

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 August 1, 2023, by the Revenue Estimating Conference.

The Conference first reviewed the final data for Fiscal Year 2022-23. For the year, the State of Florida received \$835.6 million in receipts which was \$227.7 million above the February 2023 estimate. Conversely, refunds were only \$11.0 million above the prior estimate, leading to total payments to owners of \$341 million for the year. At the end of Fiscal Year 2022-23, \$425.0 million had been transferred to the State School Trust Fund, which was \$140.0 million above the February 2023 estimate.

Receipts came in considerably higher than anticipated. To date, the Department of Financial Services' Division of Unclaimed Property has performed only a preliminary analysis of the receipt data and is unsure why the level is so high. So far, the Division has identified \$31.2 million in atypical receipts, as well as \$23.9 million in prior year corrections. The Conference expects to receive a more detailed analysis of the receipts data at the next meeting.

The Conference had an extensive discussion about the refund estimates. In prior conferences, the principals suppressed the forecast for refunds due to staffing limitations at the Division of Unclaimed Property. For example, the February 2023 adopted refund forecast never exceeded \$407.7 million. At this conference, the suggested refund level was much higher given the growth in receipts, with the adopted refunds reaching an estimated \$518.5 million at the end of the forecast period. The Conference, however, noted that the Division has never processed more than \$383.3 million in receipts in any given fiscal year. Whether the Division can process a significantly higher amount of refunds within current resources is not clear, but the Division did not object to the new forecast.

Used to guide the expected payment of refunds over time, the liability claims data chart was updated with new Fiscal Year 2022-23 data. The 17-year total claim rate fell to 49.73%. This was a substantial drop from the 17-year claim rate in Fiscal Year 2021-22 of 66.98%.

The new forecast projects Fiscal Year 2023-24 receipts of \$683.7 million and Fiscal Year 2023-24 refunds at \$370.2 million. The projected transfer to the State School Trust Fund was increased to \$387.2 million— a gain of \$143.4 million to the prior estimate.

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

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

	Feb 2023	Aug 2023	Difference
2023-24 Receipts	\$618.8	\$683.7	\$64.9
2023-24 Refunds	\$367.8	\$370.2	\$2.4
2023-24 Transfer to State School Trust Fund	\$243.8	\$387.2	\$143.4
2024-25 Receipts	\$632.8	\$695.7	\$62.9
2024-25 Refunds	\$384.5	\$407.2	\$22.8
2024-25 Transfer to State School Trust Fund	\$242.0	\$284.0	\$42.0

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, August 1, 2023

**Unclaimed Property Receipts, Refunds to Owners, and Transfers to the State School Trust Fund
Tuesday, August 1, 2023**

Actual	Receipts	Refunds	Transfer to State School TF
2018-19	535.5	316.8	218.8
2019-20	500.5	321.9	144.0
2020-21	685.4	343.5	328.5
2021-22	637.7	383.3	263.3
2022-23	835.6	341.0	425.0

Adopted 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>	<u>OLD</u>	<u>NEW</u>	<u>change</u>
2023-24	618.8	683.7	64.9	367.8	370.2	2.4	-7.2	73.6	80.9	243.8	387.2	143.4
2024-25	632.8	695.7	62.9	384.5	407.2	22.8	-6.3	-4.5	1.8	242.0	284.0	42.0
2025-26	647.0	707.9	60.9	392.1	447.9	55.8	-6.5	-4.7	1.8	248.4	255.2	6.8
2026-27	661.6	722.0	60.4	399.4	470.3	70.9	-6.2	-4.5	1.8	255.9	247.2	-8.7
2027-28	676.4	736.5	60.1	407.7	493.9	86.2	-6.2	-4.4	1.8	262.6	238.2	-24.4
2028-29	-	751.2	-	-	518.5	-	-	-4.4	-	-	228.2	-

Fiscal Year 2022-23 Unclaimed Property Receipts and Refunds to Owners

RECEIPTS	FEB	MAR	APR	MAY	JUNE	Total Fiscal Year
2018-19 ACTUAL	5.0	27.1	188.4	251.8	10.5	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	685.5
2021-22 ACTUAL	11.9	31.5	241.1	258.7	43.9	637.7
2022-23 ACTUAL	12.4	47.5	296.0	354.5	35.5	835.6
2022-23 FEB ESTIMATE	12.4	27.7	212.0	227.5	38.7	607.9
Above/Below Estimate	-	19.8	84.0	127.0	(3.1)	227.7

REFUNDS	JULY	AUG	SEPT	OCT	NOV	Total Fiscal Year
2018-19 ACTUAL	25.7	23.5	30.5	27.5	24.2	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
2021-22 ACTUAL	37.1	31.1	30.4	36.0	19.7	383.3
2022-23 ACTUAL	27.7	31.9	30.9	31.0	31.5	341.0
2022-23 FEB ESTIMATE	27.7	32.5	26.5	28.2	27.1	330.0
Above/Below Estimate	-	(0.6)	4.4	2.8	4.4	11.0

Unclaimed Property Trust Fund

Historical Detail

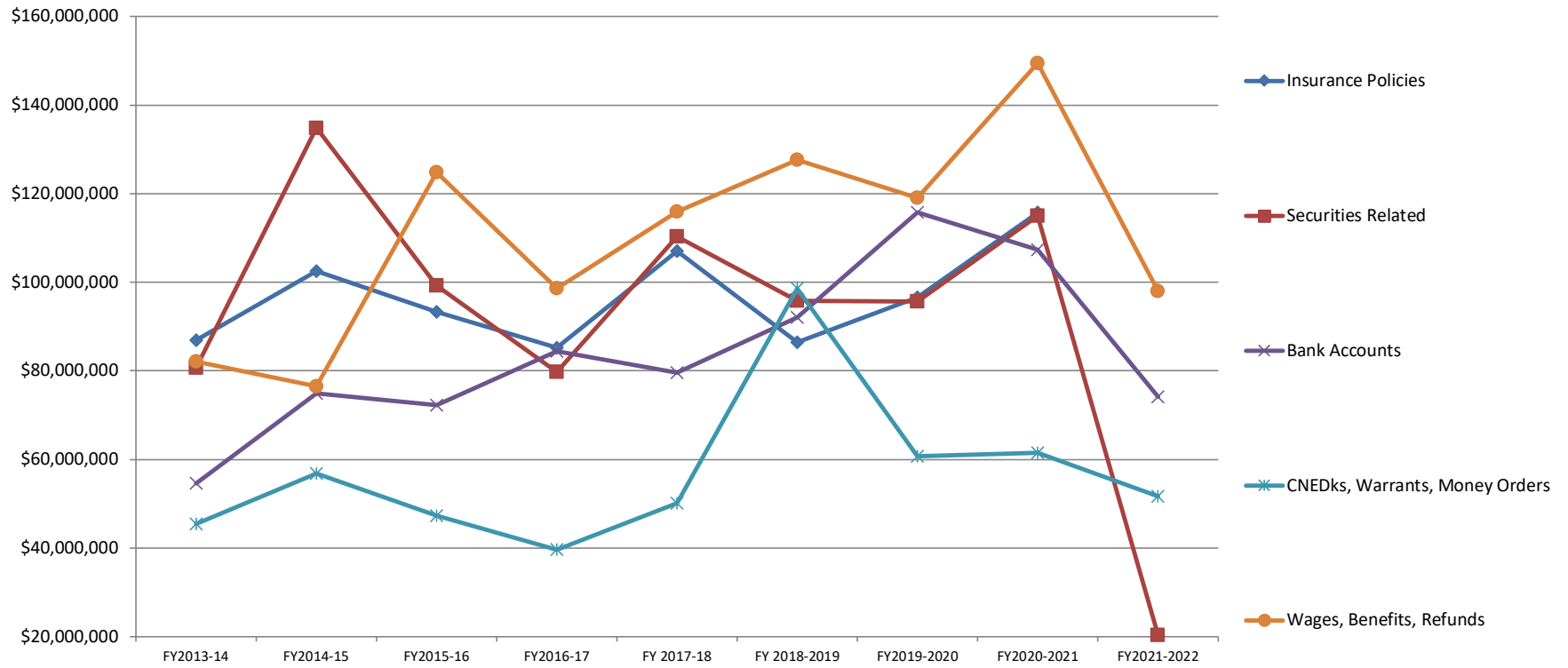
	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>FY19-20</u>	<u>FY20-21</u>	<u>FY21-22</u>	<u>FY22-23</u>
1 <u>Funds Available</u>						
2 Beginning Balance	11.4	15.7	8.8	36.8	44.1	29.0
3 Abandoned property receipts	483.3	510.0	500.5	666.5	637.7	804.4
4 Atypical receipts	24.5	25.5	0.0	19.0	0.0	31.2
5 Transfers in	0.0	0.0	0.0	0.0	0.0	0.0
6 Other nonoperating receipts	1.2	2.2	1.1	2.0	0.2	2.1
7 Total Funds Available	<u>520.4</u>	<u>553.4</u>	<u>510.4</u>	<u>724.3</u>	<u>682.0</u>	<u>866.7</u>
8 <u>Uses of Funds</u>						
9 Operating Expenses	5.0	5.0	5.1	4.8	4.9	5.1
10 Refunds to owners - regular	317.9	316.8	321.9	335.0	375.6	340.3
11 Refunds to owners - FDIC	0.0	0.0	0.0	8.5	7.7	0.7
12 Miscellaneous disbursements	3.3	3.1	1.8	3.3	1.5	1.4
13 Retained Balance	15.7	9.8	37.4	44.1	29.0	94.1
14 Total Uses	<u>341.9</u>	<u>334.5</u>	<u>366.3</u>	<u>395.7</u>	<u>418.7</u>	<u>441.7</u>
15 Available for transfer to						
16 State School TF (Actual)	178.5	218.8	144.0	328.5	263.3	425.0
18 Growth rate of regular receipts	14.0%	5.5%	-1.9%	33.2%	-4.3%	26.1%
19 Growth rate of regular refunds	2.4%	-0.4%	1.6%	4.1%	12.1%	-9.4%
20 Change in transfer amount	33.3%	22.6%	-34.2%	128.2%	-19.9%	61.4%

Schedule of Estimated Liability: By Year*

Year 1	3.00%
Year 2	25.50%
Year 3	8.90%
Year 4	3.40%
Year 5	2.00%
Year 6	1.30%
Year 7	1.00%
Year 8	0.80%
Year 9	0.70%
Year 10	0.50%
Year 11	0.70%
Year 12	0.90%
Year 13	0.30%
Year 14	0.20%
Year 15	0.20%
Year 16	0.18%
Year 17	0.15%
Aggregate Payout	49.73%

* 3-Year Average of the Most Recent Liability Report Claim Data

Unclaimed Property Receipts by Major Grouping



Unclaimed Property Trust Fund

Adopted Forecast

	<u>FY 22-23</u>	<u>FY 23-24 est.</u>	<u>FY 24-25 est.</u>	<u>FY 25-26 est</u>	<u>FY 26-27 est</u>	<u>FY 27-28 est</u>	<u>FY 28-29 est</u>
1 <u>Funds Available</u>							
2 Beginning Balance	29.0	94.1	15.0	15.0	15.0	15.0	15.0
3 Abandoned property receipts	804.4	683.7	695.7	707.9	722.0	736.5	751.2
4 Atypical receipts	31.2	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	2.1	2.1	2.1	2.1	2.1	2.1	2.1
7 Total Funds Available	866.7	779.9	712.8	725.0	739.1	753.6	768.3
8 <u>Uses of Funds</u>							
9 Operating Expenses	5.1	5.1	5.1	5.1	5.1	5.1	5.1
10 Refunds to owners - regular	340.3	370.2	407.2	447.9	470.3	493.9	518.5
11 Refunds to owners - FDIC	0.7	1.1	0.1	0.3	0.1	0.0	0.0
12 Miscellaneous disbursements	1.4	1.4	1.4	1.4	1.4	1.4	1.4
13 Retained Balance	94.1	15.0	15.0	15.0	15.0	15.0	15.0
14 Total Uses	441.6	392.8	428.8	469.7	491.9	515.4	540.1
15 Available for transfer to							
16 State School TF (NEW estimate)	425.0	387.2	284.0	255.2	247.2	238.2	228.2
17 State School TF (OLD estimate)	285.0	243.8	242.0	248.4	255.9	262.6	-
18 Change in estimate	140.0	143.4	42.0	6.8	-8.7	-24.4	-
20 Growth rate of regular receipts	26.1%	-15.0%	1.8%	1.8%	2.0%	2.0%	2.0%
21 Growth rate of regular refunds	-9.4%	8.8%	10.0%	10.0%	5.0%	5.0%	5.0%
22 Change in transfer amount	61.4%	-8.9%	-26.7%	-10.1%	-3.1%	-3.6%	-4.2%
23 Assumed Receipts Growth Rate NEW	31.03%	-15.00%	1.75%	1.75%	2.00%	2.00%	2.00%
24 Assumed Receipts Growth Rate OLD	-4.68%	1.80%	2.25%	2.25%	2.25%	2.25%	-
25 Assumed Refunds %NEW	51.4%	50.3%	53.6%	64.9%	67.0%	69.1%	71.1%
26 Assumed Refunds %OLD	49.9%	59.1%	62.7%	62.7%	62.4%	62.3%	-