

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.)

Prepared By: Governmental Oversight and Productivity Committee

BILL: CS/SB 2182

INTRODUCER: Governmental Oversight and Productivity Committee and Senator Campbell

SUBJECT: FRS/Medical Examiner/Forensics

DATE: April 25, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Dugger</u>	<u>Cannon</u>	<u>CJ</u>	Favorable
2.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	Fav/CS
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Medical examiners and certain forensic employees were added to the Special Risk Class in 2005. This bill permits these medical examiners and forensic employees to purchase additional retirement credit to upgrade their previous service in the Florida Retirement System to Special Risk Class service. The bill requires the contributions for upgrading previous service to be equal to the difference in the contributions paid and the contribution rate in effect for the period being claimed, plus interest. The bill permits an employer to purchase upgraded credit on behalf of a member. The bill funds the actuarial liability and provides a statement of important state interest.

This bill substantially amends section 121.0515 of the Florida Statutes.

II. Present Situation:

Background on the Florida Retirement System

Chapter 121, F.S., is the Florida Retirement System Act and it governs the operation of the benefit payment system for the multi-employer Florida Retirement System (FRS). The FRS is administered by the secretary of the Department of Management Services through its Division of Retirement.¹

The FRS is the primary retirement plan for employees of state and county government agencies, district school boards, and community colleges and universities.² The FRS also has participating

¹ Section 121.025, F.S. (2005).

² Fla. Dep't of Mgmt. Serv., Fla. Div. of Ret. at <http://www.frs.state.fl.us/> (last visited Jan. 11, 2006).

employees of 151 cities and 186 independent special districts who have elected to join the system.³

The FRS offers a defined benefit plan that provides retirement, disability, and death benefits for nearly 600,000 active members and over 270,000 retirees, surviving beneficiaries, and Deferred Retirement Option Program participants.⁴ Members of the FRS defined benefit plan belong to one of five membership classes:

Regular Class ⁵	570,888 members	88.00%
Special Risk Class ⁶	68,466 members	10.59%
Special Risk Administrative Support Class ⁷	80 members	0.01%
Senior Management Service Class ⁸	6,823 members	1.10%
Elected Officers Class ⁹	2,122 members	0.30%

Each class is separately funded through an employer contribution of a percentage of the gross compensation of the member based on the costs attributable to members of that class and as provided in ch. 121, F.S.¹⁰

Expansion of the Special Risk Class and Upgraded Service

The Special Risk Class of the FRS was created to recognize that certain employees, because of the nature of the work they perform,¹¹ may need to retire at an earlier age with less service than other types of employees.¹² The only employees originally in the Special Risk Class were law enforcement officers, correctional officers, and firefighters.¹³ Starting in 1999, however, the Legislature started expanding the Special Risk Class as follows:

³ *Id.*

⁴ *Id.*

⁵ Section 121.021(12), F.S. (2005).

⁶ Section 121.0515, F.S. (2005).

⁷ Section 121.0515(7), F.S. (2005).

⁸ Section 121.055, F.S. (2005).

⁹ Section 121.052, F.S. (2005).

¹⁰ *See, e.g.*, s. 121.055(3)(a)1., F.S. (2005).

¹¹ Section 121.0515(1), F.S. (2005), (work that is physically demanding or arduous, or work that requires extraordinary agility and mental acuity).

¹² *Id.*

¹³ Chapter 78-308, Laws of Fla.

1999	Emergency Medical Technicians and Paramedics ¹⁴
2000	Community-Based Correctional Probation Officers ¹⁵ Twenty-four types of employees of correctional or forensic facilities or institutions ¹⁶
2001	Youth Custody Officers ¹⁷
2005	Employees of a law enforcement agency or a medical examiner's office who are employed in a forensic discipline ¹⁸

Another legislative trend that has followed this expansion of the Special Risk Class allows members who have previous service in another class of the Florida Retirement System, usually the Regular Class, to purchase additional retirement credit to upgrade the previous service to Special Risk Class service. In 2001, the Legislature permitted emergency medical technicians and paramedics to purchase credit for upgraded service.¹⁹ In 2002, the Legislature allowed members whose responsibilities included fire prevention or fire fighting training to purchase credit for upgraded service.²⁰

III. Effect of Proposed Changes:

This bill permits medical examiners and certain forensic employees to purchase additional retirement credit to upgrade previous service in the Florida Retirement System to Special Risk Class service.²¹ The bill requires the contributions for upgrading previous service to Special Risk Class service to be equal to the difference in the contributions paid and the contribution rate in effect for the period being claimed, plus interest at a rate of 6.5 percent a year, compounded annually until the date of payment. The bill permits an employer to purchase upgraded credit on behalf of a member.

¹⁴ Chapter 99-392, Laws of Fla., s. 23.

¹⁵ Chapter 2000-169, Laws of Fla., s 29.

¹⁶ *Id.* (The following employees must spend at least 75 percent of their time performing duties which involve contact with patients or inmates to qualify for the Special Risk Class: dietitian; public health nutrition consultant; psychological specialist; psychologist; senior psychologist; regional mental health consultant; psychological services director-DCF; pharmacist; senior pharmacist (class codes 5248 and 5249); dentist; senior dentist; registered nurse; senior registered nurse; registered nurse specialist; clinical associate; advanced registered nurse practitioner; advanced registered nurse practitioner specialist; registered nurse supervisor; senior registered nurse supervisor; registered nursing consultant; quality management program supervisor; executive nursing director; speech and hearing therapist; and pharmacy manager.)

¹⁷ Chapter 2001-125, Laws of Fla., s. 43.

¹⁸ Chapter 2005-167, Laws of Fla. s. 1; codified as s. 121.0515(2)(h), F.S. (2005). (The member's primary duties and responsibilities must include the collection, examination, preservation, documentation, preparation, or analysis of physical evidence or testimony, or both, or the member must be the direct supervisor, quality management supervisor, or command officer of one or more individuals with such responsibility; the forensic discipline must be recognized by the International Association for Identification and the member must qualify for active membership in the International Association for Identification). *See also* Int'l Ass'n for Identification at <http://www.theiai.org/> (last visited Mar. 27, 2006).

¹⁹ Chapter 2001-235, Laws of Fla., s. 6.

²⁰ Chapter 2002-273, Laws of Fla., s. 16.

²¹ Fla. HB 1165 (2006) (to the extent of the percentages of the member's average final compensation provided in s. 121.091(1)(a)2., F.S.).

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

The bill in its amended form contains a statement of important state interest to satisfy the requirements of s.18, Art. VII, State Constitution.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Article X, section 14 of the Florida Constitution provides that a governmental unit responsible for any retirement or pension system supported wholly or partially by public pension funds may not, after January 1, 1977, provide any increase in benefits to members or beneficiaries unless concurrent provisions for funding the increase in benefits are made on a sound actuarial basis.²² In its amended form, with an acknowledgement of the employer funding costs of 1 basis point (.01 percent or .0001) this bill appears to satisfy this constitutional requirement.

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

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

This bill appears to have a fiscal impact on local government expenditures. The unfunded liability to the Florida Retirement System from this bill is estimated to cost local governments \$222,000 in Fiscal Year 2007.

This bill appears to have a fiscal impact on state government expenditures. The unfunded liability to the Florida Retirement System from this bill is estimated to cost the state \$87,000 in Fiscal Year 2007.

²² Part VII of ch. 112, F.S., the "Florida Protection of Public Employee Retirement Benefits Act," was adopted by the Legislature to implement the provisions of article X, section 14 of the Florida Constitution. This law establishes minimum standards for operating and funding public employee retirement systems and plans. This part is applicable to all units of state, county, special district and municipal governments participating in or operating a retirement system for public employees which is funded in whole or in part by public funds.

The Department of Management Services provided the following fiscal note from the enrolled actuary regarding this bill prior to its amendment in committee:

The cost proposed by this bill to be paid by the affected members/employees to upgrade the service is not sufficient to pay for this kind of benefit enhancement. Any costs not covered by this pricing structure would be shifted to the system and could result in increased contribution rates for all special risk employers...SB 2182 does not provide a funding source for the additional costs of such an improvement of retirement benefits.²³

Presumably, these adverse comments have been neutralized in part as the bill funds the employer's additional actuarial liability. Left unaddressed is whether the state agency principally affected by this legislation, the Florida Department of Law Enforcement, should assume the additional costs out of its existing revenue base or receive an additional \$87,000 to offset the first-year costs.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

²³ Fla. Dep't of Mgmt. Serv., SB 2182 (2006) Substantive Bill Analysis (Mar. 29, 2006) (on file with dep't).

VIII. Summary of Amendments:

None.

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