

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 1128  
 SPONSOR: Senator Saunders  
 SUBJECT: Florida Retirement System  
 DATE: February 1, 2002      REVISED: 02/05/02      \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Fav/1 amendment</u>
2.	<u> </u>	<u> </u>	<u>AGG</u>	<u> </u>
3.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**I. Summary:**

Senate Bill 1128 extends the twenty-five years' service/age 55 normal retirement provisions of the Special Risk Class to mosquito control aircraft pilots employed by municipal, county, special-district, and state-agency members of the Florida Retirement System.

This bill amends section 121.0515, Florida Statutes.

**II. Present Situation:**

The Florida Retirement System (FRS) is a multi-employer, defined benefit pension plan providing annuitized pension benefits to nearly 900,000 active and retired employees and beneficiaries of state, county, municipal, district school board, community college and special districts units of government. Its Special Risk membership class provides enhanced and earlier retirement benefits to employees in public safety occupations or to employees whose duties place them in custodial institutions. Employees in the Special Risk Class may retire upon the earlier attainment of age 55 or completion of twenty-five years' service. Normal retirement brackets for the other classes in the FRS are the earlier attainment of age 62 or thirty years' service.

The State Board of Administration, composed of the Governor, Treasurer, and Comptroller, is the governing authority for the investment of employer payroll contributions into the FRS Trust Fund. Benefit administration is the responsibility of the Division of Retirement in the Department of Management Services.

### III. Effect of Proposed Changes:

Section 1. The bills amends s. 121.0515, F.S., to add to the Special Risk Class of the FRS aircraft pilots certified by the federal Aviation Administration and employed by municipal, county, special-district and state agency employers for the provision of mosquito control services.

Section 2. The bill takes effect October 1, 2002.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

Article VII, s. 18 of the State Constitution, governs the terms under which an act of the Legislature may constitute an unfunded mandate to local government. The convention which has been adopted since its passage is a financial impact in the aggregate greater than ten cents per capita, or \$1.6 million based on current state population estimates. Estimating the financial impact of this bill is difficult since the employee base is so narrow. While the likely impact appears to fall below this threshold, an accompanying statement of important state interest is, nonetheless, suggested.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

Article X, s. 14 of the State Constitution, requires all public sector pension plans to prefund their benefits in a sound actuarial manner.

### V. Economic Impact and Fiscal Note:

#### A. Tax/Fee Issues:

None.

#### B. Private Sector Impact:

The effect of the bill is to provide greater retirement benefits for the affected employees. At completion of normal service requirements a current retiree would be receive 48 percent of the average final compensation. Under this bill that percentage amount would rise to 75 percent. Employees accrue service credit at 1.60-1.68 percent per year in the Regular Class and at 3 percent in the Special Risk Class. Employees may add to, or "spike," that benefit through the accumulation of up to 500 hours of annual leave at employment termination and retirement. There are varying accrual rates in the other FRS retirement classes ranging from 1.60 percent to 3.33 percent.

**C. Government Sector Impact:**

The employer of each of the affected pilots will have to increase its payroll contributions to the FRS Trust fund by 11.14 percent of salary to pay for the added benefit. The numbers of affected employees is not believed to be large and will be restricted primarily to counties and special district employers in the FRS. The bill will have no effect on special districts and municipalities that operate their own pension plans.

**VI. Technical Deficiencies:**

As noted, above, a statement of important state interest would effectively address any question that the bill constituted an unfunded state mandate on local governments.

**VII. Related Issues:**

There are several pilot licensing provisions in the United States Code and the Code of Federal Regulations (CFR). As this bill is phrased there is no requirement that pilot responsibilities are the sole and exclusive job duty, only that they are inclusive. Unlike the existing provision for special risk benefits for aerial surveillance pilots, there is no linkage to the mosquito control pilots having any other certified public safety responsibilities, as is now the case with firefighters and law enforcement.

The Division of Retirement suggests that more particular reference to the specific licensing requirements of the CFR be included to avoid a situation where any licensed pilot would qualify, regardless of appropriateness of the assignment.

**VIII. Amendments:**

#1 by Governmental Oversight and Productivity:

Includes mosquito control pilots in the ch. 121, F.S., definition of a special risk retirement class member of the FRS.