

Risk Management Trust Fund December 5, 2013 Executive Summary

The 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 Self-Insurance Estimating Conference forecasts the 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 2023-24, the estimate for total income is \$230.7 million. This amount is slightly below the August estimate, primarily due to a small downward adjustment to expected investment earnings. For FY 2024-25 through FY 2028-29, trust fund income of \$230.5 million is expected each year. These levels are close to the August estimates of \$231.1 million each year.

The non-operating expenditures category is projected to reach \$181.7 million in FY 2023-24. This is an increase from the August estimate of \$175.0 million, with the upward revision mostly related to projected property damages related to Hurricane Idalia. Including the other minor upward and downward adjustments, total non-operating expenditures will be \$6.7 million higher in the current year, but between \$1.5 and \$1.7 lower in each of the following years. The major component pieces are:

- Worker’s Compensation (WC)...There are two parts of worker’s compensation: WC Indemnity and WC Medical. For WC Indemnity, the prior forecast was unchanged. For WC Medical, the new estimate is \$2.0 million lower in the current year due to the year-to-date experience, as well as actuarial results showing lower costs. This effect carries through all of the forecasted years.
- General Liability...The new forecast has minor downward adjustments, with the most significant change (\$-0.4 million) occurring in the current year.
- Automotive Liability...The new forecast has minor downward adjustments, with the most significant change (\$-0.4 million) occurring in the current year.
- Federal Civil Rights...The new forecast has a minor upward adjustment of \$0.7 million each year.
- Property Losses...Only the estimate for the current year was changed to add \$8.7 million in projected property damages related to Hurricane Idalia.

The operating expenditures (administrative) category was adjusted upward by \$1.4 million in FY 2023-24 and by \$0.6 million in each of the following years to address state pay package issues and expected claims adjustment costs for Hurricane Idalia.

The ending cash balance for FY 2023-24 is now projected to be \$56.9 million. The balance is expected to remain positive until FY 2027-28 when it turns negative by \$5.2 million more than previously projected.

	Prior Ending Cash Balance	New Ending Cash Balance	Difference (new – prior)
2023-24	\$65.3	\$56.9	(\$8.4)
2024-25	\$51.5	\$45.1	(\$6.4)
2025-26	\$35.8	\$30.1	(\$5.7)
2026-27	\$18.5	\$13.1	(\$5.4)
2027-28	(\$0.5)	(\$5.7)	(\$5.2)
2028-29	(\$20.7)	(\$20.5)	(\$0.2)