

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: Governmental Oversight and Productivity Committee

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BILL: SB 1214

INTRODUCER: Senator Argenziano

SUBJECT: Florida Retirement System

DATE: March 10, 2006

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>WM</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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## I. Summary:

The permits persons who have retired from the Florida Retirement System to receive payment for services as a volunteer to the supervisor of elections without suffering a suspension of pension benefits during the first year of retirement.

This bill amends ss. 121.051 and 121.091 of the Florida Statutes.

## II. Present Situation:

The Florida Retirement System (FRS) is a multi-employer, federally tax-qualified pension plan providing benefits to its more than 850 state, county, municipal, and special district agency employers. As a constitutional entity, the office of the supervisor of elections is one of the mandatory members. The FRS offers both a defined benefit, or percent of final pay plan as well as a defined contribution, or equity, plan for its more than 600,000 participants. It is the fourth largest state pension plan in the Nation and the only one with an excess of actuarial assets over actuarial liabilities.

A person with a vested benefit who retires from the FRS is required to not resume reemployment in a covered position with a member employer for twelve months after retirement. During the first thirty days of that period the individual must be removed from the active payroll so that all salary and related leave obligations are terminated and made payable. A person who resumes employment during the ensuing eleven months will have the pension benefit suspended until the expiration of that term. The actuarial consequence of this benefit suspension is incorporated into the FRS rate structure.

The Florida election code requires that persons who offer their services as volunteers are to be compensated for each day of service provided. Because compensation systems use the Social Security number as the prime identifier for payroll purposes that number migrates to the FRS and is cross-checked against the retired payroll data base. When the numbers match and can be verified, the remaining period of pension benefit is suspended.

There are a number of exceptions to the suspension of benefits beyond the first thirty days. There is no impact for reemployment by a non-FRS public sector employer or for any private employer or for any former employee who is not paid from a salary appropriation. There are additional limitations on this suspension for educators participating in a phased retirement/reemployment program.

The benefit suspension period applies both to the defined benefit program and the defined contribution program, although enforcement of the latter is complicated by the passage of the equity from the state treasury to a private provider.

Section 102.021, F.S., requires each clerk and inspector serving at a polling precinct to be paid by the supervisor of elections for services rendered. Section 102.014, F.S., requires those individuals to have participated in an approved training program of a minimum duration and content.

### **III. Effect of Proposed Changes:**

**Section 1.** The bill amends s. 121.091(9), F.S., to provide that a retired member may receive payment for volunteer work with a supervisor of elections on a non-contractual basis, without impairing the suspension of pension provisions of s. 121.021(39), F.S.

**Section 2.** The bill amends s. 121.051, F.S., to provide a cross reference to the compulsory participation section of the retirement statutes.

**Section 3.** The bill takes effect upon becoming a law.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

None.

#### **C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

Individuals volunteering their services to a supervisor of elections prior to the expiration of the first twelve months of benefits will no longer have those pension benefits suspended.

**C. Government Sector Impact:**

The numbers of individuals affected and the biennial nature of the election cycle are not expected to produce any significant impact.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The use of a compensation system for poll workers acts to further reduce any compromise to the elections process by validating their training and eligibility for work.

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This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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## **VIII. Summary of Amendments:**

None.

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