

By the Committee on Governmental Oversight and Productivity;
and Senator Argenziano

585-1817A-05

1 A bill to be entitled
2 An act relating to retirement; amending s.
3 121.71, F.S.; revising the payroll contribution
4 rates for the membership classes of the Florida
5 Retirement System for the state fiscal years
6 effective July 1, 2005, and July 1, 2006;
7 amending s. 121.40, F.S.; revising the payroll
8 contribution rate for the Institute of Food and
9 Agricultural Sciences, effective July 1, 2005;
10 providing a declaration of important state
11 interest; providing an effective date.

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

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

17 121.71 Uniform rates; process; calculations; levy.--

18 (1) In conducting the system actuarial study required
19 under s. 121.031, the actuary shall follow all requirements
20 specified thereunder to determine, by Florida Retirement
21 System employee membership class, the dollar contribution
22 amounts necessary for the forthcoming fiscal year for the
23 defined benefit program. In addition, the actuary shall
24 determine, by Florida Retirement System membership class,
25 based on an estimate for the forthcoming fiscal year of the
26 gross compensation of employees participating in the optional
27 retirement program, the dollar contribution amounts necessary
28 to make the allocations required under ss. 121.72 and 121.73.
29 For each employee membership class and subclass, the actuarial
30 study shall establish a uniform rate necessary to fund the
31 benefit obligations under both Florida Retirement System

1 retirement plans, by dividing the sum of total dollars
2 required by the estimated gross compensation of members in
3 both plans.

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

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

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2005</u> 2004	Percentage of Gross Compensation, Effective July 1, <u>2006</u> 2005
Regular Class	6.20%	<u>9.53%</u> 9.98%
Special Risk Class	17.34%	<u>21.91%</u> 22.16%
Special Risk Administrative Support Class	8.73%	<u>12.39%</u> 12.55%
Elected Officers' Class - Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	11.30%	<u>14.86%</u> 15.82%

1	Elected Officers' Class -			
2	Justices, Judges	17.46%	<u>20.43%</u>	20.78%
3	Elected Officers' Class -			
4	County Elected Officers	14.04%	<u>17.00%</u>	17.73%
5	Senior Management Class	8.18%	<u>13.27%</u>	11.64%
6	DROP	8.00%	<u>11.74%</u>	11.56%
7				

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

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

15 121.40 Cooperative extension personnel at the
16 Institute of Food and Agricultural Sciences; supplemental
17 retirement benefits.--

18 (12) CONTRIBUTIONS.--

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

26 (b) The monthly contributions required to be paid
27 pursuant to paragraph (a) on the gross monthly salaries, from
28 all sources with respect to such employment, paid to those
29 employees of the institute who hold both state and federal
30 appointments and who participate in the federal Civil Service
31 Retirement System shall be as follows:

Dates of Contribution	Percentage
Rate Changes	Due
July 1, 1985, through December 31, 1988	6.68%
January 1, 1989, through December 31, 1993	6.35%
January 1, 1994, through December 31, 1994	6.69%
January 1, 1995, through June 30, 1996	6.82%
July 1, 1996, through June 30, 1998	5.64%
July 1, 1998, through June 30, 2001	7.17%
July 1, 2001, through June 30, 2003	6.96%
Effective July 1, 2003, through June 30,	13.83%
<u>2005</u>	
Effective July 1, 2005, through June 30,	<u>20.23%</u>
<u>2007</u>	

Section 3. The Legislature finds that a proper and legitimate state purpose is served when employees and retirees of the state and its political subdivisions, and the dependents, survivors, and beneficiaries of such employees and retirees, are extended the basic protections afforded by governmental retirement systems. These persons must be provided benefits that are fair and adequate and that are managed, administered, and funded in an actuarially sound manner, as required by Section 14, Article X of the State Constitution, and part VII of chapter 112, Florida Statutes. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

Section 4. This act shall take effect July 1, 2005.

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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 1152

The CS continues the payroll contribution rates charged FRS member employers at the current year level and increases them for the fiscal year beginning July 1, 2006 to the full, normal cost rates recommended by the consulting actuary to the Division of Retirement. The CS raises the rates charged the separately funded Institute of Food and Agricultural Sciences at the University of Florida from 13.83 percent to 20.23 percent for the biennium beginning July 1, 2005.