

By the Committee on Governmental Oversight and Productivity

302-2225-04

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A bill to be entitled
An act relating to retirement; amending s.
121.71, F.S.; revising the payroll contribution
rates for the membership classes of the Florida
Retirement System for the state fiscal years
effective July 1, 2004, and July 1, 2005;
amending s. 121.40, F.S.; revising the payroll
contribution rates for the Institute of Food
and Agricultural Sciences effective through
June 30, 2005; amending s. 121.74, F.S.;
reducing the fee imposed for the cost of
administration; providing a declaration of
important state interest; providing an
effective date.

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

Section 1. Section 121.71, Florida Statutes, is
amended to read:

121.71 Uniform rates; process; calculations; levy.--

(1) In conducting the system actuarial study required
under s. 121.031, the actuary shall follow all requirements
specified thereunder to determine, by Florida Retirement
System employee membership class, the dollar contribution
amounts necessary for the forthcoming fiscal year for the
defined benefit program. In addition, the actuary shall
determine, by Florida Retirement System membership class,
based on an estimate for the forthcoming fiscal year of the
gross compensation of employees participating in the optional
retirement program, the dollar contribution amounts necessary
to make the allocations required under ss. 121.72 and 121.73.

1 For each employee membership class and subclass, the actuarial
2 study shall establish a uniform rate necessary to fund the
3 benefit obligations under both Florida Retirement System
4 retirement plans, by dividing the sum of total dollars
5 required by the estimated gross compensation of members in
6 both plans.

7 (2) Based on the uniform rates set forth in subsection
8 (3), employers shall make monthly contributions to the
9 Division of Retirement, which shall initially deposit the
10 funds into the Florida Retirement System Contributions
11 Clearing Trust Fund. A change in a contribution rate is
12 effective the first day of the month for which a full month's
13 employer contribution may be made on or after the beginning
14 date of the change.

15 (3) Required employer retirement contribution rates
16 for each membership class and subclass of the Florida
17 Retirement System for both retirement plans are as follows:

19	Percentage of	Percentage of
20	Gross	Gross
21	Compensation,	Compensation,
22	Effective	Effective
23	July 1, <u>2004</u>	July 1, <u>2005</u>
24	2003	2004
25	Regular Class	<u>6.20%</u> 6.18% <u>9.98%</u> 10.07%
26	Special Risk Class	<u>17.34%</u> 17.32% <u>22.16%</u> 22.15%
27	Special Risk Administrative	
28	Support Class	<u>8.73%</u> 8.71% <u>12.55%</u> 12.58%
29	Elected Officers' Class -	
30	Legislators, Governor,	
31	Lt. Governor,	

1	Cabinet Officers,			
2	State Attorneys,			
3	Public Defenders	<u>11.30%</u>	11.28%	<u>15.82%</u> 15.48%
4	Elected Officers' Class -			
5	Justices, Judges	<u>17.46%</u>	17.44%	<u>20.78%</u> 20.70%
6	Elected Officers' Class -			
7	County Elected Officers	<u>14.04%</u>	14.02%	<u>17.73%</u> 17.81%
8	Senior Management Class	<u>8.18%</u>	8.16%	<u>11.64%</u> 11.59%
9	DROP	8.00%		11.56%

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11 (4) The state actuary shall recognize and use an
12 appropriate level of available excess assets of the Florida
13 Retirement System Trust Fund to offset the difference between
14 the normal costs of the Florida Retirement System and the
15 statutorily prescribed contribution rates.

16 Section 2. Subsection (12) of section 121.40, Florida
17 Statutes, is amended to read:

18 121.40 Cooperative extension personnel at the
19 Institute of Food and Agricultural Sciences; supplemental
20 retirement benefits.--

21 (12) CONTRIBUTIONS.--

22 (a) For the purposes of funding the supplemental
23 benefits provided by this section, the institute is authorized
24 and required to pay, commencing July 1, 1985, the necessary
25 monthly contributions from its appropriated budget. These
26 amounts shall be paid into the Institute of Food and
27 Agricultural Sciences Supplemental Retirement Trust Fund,
28 which is hereby created.

29 (b) The monthly contributions required to be paid
30 pursuant to paragraph (a) on the gross monthly salaries, from
31 all sources with respect to such employment, paid to those

1 employees of the institute who hold both state and federal
2 appointments and who participate in the federal Civil Service
3 Retirement System shall be as follows:

4	5	6	7
	Dates of Contribution		Percentage
6	Rate Changes		Due
7	July 1, 1985, through December 31, 1988		6.68%
8	January 1, 1989, through December 31, 1993		6.35%
9	January 1, 1994, through December 31, 1994		6.69%
10	January 1, 1995, through June 30, 1996		6.82%
11	July 1, 1996, through June 30, 1998		5.64%
12	July 1, 1998, through June 30, 2001		7.17%
13	July 1, 2001, through June 30, 2003		6.96%
14	Effective July 1, 2003, <u>through June 30,</u>		13.83%
15	<u>2005</u>		

16 Section 3. Section 121.74, Florida Statutes, is
17 amended to read:

18 121.74 Administrative and educational
19 expenses.--Effective July 1, 2004 ~~2003~~, in addition to
20 contributions required under s. 121.71, employers
21 participating in the Florida Retirement System shall
22 contribute an amount equal to 0.08 ~~0.10~~ percent of the payroll
23 reported for each class or subclass of Florida Retirement
24 System membership, which amount shall be transferred by the
25 Division of Retirement from the Florida Retirement System
26 Contributions Clearing Trust Fund to the State Board of
27 Administration's Administrative Trust Fund to offset the costs
28 of administering the optional retirement program and the costs
29 of providing educational services to participants in the
30 defined benefit program and the optional retirement program.
31 Approval of the Trustees of the State Board of Administration

1 is required prior to the expenditure of these funds. Payments
2 for third-party administrative or educational expenses shall
3 be made only pursuant to the terms of the approved contracts
4 for such services.

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

17 Section 5. This act shall take effect upon becoming a
18 law.

19
20 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
21 COMMITTEE SUBSTITUTE FOR
22 Senate Bill 2230

23 The Committee Substitute raises the FRS employer contribution
24 rates by an amount less than that in the original bill,
25 continues the rates imposed on the supplemental retirement
26 program at the Institute of Food And Agricultural Sciences at
27 the University of Florida at the 2003 level, and reduces by 2
28 basis points (.0002) the fees charged for the administration
29 of the portable defined contribution pension plan administered
30 through the Board of Administration.
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