

By the Fiscal Responsibility Council and Representative  
Lacasa

1                                   A bill to be entitled  
2           An act relating to retirement contribution  
3           rates; amending ss. 121.052, 121.055, and  
4           121.071, F.S.; revising the contribution rates  
5           for the Elected Officers' Class, Senior  
6           Management Service Class, Regular Class,  
7           Special Risk Class, and Special Risk  
8           Administrative Support Class; recognizing  
9           excess actuarial assets of the Florida  
10          Retirement System Trust Fund to fund costs and  
11          rate reductions; amending s. 11 of chapter  
12          2001-235, Laws of Florida, to reduce the amount  
13          of excess actuarial assets to be recognized to  
14          offset costs; amending s. 121.571, F.S.;  
15          delaying the administrative and educational  
16          contribution for the optional retirement  
17          program; repealing s. 23 of ch. 2000-169, Laws  
18          of Florida, relating to increased retirement  
19          contribution rates; requiring participating  
20          employers to pay additional contribution for  
21          implementation of the optional program and  
22          educational services for the retirement system;  
23          providing a declaration of important state  
24          interest; providing an effective date.

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

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28           Section 1. Paragraph (a) of subsection (7) of section  
29   121.052, Florida Statutes, is amended to read:  
30           121.052 Membership class of elected officers.--  
31           (7) CONTRIBUTIONS.--

1 (a) The following table states the required retirement  
2 contribution rates for members of the Elected Officers' Class  
3 and their employers in terms of a percentage of the member's  
4 gross compensation. A change in a contribution rate is  
5 effective with the first salary paid on or after the beginning  
6 date of the change. Contributions shall be made or deducted as  
7 may be appropriate for each pay period and are in addition to  
8 the contributions required for social security and the Retiree  
9 Health Insurance Subsidy Trust Fund.

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11 Dates of Contribution

12 Rate Changes Members Employers

13 ~~Effective~~ July 1, 2001, through

14 June 30, 2002

15 Legislators 0% 15.14%

16 Governor, Lt. Governor, Cabinet

17 Officers 0% 15.14%

18 State Attorneys, Public Defenders 0% 15.14%

19 Justices, Judges 0% 20.61%

20 County Elected Officers 0% 17.61%

21 Effective July 1, 2002, through June 30,

22 2003

23 Legislators 0% 9.26%

24 Governor, Lt. Governor, Cabinet

25 Officers 0% 9.26%

26 State Attorneys, Public Defenders 0% 9.26%

27 Justices, Judges 0% 15.42%

28 County Elected Officers 0% 12.00%

29 Effective July 1, 2003

30 Legislators 0% 15.42%

31 Governor, Lt. Governor, Cabinet

1	<u>Officers</u>	<u>0%</u>	<u>15.42%</u>
2	<u>State Attorneys, Public Defenders</u>	<u>0%</u>	<u>15.42%</u>
3	<u>Justices, Judges</u>	<u>0%</u>	<u>20.64%</u>
4	<u>County Elected Officers</u>	<u>0%</u>	<u>17.52%</u>

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6 Section 2. Paragraph (a) of subsection (3) of section  
7 121.055, Florida Statutes, is amended to read:

8 121.055 Senior Management Service Class.--There is  
9 hereby established a separate class of membership within the  
10 Florida Retirement System to be known as the "Senior  
11 Management Service Class," which shall become effective  
12 February 1, 1987.

13 (3)(a) The following table states the required  
14 retirement contribution rates for members of the Senior  
15 Management Service Class and their employers in terms of a  
16 percentage of the member's gross compensation. A change in the  
17 contribution rate is effective with the first salary paid on  
18 or after the beginning date of the change. Contributions  
19 shall be made for each pay period and are in addition to the  
20 contributions required for social security and the Retiree  
21 Health Insurance Subsidy Trust Fund.

22  
23 Dates of Contribution

24 Rate Changes	Members	Employers
25 <del>Effective</del> <u>July 1, 2001, through</u>	0%	11.73%
26 <u>June 30, 2002</u>		
27 <u>Effective July 1, 2002, through June 30, 2003</u>	<u>0%</u>	<u>6.14%</u>
28 <u>2003</u>		
29 <u>Effective July 1, 2003</u>	<u>0%</u>	<u>11.68%</u>

1 Section 3. Subsection (1) of section 121.071, Florida  
2 Statutes, is amended to read:

3 121.071 Contributions.--Contributions to the system  
4 shall be made as follows:

5 (1) The following tables state the required retirement  
6 contribution rates for members of the Regular Class, Special  
7 Risk Class, or Special Risk Administrative Support Class and  
8 their employers in terms of a percentage of the member's gross  
9 compensation. A change in a contribution rate is effective  
10 with the first salary paid on or after the beginning date of  
11 the change. Contributions shall be made or deducted as may be  
12 appropriate for each pay period and are in addition to the  
13 contributions required for social security and the Retiree  
14 Health Insurance Subsidy Trust Fund.

15 (a) Retirement contributions for regular members are  
16 as follows:

17	18	19	20	21	22	23	24
	Dates of Contribution	Rate Changes	Members	Employers			
		<del>Effective July 1, 2001,</del> <u>through June 30, 2002</u>	0%	9.91%			
		<u>Effective July 1, 2002, through June</u> <u>30, 2003</u>	<u>0%</u>	<u>4.16%</u>			
		<u>Effective July 1, 2003</u>	<u>0%</u>	<u>9.94%</u>			

25  
26 (b) Retirement contributions for special risk members  
27 are as follows:

28	29	30	31
	Dates of Contribution	Rate Changes	Members Employers

1	<del>Effective</del> July 1,		
2	<u>2001, through June 30, 2002</u>	0%	22.07%
3	<u>Effective July 1, 2002, through</u>		
4	<u>June 30, 2003</u>	<u>0%</u>	<u>15.30%</u>
5	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>22.15%</u>

6  
7 (c) Retirement contributions for special risk  
8 administrative support members are as follows:

9			
10	Dates of Contribution		
11	Rate Changes	Members	Employers
12	<del>Effective</del> July 1, 2001, through	0%	12.55%
13	<u>June 30, 2002</u>		
14	<u>Effective July 1, 2002, through June 30,</u>	<u>0%</u>	<u>6.69%</u>
15	<u>2003</u>		
16	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>12.60%</u>

17  
18 Section 4. It is the intent of the Legislature that  
19 the normal cost increases attributable to the actuarial  
20 experience study and 6-year vesting as determined by Milliman  
21 USA, consulting actuaries for the system, as well as other  
22 benefit increases and the costs attributable to a reduction of  
23 5.05 percentage points for each class and subclass of the  
24 defined benefit plan below the normal costs of the system  
25 shall be funded by a recognition of a lump sum from the excess  
26 actuarial assets of the Florida Retirement System Trust Fund  
27 for fiscal year 2002-2003.

28 Section 5. Section 11 of chapter 2001-235, Laws of  
29 Florida, is amended to read:

30 Section 11. It is the intent of the Legislature that  
31 the costs attributable to the additional cost-of-living

1 increase for special risk retirees and Deferred Retirement  
2 Option Program participants as provided under section 2 shall  
3 be funded by recognition of excess actuarial assets, amortized  
4 over 30 years with the payments assumed to remain relatively  
5 stable when expressed as a percentage of payroll. For fiscal  
6 year 2001-2002, the payment shall be \$9.3 million. For fiscal  
7 year 2002-2003, the payment shall be \$15.1~~\$19~~ million, and,  
8 thereafter, payments shall increase by 5 percent per year. If  
9 insufficient funds are available to fund this additional cost  
10 through recognition of excess actuarial assets in fiscal year  
11 2002-2003 and any year thereafter, and there remains an  
12 unfunded actuarial liability attributable to the one-time  
13 cost-of-living increase provided under section 2, the payroll  
14 contribution rate for the Special Risk Class of the Florida  
15 Retirement System shall be increased by .93 percent effective  
16 July 1 of that year, unless the Legislature provides an  
17 alternative funding mechanism before that date.

18 Section 6. Subsection (5) of section 121.571, Florida  
19 Statutes, is amended to read:

20 121.571 Contributions.--Contributions to the Public  
21 Employee Optional Retirement Program shall be made as follows:

22 (5) ADMINISTRATIVE AND EDUCATIONAL  
23 CONTRIBUTIONS.--Effective June 1, 2003 ~~2002~~, the contribution  
24 rate for each employer shall be 0.15 ~~0.1~~ percent on behalf of  
25 each participant to fund the administrative and educational  
26 expenses of the optional program. All contributions made on  
27 behalf of a participant pursuant to this subsection shall be  
28 transferred to the third-party administrator for deposit in  
29 the board's administrative fund.

30 Section 7. Section 23 of chapter 2000-169, Laws of  
31 Florida, is repealed.

1           Section 8. (1) Effective July 1, 2002, for fiscal  
2 year 2002-2003 only, each employer participating in the  
3 Florida Retirement System administered pursuant to chapter  
4 121, Florida Statutes, shall pay to the Division of Retirement  
5 an additional contribution equal to 0.15 percent of each  
6 member's gross compensation for deposit in the Division of  
7 Retirement's Operating Trust Fund. The contributions shall be  
8 made for each pay period and are in addition to all  
9 contributions required for the Florida Retirement System,  
10 social security, and the Retiree Health Insurance Subsidy  
11 Trust Fund. Such contributions are not subject to the service  
12 charges imposed pursuant to s. 215.20, Florida Statutes.

13           (2) Such contributions shall be transferred  
14 immediately from the Division of Retirement's Operating Trust  
15 Fund to the State Board of Administration's Administrative  
16 Expense Trust Fund to offset the costs of implementing the  
17 Public Employee Optional Retirement Program and providing  
18 educational services to participants of the defined benefit  
19 plan and defined contribution plan.

20           Section 9. The Legislature finds that a proper and  
21 legitimate state purpose is served when employees, officers,  
22 and retirees of the state and of its political subdivisions,  
23 and the dependents, survivors, and beneficiaries of such  
24 employees, officers, and retirees, are extended the basic  
25 protections afforded by governmental retirement systems that  
26 provide fair and adequate benefits and that are managed,  
27 administered, and funded in an actuarially sound manner, as  
28 required by s. 14, Art. X of the State Constitution and part  
29 VII of chapter 112, Florida Statutes. Therefore, the  
30 Legislature hereby determines and declares that the provisions  
31 of this act fulfill an important state interest.

1           Section 10. This act shall take effect June 1, 2002.

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HOUSE SUMMARY

Revises the contribution rates for the Elected Officers' Class, the Senior Management Service Class, the Regular Class, the Special Risk Class, and the Special Risk Administrative Support Class of the Florida Retirement System. Recognizes excess actuarial assets of the Florida Retirement System Trust Fund to fund costs and rate reductions. Requires described employees to pay additional contribution for implementation of the optional retirement program and educational services for participants of the defined benefit plan and defined contribution plan. See bill for details.