

Executive Summary

- The Florida State Risk Management Trust Fund provides services that protect 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 Revenue Estimating Conference forecasts the annual funding that is needed to cover such losses on a fiscal year basis.
- The income of this trust fund is calculated mainly based on information provided by the Division of Risk Management, Department of Financial Services.
- On the expenditure-side, the most critical item of the Risk Management Trust Fund is the payment to cover casualty losses. This loss payment includes coverage of state workers' compensation, Federal Civil rights settlements, general liability, and state automotive liability. Projected costs are \$146.8 million in FY 08-09, \$151.7 million in FY 09-10, \$151.9 million in FY 10-11, \$157.9 million in FY 11-12, and \$163.4 million in FY 12-13.
- For the current fiscal year and the future years in this forecast period, only non-hurricane property loss payments are forecasted. The property loss payment is forecast to be \$0.5 million in FY 08-09 and stays under \$1 million in the other fiscal years.
- Other expenditure items include costs to cover the program's operating expenses, coverage of excess property insurance, and worker's compensation assessments.
- In the period FY 04-05 to FY 06-07, the state Budget Stabilization Fund (BSF) loaned the Risk Management TF a total of \$22,813,741 to cover the 2004 and 2005 hurricane losses. The Risk Management TF has repaid \$13,938,239 since FY 05-06, with an outstanding balance of \$8,875,502. The FY 08-09 income includes \$8,362,584 to be transferred from agencies and universities for FEMA reimbursement. The Risk Management TF will repay this amount to the BSF. The remaining balance of \$512,918 represents losses not eligible for FEMA reimbursement and state legislative action is needed to address the future repayment of the BSF.
- From FY 09-10 on, the ending balances are projected to be negative and legislative action is assumed to eliminate the shortfalls. The beginning balances for the subsequent years are zero.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference
February 25, 2009

	2008-2009		2009-2010		2010-2011		2011-2012		2012-2013		
	07-08 Actual	Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate
	28.1	22.2	22.2	18.0	13.8	2.8	0.0	0.0	0.0	n/a	0.0
Premiums Casualty	136.6	136.5	136.5	136.5	136.5	136.5	136.5	136.5	136.5	n/a	136.5
Property	13.7	13.2	13.2	12.2	12.2	12.2	12.2	12.2	12.2	n/a	12.2
Law Vehicles	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Subrogations/TTD refunds/Others (1)	6.8	11.9	11.9	3.5	3.5	3.5	3.5	3.5	3.5	n/a	3.5
Transfer from BSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Investment Income	4.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	n/a	3.8
Total Income	162.0	165.3	165.3	156.0	156.0	156.0	156.0	156.0	156.0	n/a	156.0
Non-operating expenditures											
Casualty Losses	141.9	135.5	139.8	143.6	143.6	143.7	143.7	149.7	149.7	n/a	155.2
WC MCM Contract	5.5	7.0	7.0	8.2	8.2	8.2	8.2	8.2	8.2	n/a	8.2
Total Casualty Losses	147.4	142.5	146.8	151.7	151.7	151.9	151.9	157.9	157.9	n/a	163.4
Property Losses	0.1	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	n/a	0.7
Total Payment of Losses	147.6	143.0	147.3	152.3	152.3	152.5	152.5	158.5	158.5	n/a	164.1
Transfer to BSF	2.8	8.4	8.4	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Transfer to ATF- DFS Admin Spt	0.1	0.1	0.1	1.0	1.0	1.0	1.0	1.0	1.0	n/a	1.0
Refunds	0.0	0.0	0.0								
Total Non-operating Expenditures	150.5	151.5	155.8	153.3	153.3	153.5	153.5	159.5	159.5	n/a	165.1
Operating Expenditures:											
Salaries & Benefits	5.0	5.1	5.1	5.1	5.2	5.3	5.3	5.4	5.4	n/a	5.5
Other Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Expenses	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	n/a	0.9
Operating Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Contracted Services	0.1	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	n/a	0.3
Excess Insurance & Claim Service											
Excess Property Insurance	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	n/a	5.6
DWC Assessments	5.2	5.3	5.3	5.3	5.3	5.3	5.3	5.3	5.3	n/a	5.3
Broker Fees/RMIS Spt Fees	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	n/a	0.6
Total Excess Insurance	11.4	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	n/a	11.5
Risk Management Insurance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	n/a	0.1
HR Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Total Operating Expenditures	17.5	18.0	18.0	17.9	18.0	18.1	18.1	18.2	18.2	n/a	18.3
Total Expenditures	168.0	169.6	173.8	171.2	171.3	171.6	171.6	177.7	177.7	n/a	183.4
Net Income	(6.0)	(4.2)	(8.5)	(15.2)	(15.3)	(15.6)	(15.6)	(21.7)	(21.7)	n/a	(27.4)
Ending Cash Balance	22.2	18.0	13.8	2.8	(1.6)	(12.8)	(15.6)	(21.7)	(21.7)	n/a	(27.4)

Notes:

- 1) During the period FY 04-05 to FY 06-07, the BSF loaned the Risk Management TF a total of \$22,813,741. The Risk Management TF has repaid \$13, 938,239 since FY 05-06, with an outstanding balance of \$8,875,502. The FY 08-09 income includes \$8,362,584 to be transferred from agencies and universities for FEMA reimbursement. The Risk Management TF will repay this amount to the BSF. The remaining balance of \$512,918 represents losses not eligible for FEMA reimbursement from 8 entities (Agency for Persons with Disabilities, Auditor General, Department of Children and Families, Department of Education, Department of Highway Safety and Motor Vehicles, Judicial, Florida State University, University of Florida/IFAS) a state legislative action is needed to address the future repayment of the BSF.
- 2) From FY09-10 on, the ending balances are projected to be negative and legislative action is assumed to eliminate the shortfalls. The beginning balances for the subsequent years are zero.
- 3) Casualty losses were based on DRM January Fund Balance report projected out to the 2008-2009 FYE. In addition, the division anticipates an additional \$5m FCR settlement to be processed by June 30, 2009. This amount was not listed within the Fall 2008 REC.
- 4) Transfer to ATF-DFS Spt: The Department has received information from pertaining to Cost Allocation. DRM will be assessed 1m annually.