

**Revenue Estimating Conference for Unclaimed Property
and Transfers to the State School Trust Fund**

Executive Summary

The projection of receipts and refunds from unclaimed property and the subsequent distribution into the State School Trust Fund were revised July 21, 2016, by the Revenue Estimating Conference.

The Conference reviewed actual state receipts and refunds to owners of abandoned property for Fiscal Year 2015-16. Receipts totaled \$471.5 million, which is \$44.4 million (10.4%) over the estimate of \$427.1 million. Most of the overage is the result of a one-time receipt of \$37.7 million associated with the federal Independent Foreclosure Review. Refunds were also higher than expected by \$3.1 million. The transfer to the State School Trust Fund was \$175.6 million, an increase of \$19.0 million over the estimate of \$156.6 million. Because the large payment referenced above was received in late June, the Department of Financial Services ended the year with \$33.9 million in reserve, which is \$18.9 million more than the allowable \$15 million ending balance. The forecast assumes the excess retained funds will be transferred to the State School Trust Fund in Fiscal Year 2016-17.

For Fiscal Year 2016-17 and thereafter, the Conference assumed 5.0% annual growth in receipts and increased the refunds rate to 66.4% based on Fiscal Year 2015-16 actual refunds. The refunds rate is applied to the average of the two prior years of receipts (excluding atypical receipts). Using these assumptions, the Conference adopted an estimate of \$455.4 million in receipts and \$285.7 million in refunds for Fiscal Year 2016-17 and \$478.1 million in receipts and \$295.1 million in refunds for the 2017-18 fiscal year. On net, this produced projected transfers to the State School Trust Fund that were very similar to the old forecast, but Fiscal Year 2016-17 will see an additional bump from the transfer of the excess retained funds from Fiscal Year 2015-16.

The table below shows the differences from the previous estimate.

	December 2015	July 2016	Difference
2015-16 Receipts	427.1	471.5	44.4
2015-16 Refunds	265.7	268.8	3.1
2015-16 Transfer to State School Trust Fund	156.6	175.6	19.0
2016-17 Receipts	448.5	455.4	6.9
2016-17 Refunds	280.1	285.7	5.6
2016-17 Transfer to State School Trust Fund	160.9	180.7	19.8
2017-18 Receipts	470.9	478.1	7.2
2017-18 Refunds	287.1	295.1	8.0
2017-18 Transfer to State School Trust Fund	176.3	175.1	-1.2

Revenue Estimating Conference

Unclaimed Property

Forecast of Receipts, Refunds to Owners, and Transfers to the State School Trust Fund

July 21, 2016

Unclaimed Property Trust Fund
Fiscal Year 2015-16 Actual Compared to December Estimate

	FORECAST	ACTUAL	DIFFERENCE	%
	<u>FY 15-16</u>	<u>FY 15-16</u>		
1	<u>Funds Available</u>			
2	Beginning Balance	14.7	14.7	0.0 0.0%
3	Abandoned property receipts	427.1	433.8	6.7 1.6%
4	Atypical receipts	0.0	37.7	37.7
5	Other nonoperating receipts	0.3	0.9	0.6 200.0%
6	Total Funds Available	442.1	487.1	45.0 10.2%
7				
8	<u>Uses of Funds</u>			
9	Operating Expenses	4.3	4.6	0.3 7.0%
10	Refunds to owners - regular	265.7	268.8	3.1 1.2%
11	Miscellaneous disbursements	3.5	4.2	0.7 20.0%
12	Retained Balance	12.0	33.9	21.9 182.5%
13	Total Uses	285.5	311.5	26.0 9.1%
14				
15	Transfer to SSTF	156.6	175.6	19.0 12.1%

**Unclaimed Property Receipts, Refunds to Owners, and Transfers to the State School Trust Fund
July 21, 2016**

ACTUAL

	<u>Receipts</u>	<u>Refunds</u>	<u>Transfer to State School TF</u>
2005-06	354.7	103.8	245.0
2006-07	271.9	168.8	97.0
2007-08	312.3	151.2	157.0
2008-09	298.0	174.9	112.0
2009-10	358.1	191.2	154.2
2010-11	346.3	190.2	157.5
2011-12	376.5	210.6	163.6
2012-13	469.9	225.1	206.2
2013-14	383.1	243.0	142.3
2014-15	482.1	250.4	213.0
2015-16	471.5	268.8	175.6

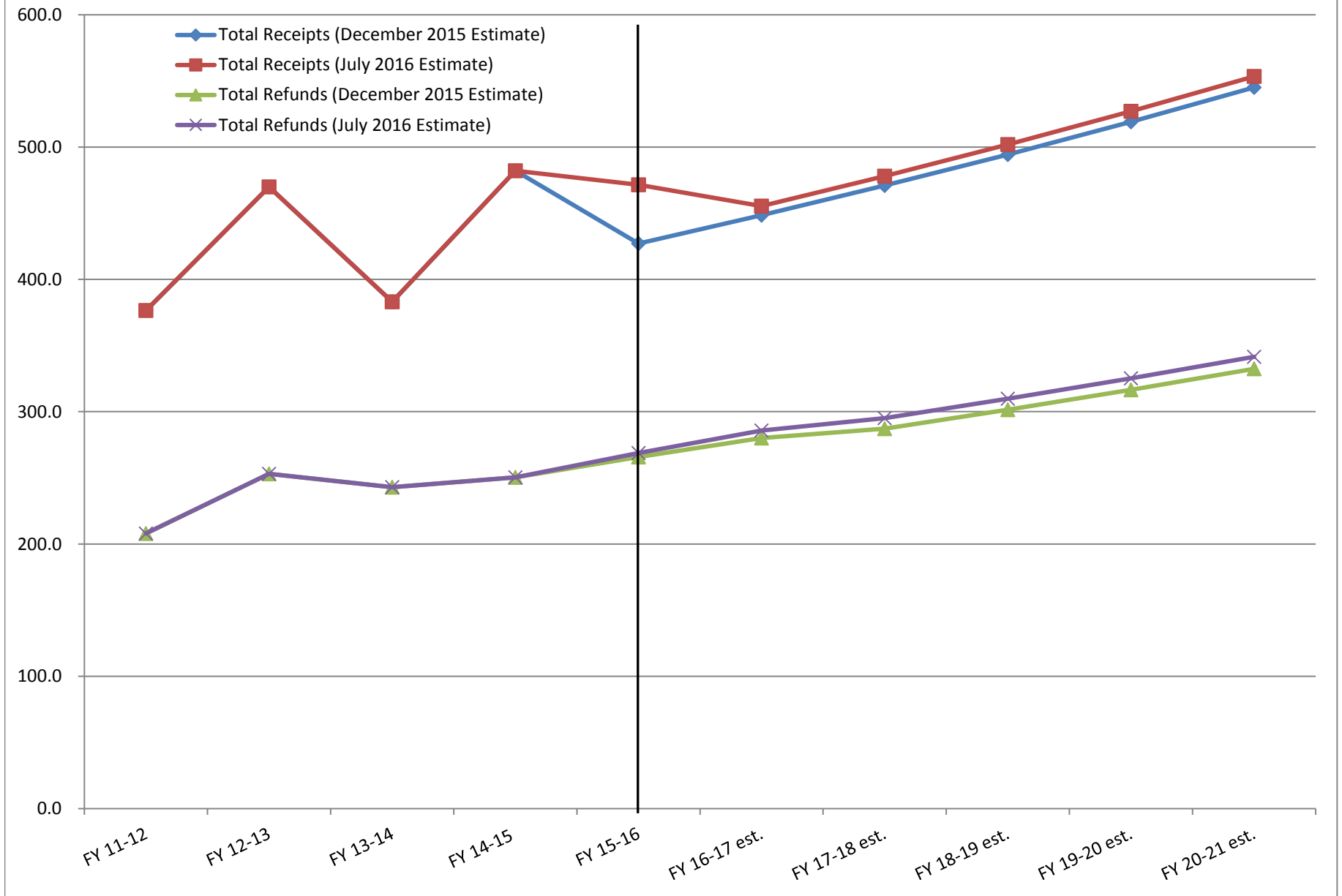
FORECAST

	<u>OLD</u>	<u>NEW</u>	<u>change</u>	<u>OLD</u>	<u>NEW</u>	<u>change</u>	<u>OLD</u>	<u>NEW</u>	<u>change</u>
2016-17	448.5	455.4	6.9	280.1	285.7	5.6	160.9	180.7	19.8
2017-18	470.9	478.1	7.2	287.1	295.1	8.0	176.3	175.1	-1.2
2018-19	494.4	502.0	7.6	301.5	309.8	8.3	185.4	184.3	-1.1
2019-20	519.1	527.1	8.0	328.2	336.8	8.6	183.4	182.4	-1.0
2020-21	545.1	553.4	8.3	332.4	341.5	9.1	205.2	204.0	-1.2
2021-22	N/A	581.0		N/A	358.5		N/A	214.6	

Unclaimed Property Trust Fund
History and Forecast Detail

	Actual from Trial Balance					FORECAST					
	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17 est.	FY 17-18 est.	FY 18-19 est.	FY 19-20 est.	FY 20-21 est.	FY 21-22 est.
1 <u>Funds Available</u>											
2 Beginning Balance	9.8	6.1	14.1	4.3	14.7	33.9	15.0	15.0	15.0	15.0	15.0
3 Abandoned property receipts	376.5	409.4	383.1	427.1	433.8	455.4	478.1	502.0	527.1	553.4	581.0
4 Atypical receipts		60.5		55.0	37.7						
5 Transfers in	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6 Other nonoperating receipts	0.5	4.1	0.4	0.3	0.9	0.9	0.9	0.9	0.9	0.9	0.9
7 Total Funds Available	<u>386.8</u>	<u>480.1</u>	<u>397.6</u>	<u>486.7</u>	<u>487.1</u>	<u>490.2</u>	<u>494.0</u>	<u>517.9</u>	<u>543.0</u>	<u>569.3</u>	<u>596.9</u>
8 <u>Uses of Funds</u>											
9 Operating Expenses	4.0	4.0	4.4	4.4	4.6	4.6	4.6	4.6	4.6	4.6	4.6
10 Refunds to owners - regular	208.0	215.1	243.0	250.4	268.8	285.7	295.1	309.8	325.2	341.5	358.5
11 Payment correction		38.0									
12 Refunds to owners - demutualization											
13 Refunds to owners - reduced dormancy											
14 Refunds to owners - FDIC	2.6								11.6		
15 Miscellaneous disbursements	2.5	2.7	3.6	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
16 Retained Balance	6.1	14.1	4.3	14.7	33.9	15.0	15.0	15.0	15.0	15.0	15.0
17 Total Uses	<u>223.2</u>	<u>273.9</u>	<u>255.3</u>	<u>273.7</u>	<u>311.5</u>	<u>309.5</u>	<u>318.9</u>	<u>333.6</u>	<u>360.6</u>	<u>365.3</u>	<u>382.3</u>
18 Available for transfer to											
19 State School TF (new estimate)	163.6	206.2	142.3	213.0	175.6	180.7	175.1	184.3	182.4	204.0	214.6
20 State School TF (old estimate - Jan 2016)					156.6	160.9	176.3	185.4	183.4	205.2	N/A
21 Change in estimate					19.0	19.8	-1.2	-1.1	-1.0	-1.2	
Ratio of refunds to receipts	61.6%	59.5%	61.8%	63.2%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%	66.4%
Growth rate of regular receipts	8.7%	8.7%	-6.4%	11.5%	1.6%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Growth rate of regular refunds	18.2%	3.4%	13.0%	3.1%	7.3%	6.3%	3.3%	5.0%	5.0%	5.0%	5.0%
Change in transfer amount	3.9%	26.0%	-31.0%	49.7%	-17.6%	2.9%	-3.1%	5.3%	-1.0%	11.8%	5.2%
Assumed Receipts Growth Rate						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Assumed Refunds %						66.4%	66.4%	66.4%	66.4%	66.4%	66.4%

History and Forecast of Unclaimed Property Receipts and Refunds



History and Forecast of Transfers to the State School Trust Fund

