

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

Executive Summary

Estimates of receipts and refunds to owners from unclaimed property and the subsequent distribution into the State School Trust Fund were discussed on July 13, 2021, by the Revenue Estimating Conference.

The Conference reviewed the final data for Fiscal Year 2020-21. For the year, the State of Florida received \$685.4 million in receipts which was \$159.4 million above the February 2021 estimate. In contrast, refunds were only \$3.2 million above the prior estimate, leading to a total distribution of \$343.4 million for the year. At the end of Fiscal Year 2020-21, \$328.5 million had been transferred to the State School Trust Fund, which was \$126.3 million above the February 2021 estimate.

Receipts came in significantly higher than anticipated primarily for two reasons. First, the preliminary data review suggests that some companies delayed transferring unclaimed property due to COVID-related issues in Fiscal Year 2019-20. This delay led to those companies transferring larger amounts of receipts in Fiscal Year 2020-21, essentially reflecting the combined period. The exact amount, however, is unknown; a complete analysis cannot be completed until the fall.

Second, the ongoing strength in the U.S equities market has led to higher receipts from the portion of unclaimed property receipts related to dormant financial accounts. These dormant financial accounts are divested from the financial system when received by the Department of Financial Services' Division of Unclaimed Property. When the divestment coincides with a strong equity market, total receipts are higher.

The new forecast projects Fiscal Year 2021-22 receipts of \$546.5 million and Fiscal Year 2021-22 refunds at \$370.3 million. The projected transfer to the State School Trust Fund was increased to \$192.1 million. The higher transfer is attributable to the large existing balance in the Unclaimed Property Trust Fund and the expectation that the Fiscal Year 2020-21 surge in receipts will cause successive delays in refund processing throughout Fiscal Year 2021-22 due to capacity limitations at the Division of Unclaimed Property.

By Fiscal Year 2022-23, the equity market is expected to have returned to normal growth and the effects of the COVID-related delays to have worked their way through the system. As a result, the transfer to the State School Trust Fund nearly matches the prior forecast.

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

The following table shows the differences from the previous forecast for the current and upcoming fiscal years.

| | February 2021 | July 2021 | Difference |
|--|--------------------------|------------------|-------------------|
| 2021-22 Receipts | \$513.4 | \$546.5 | \$33.1 |
| 2021-22 Refunds | \$341.3 | \$370.3 | \$29.0 |
| 2021-22 Transfer to State School Trust Fund | \$160.6 | \$192.1 | \$31.5 |
| 2022-23 Receipts | \$520.1 | \$556.3 | \$36.2 |
| 2022-23 Refunds | \$337.9 | \$372.9 | \$35.0 |
| 2022-23 Transfer to State School Trust Fund | \$175.6 | \$174.8 | (\$).8 |

Dollars shown in millions.

Revenue Estimating Conference

Unclaimed Property

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

Summer Conference

Tuesday July 13, 2021

**Unclaimed Property Receipts, Refunds to Owners, and Transfers to the State School Trust Fund
Tuesday July 13, 2021**

| Actual | Receipts | Refunds | Transfer to State School TF |
|---------------|-----------------|----------------|------------------------------------|
| 2012-13 | 469.9 | 253.1 | 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 |
| 2016-17 | 428.2 | 310.4 | 133.9 |
| 2017-18 | 507.8 | 317.9 | 178.5 |
| 2018-19 | 535.5 | 316.8 | 218.8 |
| 2019-20 | 500.5 | 321.9 | 144.0 |
| 2020-21 | 685.4 | 343.5 | 328.5 |

| Adopted Forecast | | | | | | | | | | | | |
|-------------------------|-----------------|------------|---------------|----------------|------------|---------------|--------------------|------------|---------------|------------------------------------|------------|---------------|
| | Receipts | | | Refunds | | | Adjustments | | | Transfer to State School TF | | |
| | <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> | <u>OLD</u> | <u>NEW</u> | <u>change</u> |
| 2021-22 | 513.4 | 546.5 | 33.1 | 341.3 | 370.3 | 29.1 | -11.6 | 15.9 | 27.5 | 160.6 | 192.1 | 31.5 |
| 2022-23 | 520.1 | 556.3 | 36.2 | 337.9 | 372.9 | 35.0 | -6.6 | -8.7 | -2.1 | 175.6 | 174.8 | -0.8 |
| 2023-24 | 526.5 | 566.4 | 39.8 | 342.1 | 372.7 | 30.6 | -7.0 | -7.2 | -0.2 | 177.4 | 186.5 | 9.1 |
| 2024-25 | 532.6 | 576.3 | 43.7 | 346.4 | 377.7 | 31.3 | -6.0 | -6.2 | -0.2 | 180.2 | 192.3 | 12.1 |
| 2025-26 | 538.5 | 586.4 | 47.9 | 350.4 | 378.2 | 27.7 | -6.2 | -6.4 | -0.2 | 181.9 | 201.8 | 19.9 |
| 2026-27 | | 596.6 | 596.6 | | 384.5 | 384.5 | | -6.2 | -6.2 | | 205.9 | 205.9 |

Fiscal Year 2020-21 Unclaimed Property Receipts and Refunds to Owners

| RECEIPTS | FEB | MAR | APR | MAY | JUNE | Total Fiscal Year |
|-----------------------------|-------------|-------------|--------------|--------------|-------------|--------------------------|
| 2016-17 ACTUAL | 13.8 | 16.8 | 124.5 | 210.5 | 14.3 | 428.2 |
| 2017-18 ACTUAL | 6.9 | 29.8 | 191.3 | 175.7 | 23.2 | 507.8 |
| 2018-19 ACTUAL | 5.0 | 27.1 | 188.4 | 251.8 | 13.9 | 535.5 |
| 2019-20 ACTUAL | 12.7 | 21.7 | 161.8 | 197.8 | 45.4 | 500.5 |
| 2020-21 ACTUAL | 13.6 | 35.1 | 251.7 | 248.4 | 31.1 | 685.4 |
| 2020-21 FEB ESTIMATE | 13.6 | 35.1 | 163.0 | 202.0 | 6.7 | 526.0 |
| Above/Below Estimate | - | - | 88.7 | 46.4 | 24.4 | 159.4 |
| REFUNDS | FEB | MAR | APR | MAY | JUNE | Total Fiscal Year |
| 2016-17 ACTUAL | 29.1 | 28.4 | 21.6 | 23.4 | 20.1 | 310.4 |
| 2017-18 ACTUAL | 37.0 | 28.4 | 38.5 | 27.0 | 21.1 | 317.9 |
| 2018-19 ACTUAL | 25.7 | 23.5 | 30.5 | 27.5 | 24.3 | 316.8 |
| 2019-20 ACTUAL | 26.7 | 34.1 | 24.8 | 24.2 | 17.5 | 321.9 |
| 2020-21 ACTUAL | 25.5 | 29.4 | 23.7 | 27.0 | 23.0 | 343.5 |
| 2020-21 FEB ESTIMATE | 25.5 | 29.4 | 28.0 | 24.0 | 18.6 | 340.4 |
| Above/Below Estimate | - | - | (4.3) | 3.0 | 4.5 | 3.2 |

Unclaimed Property Trust Fund

Historical Detail

| | <u>FY 15-16</u> | <u>FY 16-17</u> | <u>FY 17-18</u> | <u>FY 18-19</u> | <u>FY19-20</u> | <u>FY20-21</u> |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| 1 <u>Funds Available</u> | | | | | | |
| 2 Beginning Balance | 14.7 | 33.9 | 11.4 | 15.7 | 8.8 | 36.8 |
| 3 Abandoned property receipts | 422.2 | 424.1 | 483.3 | 510.0 | 500.5 | 666.5 |
| 4 Atypical receipts | 49.3 | 4.1 | 24.5 | 25.5 | 0.0 | 19.0 |
| 5 Transfers in | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 Other nonoperating receipts | 0.9 | 2.6 | 1.2 | 2.2 | 1.1 | 2.0 |
| 7 Total Funds Available | <u>487.1</u> | <u>464.7</u> | <u>520.4</u> | <u>553.4</u> | <u>510.4</u> | <u>724.3</u> |
| 8 <u>Uses of Funds</u> | | | | | | |
| 9 Operating Expenses | 4.6 | 4.6 | 5.0 | 5.0 | 5.1 | 4.8 |
| 10 Refunds to owners - regular | 268.8 | 310.4 | 317.9 | 316.8 | 321.9 | 335.0 |
| 11 Refunds to owners - FDIC | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8.5 |
| 12 Miscellaneous disbursements | 4.2 | 4.4 | 3.3 | 3.1 | 1.8 | 3.3 |
| 13 Retained Balance | <u>33.9</u> | <u>11.4</u> | <u>15.7</u> | <u>9.8</u> | <u>37.4</u> | <u>44.1</u> |
| 14 Total Uses | <u>311.5</u> | <u>330.8</u> | <u>341.9</u> | <u>334.5</u> | <u>366.3</u> | <u>395.7</u> |
| 15 Available for transfer to | | | | | | |
| 16 State School TF (Actual) | 175.6 | 133.9 | 178.5 | 218.8 | 144.0 | 328.5 |
| 18 Growth rate of regular receipts | 2.3% | 0.5% | 14.0% | 5.5% | -1.9% | 33.2% |
| 19 Growth rate of regular refunds | 7.3% | 15.5% | 2.4% | -0.4% | 1.6% | 4.1% |
| 20 Change in transfer amount | -17.6% | -23.7% | 33.3% | 22.6% | -34.2% | 128.2% |

Unclaimed Property Trust Fund

Adopted Forecast

| | FY 20-21 | FY 21-22 est. | FY 22-23 est. | FY 23-24 est. | FY 24-25 est. | FY 25-26 est | FY 26-27 est |
|-------------------------------------|----------|---------------|---------------|---------------|---------------|--------------|--------------|
| 1 Funds Available | | | | | | | |
| 2 Beginning Balance | 36.8 | 44.1 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| 3 Abandoned property receipts | 666.5 | 546.5 | 556.3 | 566.4 | 576.3 | 586.4 | 596.6 |
| 4 Atypical receipts | 19.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 Transfers in | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 Other nonoperating receipts | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| 7 Total Funds Available | 724.3 | 592.6 | 573.4 | 583.4 | 593.3 | 603.4 | 613.6 |
| 8 <u>Uses of Funds</u> | | | | | | | |
| 9 Operating Expenses | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 | 4.8 |
| 10 Refunds to owners - regular | 335.0 | 370.3 | 372.9 | 372.7 | 377.7 | 378.2 | 384.5 |
| 11 Refunds to owners - FDIC | 8.5 | 7.0 | 2.6 | 1.1 | 0.1 | 0.3 | 0.1 |
| 12 Miscellaneous disbursements | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 |
| 13 Retained Balance | 44.1 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| 14 Total Uses | 395.7 | 400.5 | 398.6 | 396.8 | 401.0 | 401.6 | 407.7 |
| 15 Available for transfer to | | | | | | | |
| 16 State School TF (NEW estimate) | 328.5 | 192.1 | 174.8 | 186.5 | 192.3 | 201.8 | 205.9 |
| 17 State School TF (OLD estimate) | 328.5 | 160.6 | 175.6 | 177.4 | 180.2 | 181.9 | - |
| 18 Change in estimate | 0.0 | 31.5 | -0.8 | 9.1 | 12.1 | 19.9 | - |
| 20 Growth rate of regular receipts | 33.2% | -18.0% | 1.8% | 1.8% | 1.8% | 1.8% | 1.8% |
| 21 Growth rate of regular refunds | 4.1% | 10.5% | 0.7% | -0.1% | 1.4% | 0.1% | 1.7% |
| 22 Change in transfer amount | 128.0% | -41.5% | -9.0% | 6.7% | 3.1% | 4.9% | 2.0% |
| 23 Assumed Receipts Growth Rate NEW | 33.2% | -18.00% | 1.80% | 1.80% | 1.75% | 1.75% | 1.75% |
| 24 Assumed Receipts Growth Rate OLD | 33.2% | -2.4% | 1.3% | 1.2% | 1.2% | 1.1% | - |
| 25 Assumed Refunds %NEW | 64.7% | 62.5% | 60.5% | 67.6% | 67.3% | 66.2% | 66.1% |
| 26 Assumed Refunds %OLD | 64.0% | 65.6% | 65.0% | 66.2% | 66.2% | 66.2% | - |