



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

An open letter to the people of Florida

July 13, 2015

Friends:

This morning, the world watched while a fiscally irresponsible country once again fell on its knees before its neighbors and accepted a bailout that lands on the backs of its own people.

Last week, while Greeks struggled against impending financial collapse, Florida was ranked 5th in the nation for fiscal solvency by George Mason University's Mercatus Center. Of the top 10 states in this report, Florida is the only large state, at nearly *twice* the population of the next-largest state. We *far* surpassed our peer states in the ranking—followed most closely by Texas in 19th place. In fact, two of our peer states, New York and Illinois, are in the bottom five.

Many have celebrated this achievement, and they should. But as the state's Chief Financial Officer, it is my responsibility to not only celebrate these accomplishments, but also to help Floridians understand how we got here and what we're doing to stay here. For months, I have traveled around Florida to bring the message of our success to the people of this state. We have made difficult financial decisions, and we have weathered a profound recession well by respecting that every dollar spent on taxes is a dollar taken from Florida's families and businesses.

In order to remain the consistently top-ranked fiscally secure state we are, we do the following:

- We keep our bank accounts responsibly funded, which made Mercatus rank us second in the country for cash solvency (or the ability to pay money we owe). By studying historical and projected trends in purchasing, my department makes sure we have enough cash on hand to pay our bills while still getting the most out of our investments.
- We keep our debt down. Our state has taken the fiscally responsible step of reducing our debt by more than \$4 billion in the last 4 years.
- We pay our bills on time and keep our credit rating high. In fact, both Standard & Poor's and Fitch rating agencies have awarded us the highest rating you can have—AAA—and Fitch lauded Florida for its "sound financial management practices" and "history of prompt action to maintain fiscal balances and reserves."
- We make our money work for us through sophisticated investment strategies. This means studying historical and projected trends and knowing what's happening in our economy so we can always get the smartest return on our money. In fact, our investment

returns are so favorable that local governments and universities ask us to invest their money for them. And our State Board of Administration earned \$5.5 billion through their investments in the last fiscal year.

- We value fiscal responsibility so deeply that our state Constitution even requires our legislature to pass a balanced budget every year.
- We keep our taxes low. In 2013, Florida had the lowest taxes per person than any state in the nation. We have cut taxes more than 40 times since 2011. That reflects our state's understanding that money belongs in the pockets of those who have earned it. The role of government isn't to create success; it's to create the conditions that allow hardworking individuals to succeed.

Through the lens of current events across our nation and globally, we see the catastrophic consequences of failing to exercise fiscal responsibility. A country in economic peril, Greece's priorities have historically been very different from Florida's. For example, Greeks depend much more on their government for employment and services. Although we have twice the population of Greece, the State of Florida employs *three times fewer* government employees.

In Florida, we know that the free market is best at creating jobs and boosting the economy. That is reflected in our GDP—which is more than three times that of Greece—and in Greece's 26% unemployment rate (as compared to Florida's 5.7%). And Greece has a CCC- credit rating from Standard & Poor's with a negative outlook.

This fiscal irresponsibility has profoundly affected the lives of Greek citizens. Some cannot take cash out of the bank because the banks just don't have it. The country's entire monetary scheme remains on the verge of collapse. With this morning's deal, the Greek leadership once again placed the burden of their failures squarely on the backs of the people they've failed: their citizens.

This is why, in Florida, our focus remains on maintaining our fiscal integrity. The recently released Mercatus study is another important affirmation that our core beliefs and practices as a state are sound.

Floridians have a long history of holding their elected officials accountable and demanding responsible spending of tax dollars. That persistence is what made us so fiscally strong. Continued persistence will keep us strong into the future.

Sincerely,



Jeff Atwater
Chief Financial Officer

P.S. If you'd like more information about the strength of Florida's finances, visit www.MyFloridaCFO.com/transparency