

By the Committee on Governmental Oversight and Accountability

585-01924-15

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1 A bill to be entitled

2 An act relating to employer contributions to fund  
3 retiree benefits; amending ss. 112.363, 121.052,  
4 121.055, and 121.071, F.S.; revising the employer  
5 contribution rates for the retiree health insurance  
6 subsidy; amending s. 121.71, F.S.; revising the  
7 required employer retirement contribution rates for  
8 members of each membership class and subclass of the  
9 Florida Retirement System; providing findings of an  
10 important state interest; providing an effective date.

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12 Be It Enacted by the Legislature of the State of Florida:

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14 Section 1. Paragraph (i) is added to subsection (8) of  
15 section 112.363, Florida Statutes, to read:

16 112.363 Retiree health insurance subsidy.—

17 (8) CONTRIBUTIONS.—For purposes of funding the insurance  
18 subsidy provided by this section:

19 (i) Beginning July 1, 2015, the employer of each member of  
20 a state-administered retirement plan shall contribute 1.58  
21 percent of gross compensation each pay period.

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23 Such contributions shall be submitted to the Department of  
24 Management Services and deposited in the Retiree Health  
25 Insurance Subsidy Trust Fund.

26 Section 2. Paragraph (d) of subsection (7) of section  
27 121.052, Florida Statutes, is amended to read:

28 121.052 Membership class of elected officers.—

29 (7) CONTRIBUTIONS.—

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30 (d) The following table states the required employer  
 31 contribution on behalf of each member of the Elected Officers'  
 32 Class in terms of a percentage of the member's gross  
 33 compensation. Such contribution constitutes the entire health  
 34 insurance subsidy contribution with respect to each such member.  
 35 A change in the contribution rate is effective with the first  
 36 salary paid on or after the beginning date of the change. The  
 37 retiree health insurance subsidy contribution rate is as  
 38 follows:

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Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30,	1.11%

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2013		
July 1, 2013, through June 30,		
2014	1.20%	
<del>Effective July 1, 2014,</del>		
<u>through June 30, 2015</u>	1.26%	
<u>Effective July 1, 2015</u>	<u>1.58%</u>	

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 3. Paragraph (d) of subsection (3) of section 121.055, Florida Statutes, is amended to read:

121.055 Senior Management Service Class.—There is hereby established a separate class of membership within the Florida Retirement System to be known as the "Senior Management Service Class," which shall become effective February 1, 1987.

(3)

(d) The following table states the required employer contribution on behalf of each member of the Senior Management Service Class in terms of a percentage of the member's gross compensation. Such contribution constitutes the entire health insurance subsidy contribution with respect to each such member. A change in the contribution rate is effective with the first salary paid on or after the beginning date of the change. The

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69 retiree health insurance subsidy contribution rate is as  
 70 follows:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30, 2013	1.11%
July 1, 2013, through June 30, 2014	1.20%
<u>Effective July 1, 2014,</u> <u>through June 30, 2015</u>	1.26%

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Effective July 1, 2015 1.58%

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 4. Subsection (4) of section 121.071, Florida Statutes, is amended to read:

121.071 Contributions.—Contributions to the system shall be made as follows:

(4) The following table states the required employer contribution on behalf of each member of the Regular Class, Special Risk Class, or Special Risk Administrative Support Class in terms of a percentage of the member's gross compensation. Such contribution constitutes the entire health insurance subsidy contribution with respect to each such member. A change in the contribution rate is effective with the first salary paid on or after the beginning date of the change. The retiree health insurance subsidy contribution rate is as follows:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through	0.48%

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	December 31, 1993	
103	January 1, 1994, through December 31, 1994	0.56%
104	January 1, 1995, through June 30, 1998	0.66%
105	July 1, 1998, through June 30, 2001	0.94%
106	July 1, 2001, through June 30, 2013	1.11%
107	July 1, 2013, through June 30, 2014	1.20%
108	<del>Effective</del> <u>July 1, 2014,</u> <u>through June 30, 2015</u>	1.26%
109	<u>Effective July 1, 2015</u>	<u>1.58%</u>
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Such contributions shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 5. Subsections (4) and (5) of section 121.71, Florida Statutes, are amended to read:

121.71 Uniform rates; process; calculations; levy.—

(4) Required employer retirement contribution rates for each membership class and subclass of the Florida Retirement

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118 System for both retirement plans are as follows:

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Percentage of  
Gross  
Compensation,  
Effective  
July 1, 2015 ~~2014~~

Membership Class

120

Regular Class

2.91% ~~3.53%~~

121

Special Risk Class

11.35% ~~11.01%~~

122

Special Risk

Administrative

Support Class

3.71% ~~4.18%~~

123

Elected Officers' Class-

Legislators, Governor,

Lt. Governor,

Cabinet Officers,

State Attorneys,

Public Defenders

6.48% ~~6.30%~~

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Elected Officers' Class-

Justices, Judges

11.39% ~~10.10%~~

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Elected Officers' Class-

County Elected Officers

8.48% ~~8.36%~~

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Senior Management Class 4.32% ~~4.80%~~

DROP 4.10% ~~4.30%~~

(5) In order to address unfunded actuarial liabilities of the system, the required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows:

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2015</u> <del>2014</del>
Regular Class	<u>2.65%</u> <del>2.54%</del>
Special Risk Class	<u>8.99%</u> <del>7.51%</del>
Special Risk Administrative Support Class	<u>27.54%</u> <del>36.59%</del>
Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys,	<u>37.62%</u> <del>38.66%</del>



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Public Defenders

139

Elected Officers' Class-

Justices, Judges

22.62% ~~21.77%~~

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Elected Officers' Class-

County Elected Officers

32.09% ~~33.58%~~

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Senior Management Service  
Class

15.41% ~~15.04%~~

142

DROP

7.12% ~~6.72%~~

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144       Section 6. The Legislature finds that a proper and  
 145 legitimate state purpose is served when employees, officers, and  
 146 retirees of the state and its political subdivisions, and the  
 147 dependents, survivors, and beneficiaries of such employees,  
 148 officers, and retirees, are extended the basic protections  
 149 afforded by governmental retirement systems. These persons must  
 150 be provided benefits that are fair and adequate and that are  
 151 managed, administered, and funded in an actuarially sound  
 152 manner, as required by s. 14, Article X of the State  
 153 Constitution and part VII of chapter 112, Florida Statutes.  
 154 Therefore, the Legislature determines and declares that this act  
 155 fulfills an important state interest.

156       Section 7. The Legislature finds that a proper and  
 157 legitimate state purpose is served when employees, officers, and  
 158 retirees of the state and of its political subdivisions, and the  
 159 dependents, survivors, and beneficiaries of such employees,

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160 officers, and retirees, are extended the basic protections  
161 afforded by governmental retirement systems that provide fair  
162 and adequate benefits, including health insurance subsidies, and  
163 that are managed, administered, and funded in a reasonable  
164 manner. Therefore, the Legislature determines and declares that  
165 this act fulfills an important state interest.

166 Section 8. This act shall take effect July 1, 2015.