

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 July 17, 2018, by the Revenue Estimating Conference.

The Conference reviewed actual state receipts and refunds to owners of abandoned property for Fiscal Year 2017-18. Receipts totaled \$507.8 million, which was \$59.8 million (13.3%) above the estimate of \$448.0 million. Refunds totaled \$317.9 million, which was \$11.7 million (3.8%) above the estimate of \$306.2 million. The transfer to the State School Trust Fund was \$178.5 million, which was \$48.8 million (37.6%) above the estimated transfer of \$129.7 million.

For receipts, the Conference adopted a modest increase over the prior forecast. Although the receipts for Fiscal Year 2017-18 were significantly higher than anticipated, data are not yet available to determine whether there are any additional anomalous payments beyond the \$24.5 million identified by the Department of Financial Services. Because it is unclear at this time whether the higher level of receipts in Fiscal Year 2017-18 can be expected to continue, the Conference adopted a baseline estimate of \$470 million in receipts for Fiscal Year 2018-19, incorporating the results of the two prior years of actual receipts. An additional \$2.1 million was added to the forecast as a one-time atypical payment expected as the result of litigation. Beginning in Fiscal Year 2019-20, the Conference assumed annual growth rates equal to Florida population growth rates, which are projected to range from 1.5% to 1.3% throughout the forecast period.

For refunds to owners, the Conference discussed in detail the current calculation of the refunds ratio, which is based on the average of the two prior years of receipts (excluding atypical receipts). Additional information was requested for consideration at the next Conference in order to better understand the relationship between refunds, regular receipts, atypical receipts, and staff efficiency in processing refund requests. The forecast for Fiscal Year 2018-19 refunds was based on a 72.3% refunds ratio, which is equivalent to the average ratio of the prior three years. The refunds ratio was reduced by approximately one-half percentage point each fiscal year thereafter, decreasing to 70.0% by the end of the forecast. This decay factor was used to recognize there is likely an upper bound for the level of refunds that can be processed each year.

Using these assumptions, the Conference adopted an estimate of \$472.1 million in receipts and \$328.2 million in refunds for Fiscal Year 2018-19 and \$476.9 million in receipts and \$354.8 million in refunds for the 2019-20 fiscal year. On net, this produced projected transfers to the State School Trust Fund of \$136.4 million for Fiscal Year 2018-19 and \$113.9 million for Fiscal Year 2019-20. Including the higher than expected transfer in Fiscal Year 2017-18, the transfers to the State School Trust Fund were increased by a total of \$68.2 million across the three fiscal years.

The following table shows the differences from the previous estimate.

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

	January 2018	July 2018	Difference
2017-18 Receipts	448.0	507.8	59.8
2017-18 Refunds	306.2	317.9	11.7
2017-18 Transfer to State School Trust Fund	129.7	178.5	48.8
2018-19 Receipts	441.8	472.1	30.3
2018-19 Refunds	312.8	328.2	15.4
2018-19 Transfer to State School Trust Fund	120.4	136.4	16.0
2019-20 Receipts	448.5	476.9	28.4
2019-20 Refunds	329.4	354.8	25.4
2019-20 Transfer to State School Trust Fund	110.5	113.9	3.4
NET DIFFERENCE TO STATE SCHOOL TRUST FUND			68.2

Dollars shown in millions.

Revenue Estimating Conference

Unclaimed Property

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

July 17, 2018

**Unclaimed Property Receipts, Refunds to Owners, and Transfers to the State School Trust Fund
July 17, 2018**

ACTUAL

	<u>Receipts</u>	<u>Refunds</u>	<u>Transfer to State School TF</u>
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	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

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>
2018-19	441.8	472.1	30.3	312.8	328.2	15.4	120.4	136.4	16.0
2019-20	448.5	476.9	28.4	329.4	354.8	25.4	110.5	113.9	3.4
2020-21	455.1	483.7	28.6	322.6	338.5	15.9	123.9	137.0	13.1
2021-22	461.6	490.4	28.8	327.5	341.0	13.5	125.5	141.2	15.7
2022-23	468.0	497.0	29.0	332.2	343.4	11.2	127.2	145.4	18.2
2023-24	---	503.4	---	---	345.6	---	---	149.6	---

Unclaimed Property Trust Fund

Adopted Forecast Detail

	<u>FY 18-19 est.</u>	<u>FY 19-20 est.</u>	<u>FY 20-21 est.</u>	<u>FY 21-22 est.</u>	<u>FY 22-23 est.</u>	<u>FY 23-24 est.</u>
1 <u>Funds Available</u>						
2 Beginning Balance	15.7	15.0	15.0	15.0	15.0	15.0
3 Abandoned property receipts	470.0	476.9	483.7	490.4	497.0	503.4
4 Atypical receipts	2.1					
5 Transfers in	0.0	0.0	0.0	0.0	0.0	0.0
6 Other nonoperating receipts	0.8	0.8	0.8	0.8	0.8	0.8
7 Total Funds Available	<u>488.6</u>	<u>492.7</u>	<u>499.5</u>	<u>506.2</u>	<u>512.8</u>	<u>519.2</u>
8 <u>Uses of Funds</u>						
9 Operating Expenses	5.0	5.0	5.0	5.0	5.0	5.0
10 Refunds to owners - regular	328.2	343.2	338.5	341.0	343.4	345.6
11 Refunds to owners - FDIC		11.6				
12 Miscellaneous disbursements	4.0	4.0	4.0	4.0	4.0	4.0
13 Retained Balance	15.0	15.0	15.0	15.0	15.0	15.0
14 Total Uses	<u>352.2</u>	<u>378.8</u>	<u>362.5</u>	<u>365.0</u>	<u>367.4</u>	<u>369.6</u>
15 Available for transfer to						
16 State School TF (NEW estimate)	136.4	113.9	137.0	141.2	145.4	149.6
17 State School TF (OLD estimate)	120.4	110.5	123.9	125.5	127.2	---
18 Change in estimate	16.0	3.4	13.1	15.7	18.2	---
19 Calculated ratio of refunds to prior receipts	72.3%	72.0%	71.5%	71.0%	70.5%	70.0%
20 Growth rate of regular receipts	-2.8%	1.5%	1.4%	1.4%	1.3%	1.3%
21 Growth rate of regular refunds	3.2%	4.6%	-1.4%	0.7%	0.7%	0.6%
22 Change in transfer amount	-23.6%	-16.5%	20.3%	3.1%	3.0%	2.9%
23 Assumed Receipts Growth Rate NEW	-2.8%	1.5%	1.4%	1.4%	1.3%	1.3%
24 Assumed Receipts Growth Rate OLD	1.6%	1.5%	1.5%	1.4%	1.4%	1.4%
25 Assumed Refunds % NEW	72.3%	72.0%	71.5%	71.0%	70.5%	70.0%
26 Assumed Refunds % OLD	71.4%	71.4%	71.4%	71.4%	71.4%	71.4%

Unclaimed Property Trust Fund

Historical Detail

	<u>FY 13-14</u>	<u>FY 14-15</u>	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 17-18</u>
1 <u>Funds Available</u>					
2 Beginning Balance	14.1	4.3	14.7	33.9	11.4
3 Abandoned property receipts	383.1	412.9	422.2	424.1	483.3
4 Atypical receipts		69.2	49.3	4.1	24.5
5 Transfers in	0.0	0.0	0.0	0.0	0.0
6 Other nonoperating receipts	0.4	0.3	0.9	2.6	1.2
7 Total Funds Available	<u>397.6</u>	<u>486.7</u>	<u>487.1</u>	<u>464.7</u>	<u>520.4</u>
8 <u>Uses of Funds</u>					
9 Operating Expenses	4.4	4.4	4.6	4.6	5.0
10 Refunds to owners - regular	243.0	250.4	268.8	310.4	317.9
11 Refunds to owners - FDIC	0.0	0.0	0.0	0.0	0.0
12 Miscellaneous disbursements	3.6	4.2	4.2	4.4	3.3
13 Retained Balance	<u>4.3</u>	<u>14.7</u>	<u>33.9</u>	<u>11.4</u>	<u>15.7</u>
14 Total Uses	<u>255.3</u>	<u>273.7</u>	<u>311.5</u>	<u>330.8</u>	<u>341.9</u>
15 Available for transfer to					
16 State School TF (Actual)	142.3	213.0	175.6	133.9	178.5
17 State School TF (January 2018 estimate)					129.7
18 Change in estimate					48.8
19 Calculated ratio of refunds to prior receipts	61.8%	63.2%	67.5%	74.3%	75.1%
20 Growth rate of regular receipts	-6.4%	7.8%	2.3%	0.5%	14.0%
21 Growth rate of regular refunds	13.0%	3.1%	7.3%	15.5%	2.4%
22 Change in transfer amount	-31.0%	49.7%	-17.6%	-23.7%	33.3%

Unclaimed Property Trust Fund
Fiscal Year 2017-18 Actual Compared to January 2018 Estimate

	JANUARY ESTIMATE	ACTUAL	DIFFERENCE	%
	<u>FY 17-18</u>	<u>FY 17-18</u>		
1 Funds Available				
2 Beginning Balance	11.4	11.4	0.0	0.0%
3 Abandoned property receipts	435.0	483.3	48.3	11.1%
4 Atypical receipts	13.0	24.5	11.5	88.5%
5 Other nonoperating receipts	0.4	1.2	0.8	200.0%
6 Total Funds Available	459.8	520.4	60.6	13.2%
7				
8 Uses of Funds				
9 Operating Expenses	4.6	5.0	0.4	8.7%
10 Refunds to owners - regular	306.2	317.9	11.7	3.8%
11 Miscellaneous disbursements	4.4	3.3	-1.1	-25.0%
12 Retained Balance	15.0	15.7	0.7	4.7%
13 Total Uses	330.2	341.9	11.7	3.5%
14				
15 Transfer to SSTF	129.7	178.5	48.8	37.6%