

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: CS/SB 1054

INTRODUCER: Senator Evers

SUBJECT: Retirement

DATE: March 11, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McVaney	McVaney	GO	Fav/CS
2.	_____	_____	CA	_____
3.	_____	_____	AP	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1054 grants local government employers the authority to reassess its designation of positions in, and remove positions from, the Senior Management Service Class of the Florida Retirement System. The first period during which positions may be reassessed is July 1, 2015 through December 31, 2015, and every five years thereafter.

II. Present Situation:

The Senior Management Service Class (SMSC) of the Florida Retirement System was established initially on February 1, 1987.¹ The SMSC consists of state and local government employees who are statutorily defined as members of the SMSC or fill full-time positions designated by the local employers as having managerial or policymaking responsibilities. As of June 30, 2014, there were 7,607 active members in the SMSC² comprising roughly 1.2 percent of the active FRS membership.

The SMSC includes the following local government positions:

- Presidents of each community college;³

¹ Section 121.055, F.S.

² The Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014, at p. 115. Available online at: https://www.rol.frs.state.fl.us/forms/2013-14_CAFR.pdf

³ Section 121.055(1)(b), F.S.

- Managers of each participating municipality or county;⁴
- Appointed district school superintendents;⁵
- Executive director or staff director of any metropolitan planning organization participating in the FRS;⁶
- Up to 10 nonelective full-time positions to be designated by each local agency employer;⁷ and
- For local agencies with 100 or more regularly established positions, additional nonelective full-time positions to be designated but not to exceed 1 percent of the regularly established positions within the agency.⁸

To be included in the SMSC, the positions designated by the local agency employer must be managerial or policymaking positions. The employee filling the position must serve at the pleasure of the local agency employer without civil service protection, and who either (a) heads an organizational unit or (b) has responsibility to effect or recommend personnel, budget, expenditure, or policy decisions in his or her areas of responsibility.

The local agency employer must publish the intent to designate positions for inclusion in the Senior Management Service Class once a week for two consecutive weeks in a newspaper of general circulation published in the county or counties affected, as provided in chapter 50, Florida Statutes. The SMSC eligibility then belongs to the position and the incumbent filling that position.

Once a position is designated as a SMSC position, it is not removed from the SMSC unless the duties and responsibilities of the position change substantially and it no longer meets the requirements for participation in this class of membership.

A local agency employer includes a board of county commissioners; an elected clerk of the circuit court, sheriff, property appraiser, tax collector, or supervisor of elections; a community college board of trustees; a district school board; the governing body of a municipality, metropolitan planning organization, or special district.⁹

The table below shows the differences between Regular Class membership and SMSC membership in the FRS. If the position is no longer in the SMSC, it will, by default, be within the Regular Class.

	Regular Class	SMSC
Annual Service Credit	1.6 percent to 1.68 percent for each year of service	2 percent for each year of service

⁴ *Id.*

⁵ *Id.*

⁶ Section 121.055(1)(l), F.S.

⁷ Section 121.055(1)(b)1.b., F.S.

⁸ *Id.*

⁹ Section 121.021(42)(a), F.S.

Investment Plan Contribution into member account	6.3 percent of salary (including 3 percent of member contribution)	7.67 percent of salary (including 3 percent of member contribution)
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III. Effect of Proposed Changes:

CS/SB 1054 allows local agency employers to reassess positions previously designated as SMSC positions. The local employers may request removal of the reviewed positions from the SMSC if done within the 6-month period. The change in the designated SMSC positions is effective beginning the month after the notification is received by the division. The bill establishes a SMSC redesignation window every five years.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The six-month window in 2015 and each five years thereafter creates a temporary increase in agency workload. The time to process these requests for removal, re-designation and other related SMSC changes is estimated at 20 hours per week for the 6-month processing period. The estimated cost is \$18,900 in staff overtime to accommodate this periodic increase in workload.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends s. 121.055 of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Governmental Oversight and Accountability on March 10, 2015:

The CS eliminates the restriction that the position be vacant at the time the position is removed from the Senior Management Service Class.

- B. **Amendments:**

None.