✓	✓	✓	
5-YEAR AVERAGE B						

KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg.

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