

CHAMBER ACTION

1 The Local Government Council recommends the following:

2
3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to the Florida Retirement System; amending
7 s. 121.055, F.S.; during a specified period of time,
8 permitting local government employees who are members of
9 the Senior Management Service Class, who have withdrawn
10 from the Florida Retirement System, to elect membership in
11 the defined benefit program or the public employee
12 optional retirement program of the system; prescribing
13 requirements in making such election; providing for
14 payment of the costs of such membership; providing an
15 effective date.

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

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19 Section 1. Paragraph (b) of subsection (1) of section
20 121.055, Florida Statutes, is amended to read:

21 121.055 Senior Management Service Class.--There is hereby
22 established a separate class of membership within the Florida

23 Retirement System to be known as the "Senior Management Service
24 Class," which shall become effective February 1, 1987.

25 (1)

26 (b)1. Except as provided in subparagraph 2., effective
27 January 1, 1990, participation in the Senior Management Service
28 Class shall be compulsory for the president of each community
29 college, the manager of each participating city or county, and
30 all appointed district school superintendents. Effective
31 January 1, 1994, additional positions may be designated for
32 inclusion in the Senior Management Service Class of the Florida
33 Retirement System, provided that:

34 a. Positions to be included in the class shall be
35 designated by the local agency employer. Notice of intent to
36 designate positions for inclusion in the class shall be
37 published once a week for 2 consecutive weeks in a newspaper of
38 general circulation published in the county or counties
39 affected, as provided in chapter 50.

40 b. Up to 10 nonelective full-time positions may be
41 designated for each local agency employer reporting to the
42 Department of Management Services; for local agencies with 100
43 or more regularly established positions, additional nonelective
44 full-time positions may be designated, not to exceed 1 percent
45 of the regularly established positions within the agency.

46 c. Each position added to the class must be a managerial
47 or policymaking position filled by an employee who is not
48 subject to continuing contract and serves at the pleasure of the
49 local agency employer without civil service protection, and who:

50 (I) Heads an organizational unit; or

51 (II) Has responsibility to effect or recommend personnel,
52 budget, expenditure, or policy decisions in his or her areas of
53 responsibility.

54 2. In lieu of participation in the Senior Management
55 Service Class, members of the Senior Management Service Class
56 pursuant to the provisions of subparagraph 1. may withdraw from
57 the Florida Retirement System altogether. The decision to
58 withdraw from the Florida Retirement System shall be irrevocable
59 for as long as the employee holds such a position. Any service
60 creditable under the Senior Management Service Class shall be
61 retained after the member withdraws from the Florida Retirement
62 System; however, additional service credit in the Senior
63 Management Service Class shall not be earned after such
64 withdrawal. Such members shall not be eligible to participate
65 in the Senior Management Service Optional Annuity Program.

66 3. Effective January 1, 2006, through June 30, 2006, an
67 employee who has withdrawn from the Florida Retirement System
68 under subparagraph 2. has one opportunity to elect to
69 participate in either the defined benefit program or the Public
70 Employee Optional Retirement Program of the Florida Retirement
71 System.

72 a. If the employee elects to participate in the Public
73 Employee Optional Retirement Program, membership shall be
74 prospective, and the applicable provisions of s. 121.4501(4)
75 shall govern the election.

76 b. If the employee elects to participate in the defined
77 benefit program of the Florida Retirement System, the employee
78 shall, upon payment to the system trust fund of the amount

79 calculated under sub-sub-subparagraph (I), receive service
 80 credit for prior service based upon the time during which the
 81 employee had withdrawn from the system.

82 (I) The cost for such credit shall be an amount
 83 representing the actuarial accrued liability for the affected
 84 period of service. The cost shall be calculated using the
 85 discount rate and other relevant actuarial assumptions that were
 86 used to value the Florida Retirement System defined benefit plan
 87 liabilities in the most recent actuarial valuation. The
 88 calculation shall include any service already maintained under
 89 the defined benefit plan in addition to the period of
 90 withdrawal. The actuarial accrued liability attributable to any
 91 service already maintained under the defined benefit plan shall
 92 be applied as a credit to the total cost resulting from the
 93 calculation. The division shall ensure that the transfer sum is
 94 prepared using a formula and methodology certified by an
 95 actuary.

96 (II) The employee must transfer a sum representing the net
 97 cost owed for the actuarial accrued liability in sub-sub-
 98 subparagraph (I) immediately following the time of such
 99 movement, determined assuming that attained service equals the
 100 sum of service in the defined benefit program and the period of
 101 withdrawal.

102 Section 2. This act shall take effect July 1, 2005.