

**The Florida Senate**  
**PROFESSIONAL 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: Community Affairs Committee

BILL: SB 1484  
 INTRODUCER: Senator Oelrich  
 SUBJECT: FRS/Pilots or Aerial Applicators  
 DATE: March 22, 2007      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Molloy	Yeatman	CA	<b>Favorable</b>
2.	_____	_____	GO	_____
3.	_____	_____	GA	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill expands the Special Risk Class of the Florida Retirement System (FRS) to include any member who is employed as a pilot or an aerial applicator by any city, county, special district, or state agency that is authorized to provide mosquito control services under state law or a special act.

This bill substantially amends ss. 121.021 and 121.0515 of the Florida Statutes.

**II. Present Situation:**

**Profile of the FRS and the Special Risk Class<sup>1</sup>**

The FRS was created in December 1970 to consolidate then-existing state-administered retirement systems for state and county officers and employees, teachers, judges, and Highway Patrol officers. Today, the FRS is the fourth largest public retirement system in the United States, covering over 664,000 active employees, over 252,000 annuitants (retirees and their surviving beneficiaries), and more than 31,000 participants of the Deferred Retirement Option Program (DROP). As of June, 2006, state employees (including university employees) represent 22 percent of the FRS membership. Remaining members are employed by local agencies, including all counties, district school boards, and community colleges, as well as cities and special districts that have opted to join the FRS.

<sup>1</sup> Information in the "Present Situation" section of this bill analysis is from an analysis of the bill provided by the Department of Management Services, Division of Retirement, dated March 7, 2007.

The active membership of the FRS is divided into five membership classes: the Regular Class, the Special Risk Class, the Special Risk Administrative Support Class, the Elected Officers' Class, and the Senior Management Service Class. Each class is separately funded based upon the costs attributable to the members of that class.

*Special Risk Class.* - The Special Risk Class of the FRS consists of state and local government employees who meet the criteria for special risk membership. The class covers persons employed in law enforcement, firefighting, criminal detention, and emergency and forensic medical care who meet statutory criteria for membership as set forth in s. 121.0515, F.S. As of June 30, 2006, with over 72,000 active members in the Special Risk Class and 74 members in the Special Risk Administrative Support Class, special risk employees made up nearly 11 percent of the active FRS membership.

In creating the Special Risk Class of membership within the FRS, the Legislature recognized that persons employed in certain categories of law enforcement, firefighting, criminal detention, and emergency medical care positions must, as an essential function of their positions, perform work that is physically demanding or arduous, or work that requires extraordinary agility and mental acuity. The Legislature further found that as persons in such positions age, they might not be able to continue performing their duties without posing a risk to the health and safety of themselves, the public, and their coworkers. In response, the Legislature established a special class to permit these employees to retire at an earlier age and with less service without suffering economic deprivation compared to other members with normal retirement after 30 years of service or age 62 and vested.

Special Risk Class membership differs from Regular Class membership in the following ways:

- A Special Risk Class member earns retirement credit at the rate of 3 percent of average final compensation (AFC) for each year of service, as opposed to the 1.60 percent to 1.68 percent credit per year of service earned by a Regular Class member.
- A Special Risk Class member qualifies for normal retirement at an earlier age (age 55 vs. age 62) or with few years of service (25 years vs. 30 years) for regular class.
- A Special Risk Class member who is totally and permanently disabled in the line of duty qualifies for a 65 percent minimum option 1 benefit payment compared to a Regular Class member similarly disabled who qualifies for a 42 percent minimum option 1 benefit payment.<sup>2</sup>

The benefit improvements enjoyed by members of the Special Risk Class are funded by higher employer contributions. For the 2006-2007 plan year under the FRS, the retirement portion of the employer contribution rate for the Special Risk Class is 19.76 percent – more than twice the 8.69 percent retirement contribution rate for the Regular Class. Thus when a membership group moves from the Regular Class to the Special Risk Class, the monthly employer contributions more than double for affected employees.

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<sup>2</sup> FRS members may choose to receive benefits from the Pension Plan in one of four ways. Option 1 provides the greatest amount, but is unaccompanied by survivor benefits.

*Membership criteria.*-Under current law, FRS members must meet specified eligibility requirements to qualify for membership in the Special Risk Class. These requirements limit membership to persons who are employed as law enforcement officers, firefighters, correctional officers, correctional probation officers, emergency medical technicians or paramedics, specified forensic and health care workers, and youth custody officers, and who meet the criteria set forth in applicable s. 121.0515, F.S.

### **Mosquito Control Services**

Chapter 388, Florida Statutes, provides for the establishment of mosquito control districts, and authorizes each mosquito control district created to levy an ad valorem assessment of not more than 10 mills for the purpose of controlling mosquitoes or other arthropods. The state can provide start-up assistance funding, supplies, services or equipment valued at up to \$50,000 a year for 3 years for any new area not previously served by the district or the county in which the district is located.

Every county or district that budgets local funds for mosquito control purposes is eligible to annually receive up to \$120,000 in state funding, supplies, services or equipment under a plan submitted by the county or district to the DACS for approval not later than July 15<sup>th</sup> of each year. All funds, services and equipment received under the match program must be used exclusively for an integrated program that provides mosquito control, source reduction measures, public education, personnel training and certification, and other measure to control the mosquito population.

The Mosquito Control Section of the Bureau of Entomology and Pest Control administers the state's grant program, and provides technical assistance, certification, and training to approximately 300 mosquito control programs in the state, 57 of which are operated by mosquito control districts.

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

The bill provides that, effective July 1, 2007, the Special Risk Class of the FRS is expanded to include a member employed as a pilot or aerial application by a city, county, special district, or a state agency, for the purpose of providing mosquito control services if the member:

- Is licensed as a pilot by the Federal Aviation Administration,
- Satisfies any licensure or certification requirements established by rule of the Department of Agriculture and Consumer Services (DACS), and
- Pilots or co-pilots, often at low altitudes, a rotary-wing or fixed-wing aircraft for chemical application of pesticides for controlling mosquitoes or other types of arthropods.

The bill contains a statement of important state interest, and will take effect October 1, 2007 if enacted by the Legislature.

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

This bill does require cities and counties to expend funds but is determined to have an insignificant fiscal impact and is therefore exempt from Section 18 of Article VII of the State Constitution.

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

None.

**C. Trust Funds Restrictions:**

None.

**D. Other Constitutional Issues:**

Section 14, Art. X, of the State Constitution, provides:

**SECTION 14. State retirement systems benefit changes.**—A governmental unit responsible for any retirement or pension system supported in whole or in part by public funds shall not after January 1, 1977, provide any increase in the benefits to members or beneficiaries of such system unless such unit has made or concurrently makes provision for the funding of the increase in benefits on a sound actuarial basis.

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

None.

**B. Private Sector Impact:**

If this bill is enacted, any FRS member employed as a pilot or aerial applicator by a city, county, special district, or state agency that is authorized to provide mosquito control services under chapter 388 or by special act, and who meets the criteria established in the bill, will see an increase in his/her retirement benefit.

**C. Government Sector Impact:**

Currently, under the FRS, regular class members earn retirement credit at the rate of 1.60 percent to 1.68 percent of their average final compensation for each year of service, and are eligible for retirement after 30 years of service or at age 62. If this bill is enacted, members will be eligible to retire at full benefit after 25 years of service or at age 55, and will earn retirement credit at the rate of 3 percent. Also, the employer of each eligible

member will be required to pay the increased retirement contribution rate for that member.<sup>3</sup>

According to the Division of Retirement in the Department of Management Services, the fiscal impact of the bill is prospective and will be determined by future valuations of the FRS. The number of mosquito control pilots holding positions within state and local government is unknown. However, a 2004 survey of the mosquito control districts indicated there were 35 mosquito control pilots who were employed in full-time positions by the various mosquito control districts. The survey reported that annual salaries ranged from \$42,500 to around \$95,600 (averaged about \$68,550). Based on the reported average earnings, the statewide cost to affected employers in increased retirement contributions for FY 2007-08 would be \$265,600.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

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This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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<sup>3</sup> The July 1, 2006 contribution rate for Special Risk Class is 19.76% of gross compensation exclusive of the 0.05% administration and education fee for the Public Employee Optional Retirement Program, and the 1.11% contribution for the Health Insurance Subsidy Program. Effective July 1, 2007, the contribution rate for Special Risk will increase to 21.96%.



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

None.

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