

By the Committee on Governmental Oversight and Productivity

302-2286-02

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

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

28
29 Section 1. Paragraph (a) of subsection (7) of section
30 121.052, Florida Statutes, is amended to read:

31 121.052 Membership class of elected officers.--

1 (7) CONTRIBUTIONS.--

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

11

12 Dates of Contribution

13 Rate Changes Members Employers

14 ~~Effective~~ July 1, 2001, through

15 June 30, 2002

16 Legislators 0% 15.14%

17 Governor, Lt. Governor, Cabinet

18 Officers 0% 15.14%

19 State Attorneys, Public Defenders 0% 15.14%

20 Justices, Judges 0% 20.61%

21 County Elected Officers 0% 17.61%

22 Effective July 1, 2002, through June 30,

23 2003

24 Legislators 0% 9.26%

25 Governor, Lt. Governor, Cabinet

26 Officers 0% 9.26%

27 State Attorneys, Public Defenders 0% 9.26%

28 Justices, Judges 0% 15.42%

29 County Elected Officers 0% 12.00%

30 Effective July 1, 2003

31 Legislators 0% 15.42%

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

6
7 Section 2. Paragraph (k) is added to subsection (1)
8 and paragraph (a) of subsection (3) of section 121.055,
9 Florida Statutes, is amended to read:

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

15 (1)

16 (k) Any state attorney or public defender in the
17 Elected Officers' Class who has creditable service as an
18 assistant state attorney or assistant public defender may
19 upgrade retirement credit for such service in accordance with
20 the provisions of paragraph (j).

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

30
31

Dates of Contribution	Members	Employers
Effective July 1, 2001, through <u>June 30, 2002</u>	0%	11.73%
Effective July 1, 2002, through June 30, 2003	<u>0%</u>	<u>6.14%</u>
Effective July 1, 2003	<u>0%</u>	<u>11.68%</u>

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

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

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

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

Dates of Contribution	Members	Employers
Effective July 1, 2001, through June 30, 2002	0%	9.91%
Effective July 1, 2002, through June 30, 2003	<u>0%</u>	<u>4.16%</u>

1	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>9.94%</u>
2			
3	(b) Retirement contributions for special risk members		
4	are as follows:		
5			
6	Dates of Contribution		
7	Rate Changes	Members	Employers
8	Effective <u>Effective July 1,</u>		
9	<u>2001, through June 30, 2002</u>	0%	22.07%
10	<u>Effective July 1, 2002, through</u>		
11	<u>June 30, 2003</u>	<u>0%</u>	<u>15.30%</u>
12	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>22.15%</u>

13			
14	(c) Retirement contributions for special risk		
15	administrative support members are as follows:		
16			
17	Dates of Contribution		
18	Rate Changes	Members	Employers
19	Effective <u>Effective July 1, 2001, through</u>	0%	12.55%
20	<u>June 30, 2002</u>		
21	<u>Effective July 1, 2002, through June 30,</u>	<u>0%</u>	<u>6.69%</u>
22	<u>2003</u>		
23	<u>Effective July 1, 2003</u>	<u>0%</u>	<u>12.60%</u>

24

25 Section 4. It is the intent of the Legislature that

26 the normal cost increases attributable to the actuarial

27 experience study and 6-year vesting as determined by Milliman

28 USA, consulting actuaries for the system, as well as other

29 benefit increases and the costs attributable to a reduction of

30 5.05 percentage points for each class and subclass of the

31 defined benefit plan below the normal costs of the system

1 shall be funded by a recognition of a lump sum from the excess
2 actuarial assets of the Florida Retirement System Trust Fund
3 for fiscal year 2002-2003.

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

6 Section 11. It is the intent of the Legislature that
7 the costs attributable to the additional cost-of-living
8 increase for special risk retirees and Deferred Retirement
9 Option Program participants as provided under section 2 shall
10 be funded by recognition of excess actuarial assets, amortized
11 over 30 years with the payments assumed to remain relatively
12 stable when expressed as a percentage of payroll. For fiscal
13 year 2001-2002, the payment shall be \$9.3 million. For fiscal
14 year 2002-2003, the payment shall be \$15.1~~\$19~~ million, and,
15 thereafter, payments shall increase by 5 percent per year. If
16 insufficient funds are available to fund this additional cost
17 through recognition of excess actuarial assets in fiscal year
18 2002-2003 and any year thereafter, and there remains an
19 unfunded actuarial liability attributable to the one-time
20 cost-of-living increase provided under section 2, the payroll
21 contribution rate for the Special Risk Class of the Florida
22 Retirement System shall be increased by .93 percent effective
23 July 1 of that year, unless the Legislature provides an
24 alternative funding mechanism before that date.

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

27 121.571 Contributions.--Contributions to the Public
28 Employee Optional Retirement Program shall be made as follows:

29 (5) ADMINISTRATIVE AND EDUCATIONAL
30 CONTRIBUTIONS.--Effective June 1, 2003 ~~2002~~, the contribution
31 rate for each employer shall be 0.15 ~~0.1~~ percent on behalf of

1 each participant to fund the administrative and educational
2 expenses of the optional program. All contributions made on
3 behalf of a participant pursuant to this subsection shall be
4 transferred to the third-party administrator for deposit in
5 the board's administrative fund.

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

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

20 (2) Such contributions shall be transferred
21 immediately from the Division of Retirement's Operating Trust
22 Fund to the State Board of Administration's Administrative
23 Expense Trust Fund to offset the costs of implementing the
24 Public Employee Optional Retirement Program and providing
25 educational services to participants of the defined benefit
26 plan and defined contribution plan.

27 (3) Approval of the trustees of the State Board of
28 Administration is required prior to the expenditure of any
29 funds generated by the additional contributions collected
30 pursuant to subsection (1).

31

1 Section 9. The Legislature finds that a proper and
2 legitimate state purpose is served when employees, officers,
3 and retirees of the state and of its political subdivisions,
4 and the dependents, survivors, and beneficiaries of such
5 employees, officers, and retirees, are extended the basic
6 protections afforded by governmental retirement systems that
7 provide fair and adequate benefits and that are managed,
8 administered, and funded in an actuarially sound manner, as
9 required by Section 14, Article X of the State Constitution
10 and part VII of chapter 112, Florida Statutes. Therefore, the
11 Legislature hereby determines and declares that the provisions
12 of this act fulfill an important state interest.

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

14
15 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
16 COMMITTEE SUBSTITUTE FOR
17 Senate Bill 590

18 The Committee Substitute replaces the original bill in its
19 entirety and substitutes an amendment of ch. 121, F.S., to
20 prescribe new employer payroll contribution rates for the
21 Florida Retirement System for Fiscal Year 2003. The bill also
22 permits a retirement service upgrade for assistant state
attorneys and public defenders if they are currently members
of the Elected Officers' Class. Finally the bill recognizes a
5.05 percent reduction in the cost of the Florida Retirement
System and provides a statement of important state interest.