Risk Management Trust Fund
December 14, 2020
Executive Summary

The Florida State Risk Management Trust Fund (SRMTF) provides coverage that protects state property and workforce members that are exposed to the risk of financial losses through damage, injuries, and alleged negligent or improper acts. The Florida Self-Insurance Estimating Conference forecasts the annual funding that is needed to cover such losses on a fiscal year basis.

The trust fund income is calculated based on information provided by the Division of Risk Management, Department of Financial Services. For FY 2020-21, trust fund income was revised upward to $213.5 million from $204.8 million. This was attributable to a $9.3 million increase in the Subrogations/TTD Refunds/Others category. The department has received a large number of Total Temporary Disability (TTD) refunds from agencies reimbursing the department for COVID-19 Worker's Compensation Indemnity claims. The Conference expects these COVID-19 TTD refunds to continue at least through the end of the fiscal year when the distribution of a vaccine becomes more widespread. For FY 2021-22 through FY 2025-26, overall trust fund income is expected to total $204.1 million annually. This part of the new forecast is $0.7 million below the prior forecast for each fiscal year.

Non-operating expenditures for FY 2020-21 were reevaluated in light of COVID-19's current and expected future effects on the Risk Management Trust Fund. As of December 10th, the trust fund has paid out $7.39 million in COVID-19 Worker's Compensation claims. Of the total, $1.79 million in claims is associated with WC Medical and $5.60 million in claims is associated with WC Indemnity. The Conference discussed the potential for additional COVID-19 claims and—largely on this basis—increased WC Indemnity claims up to $47.6 million for FY 2020-21. Overall WC Medical was adjusted downward to $71.5 million from $74.7 million for FY 2020-21, because year-to-date non-COVID medical claims have been lower than expected. Two other categories potentially affected by COVID-19 are General Liability and Automotive Liability; for FY 2020-21, the first was adjusted downward to $5.3 million, and the latter was adjusted upward to $6.1 million.

Several other expense categories were increased for other reasons. For FY 2020-21, the Property Losses category was revised up to $7.8 million to reflect new claims from Hurricane Sally and Tropical Storm Eta. Federal Civil Rights was adjusted upward to $14.0 million due to an increase in expected large payouts by the end of FY 2020-21. There were no revisions to non-operating expenditures for FY 2021-22 through FY 2025-26.

There was one minor adjustment to operating expenditures. Annual operating expenditures are now expected to total $76.0 million per year for the entire forecast period.

The forecasted ending cash balance for FY 2020-21 is $50.5 million. Thereafter, the cash balance remains positive until FY 2024-25 when it turns negative one year earlier than expected in July.

	Old Ending Cash Balance	New Ending Cash Balance	Difference
2020-21	$53.8	$50.5	$3.3
2021-22	$43.2	$39.0	$4.2
2022-23	$30.8	$25.7	$5.1
2023-24	$16.9	$10.9	$6.0
2024-25	$2.3	($4.6)	$6.9
2025-26	($12.2)	($15.5)	$3.3