

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

Executive Summary

The projection of receipts and refunds to owners from unclaimed property and the subsequent distribution into the State School Trust Fund were revised February 15, 2017, by the Revenue Estimating Conference.

For Fiscal Year 2016-17, the Conference made no adjustments to the previous forecast of \$450.9 million for receipts. However, based on higher than usual year-to-date refund activity, the Conference increased the projected refunds to owners from \$287.0 million to \$313.1 million, an increase of \$26.1 million. The resulting refunds rate is 73.1 percent, up from 67.0 percent assumed for the previous estimate. Staff of the Department of Financial Services attribute the continuing increase in refunds to better marketing/media coverage of the unclaimed property program, as well as the use of technology to make it easier for owners to search and submit claims for property. The increase in refunds to owners resulted in a corresponding decrease of \$26.1 million to the expected transfer to the State School Trust Fund.

For Fiscal Year 2017-18 and thereafter, the Conference assumed 5.0 percent annual growth in receipts and a 73.1 percent refunds rate. Using these assumptions resulted in no change to the current estimate of \$473.4 million in receipts and an increase to the estimate for refunds of \$26.9 million for Fiscal Year 2017-18. As a result, the expected transfer to the State School Trust Fund was reduced by \$26.9 million. Across the two years, the expected transfer to the State School Trust Fund was reduced by a total of \$53.0 million.

The table below shows the differences from the previous estimate.

	November 2016	February 2017	Difference
2016-17 Receipts	450.9	450.9	0.0
2016-17 Refunds	287.0	313.1	26.1
2016-17 Transfer to State School Trust Fund	174.9	148.8	-26.1
2017-18 Receipts	473.4	473.4	0.0
2017-18 Refunds	295.0	321.9	26.9
2017-18 Transfer to State School Trust Fund	170.5	143.6	-26.9

Revenue Estimating Conference

Unclaimed Property

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

February 15, 2017

**Unclaimed Property Receipts, Refunds to Owners, and Transfers to the State School Trust Fund
February 15, 2017**

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	450.9	450.9	0.0	287.0	313.1	26.1	174.9	148.8	-26.1
2017-18	473.4	473.4	0.0	295.0	321.9	26.9	170.5	143.6	-26.9
2018-19	497.1	497.1	0.0	309.7	337.9	28.2	179.5	151.3	-28.2
2019-20	521.9	521.9	0.0	336.8	366.4	29.6	177.2	147.6	-29.6
2020-21	548.0	548.0	0.0	341.4	372.6	31.2	198.7	167.5	-31.2
2021-22	575.4	575.4	0.0	358.5	391.2	32.7	209.0	176.3	-32.7

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	429.4	450.9	473.4	497.1	521.9	548.0	575.4
4 Atypical receipts		60.5		55.0	42.1						
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>485.7</u>	<u>489.3</u>	<u>513.0</u>	<u>537.8</u>	<u>563.9</u>	<u>591.3</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	313.1	321.9	337.9	354.8	372.6	391.2
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>336.9</u>	<u>345.7</u>	<u>361.7</u>	<u>390.2</u>	<u>396.4</u>	<u>415.0</u>
18 <u>Available for transfer to</u>											
19 State School TF (new estimate)	163.6	206.2	142.3	213.0	175.6	148.8	143.6	151.3	147.6	167.5	176.3
20 State School TF (old estimate - Nov 2016)						174.9	170.5	179.5	177.2	198.7	209.0
21 Change in estimate						-26.1	-26.9	-28.2	-29.6	-31.2	-32.7
Ratio of refunds to receipts	61.6%	59.5%	61.8%	63.2%	66.4%	73.1%	73.1%	73.1%	73.1%	73.1%	73.1%
Growth rate of regular receipts	8.7%	8.7%	-6.4%	11.5%	0.5%	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%	16.5%	2.8%	5.0%	5.0%	5.0%	5.0%
Change in transfer amount	3.9%	26.0%	-31.0%	49.7%	-17.6%	-15.3%	-3.5%	5.4%	-2.4%	13.5%	5.3%
Assumed Receipts Growth Rate						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Assumed Refunds %						73.1%	73.1%	73.1%	73.1%	73.1%	73.1%

Unclaimed Property Receipts and Refunds by Month (\$ Millions)

	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>	<u>14-15</u>	<u>15-16</u>	<u>2016-17 Based on 3 Year Average Shares Adjusted for YTD Thru January</u>	<u>16-17 Actual</u>	<u>Actual +/- 3 Year Average Shares</u>
RECEIPTS								
July	7.6	10.9	7.4	10.8	13.2	9.9	9.9	0.0
August	5.3	12.6	6.5	5.5	7.8	5.1	5.1	0.0
September	6.7	5.4	7.6	5.4	4.2	7.6	7.6	0.0
October	9.7	6.9	5.1	4.4	10.3	3.8	3.8	0.0
November	4.7	4.4	7.1	6.5	9.3	7.8	6.8	-1.0
December	6.2	33.9	11.6	18.4	8.4	13.1	7.1	-6.0
January	3.5	8.6	8.4	8.0	5.3	7.5	7.9	0.4
February	11.8	5.5	9.2	5.5	6.9	7.6	4.7	
March	17.0	24.7	26.2	21.1	25.4	25.2		
April	130.3	166.4	134.0	160.5	137.2	147.5		
May	167.2	168.9	148.1	207.9	179.3	181.5		
June	6.5	21.8	11.8	28.2	64.1	34.2		
TOTAL RECEIPTS	376.5	469.9	383.1	482.1	471.5	450.9	48.2	-6.6
% Received Through January	11.6%	17.6%	14.0%	12.2%	12.4%	12.2%	373.76	444.3
REFUNDS								
July	20.1	26.0	21.6	21.6	21.4	27.0	27.0	0.0
August	18.4	14.5	25.0	27.6	16.1	24.9	24.9	0.0
September	16.2	15.4	15.0	22.8	17.9	21.9	21.9	0.0
October	16.0	20.9	19.5	25.9	25.5	35.7	35.7	0.0
November	12.5	17.4	18.7	17.0	27.0	21.9	30.6	8.6
December	15.4	12.6	15.8	18.7	21.0	19.7	24.1	4.4
January	17.3	21.6	14.9	19.5	22.0	19.9	23.9	4.0
February	20.8	20.0	20.2	19.4	32.2	25.0	15.4	-11.8
March	22.9	18.2	26.3	24.2	22.2	26.0		
April	16.3	14.4	23.6	20.7	24.1	24.2		
May	19.0	15.8	22.4	15.3	21.2	20.8		
June	15.7	28.3	20.0	17.7	18.3	19.9		
TOTAL REFUNDS	210.6	225.1	243.0	250.4	268.8	287.0	188.0	17.0
% Refunded Through January	55.0%	57.0%	53.7%	61.2%	56.1%	59.6%	329.83	304.0

Components: July through January



