

Risk Management Trust Fund
August 5, 2019
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.

Trust fund income is calculated mainly based on information provided by the Division of Risk Management, Department of Financial Services. Final trust fund income for FY 2018-19 was \$252.1 million. This was \$36.7 million higher than the previous estimate due to an increase of \$35.0 million in the Additional Funding from GAA income category. This same category saw an adjustment of \$24.6 million for FY 2019-20. For FY 2020-21 through FY 2024-25, the Conference increased trust fund income by \$9 million annually. This change was primarily related to a new recurring appropriation to pay casualty insurance premiums.

On the expenditure-side of the forecast, the FY 2018-19 actuals were significantly lower than the prior estimate. Final non-operating expenditures for FY 2018-19 totaled \$168.5 million. This was \$35.1 million lower than the prior estimate. Largely, this is a result of the final property losses associated with Hurricane Michael coming in lower than the original estimate, as well as spilling into the next fiscal year—\$15.8 million of the hurricane payments shifted to FY 2019-20. In total, projected non-operating expenditures were \$162.0 million in FY 2019-20, \$147.0 million in FY 2020-21, \$147.9 million in FY 2021-22, \$149.1 million in FY 2022-23, \$149.0 million in FY 2023-24 and \$149.0 million in FY 2024-25.

Other expenditure items include costs to cover the program’s operating expenses, coverage of excess property insurance and worker’s compensation assessments, and payments for contracted services, contracted legal services--Attorney General, and contracted legal services--private attorneys. Across the forecast horizon, total annual operating expenditures are expected to be \$75.1 million in FY 2019-20 and \$75.0 thereafter.

In FY 2018-19, the ending cash balance came in positive, with a balance of \$52.7 million. The ending cash balance now remains positive through FY 2020-21. All subsequent years project deficits. When a negative balance occurs, the Conference assumes that annual legislative actions will eliminate the shortfalls in the year that they occur. Accordingly, the beginning balances for the subsequent years are zero. For this forecast, the new projected ending balances are:

	Old Ending Cash Balance	New Ending Cash Balance	Difference
2019-20	(\$24.1)	\$36.0	\$60.1
2020-21	(\$25.8)	\$17.9	\$43.7
2021-22	(\$26.6)	(\$1.0)	\$25.6
2022-23	(\$27.7)	(\$20.1)	\$7.6
2023-24	(\$27.6)	(\$20.0)	\$7.6
2024-25	-	(\$20.0)	-

