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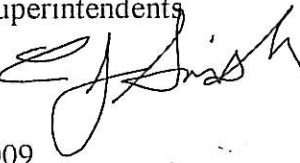
LINDA K. TAYLOR

Dr. Eric J. Smith
Commissioner of Education



MEMORANDUM

TO: District School Superintendents

FROM: Dr. Eric J. Smith 

DATE: September 30, 2009

SUBJECT: Long-Range Financial Outlook

Over the past several months, I have provided you with periodic updates on Florida's budget outlook, based on the latest available information to assist you in your local planning and budgeting.

The purpose of this letter is to make sure you are aware of the latest State of Florida Long-Range Financial Outlook for Fiscal Years 2010-11 through 2012-13, which was adopted by the Legislative Budget Commission on September 15, 2009. An electronic copy of the Commission's report is available at the following site:

<http://www.flsenate.gov/data/publications/2009/Senate/reports/Long-RangeFinancialOutlook2010-2013.pdf>

Based on currently approved revenue sources and historical legislative budgeting practices, the Outlook projects annual deficits of 11.8% for FY 2010-11, 22.8% for FY 2011-12, and 20.2% for FY 2012-13. Since the State Constitution requires the Legislature to adopt a balanced budget each year, this Outlook implies the need to reduce future expenditures, enhance future revenues, or provide some combination of these two options.

While it is not clear how the Legislature may address this situation, a prudent response at the school district level includes maintaining a healthy unreserved fund balance and avoiding decisions that create future operating costs in excess of the current level of funding.