

By the Committee on Governmental Operations; and Senator Fasano

585-05413-08

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1 A bill to be entitled

2 An act relating to retirement; amending s. 121.021, F.S.;

3 clarifying that the term "compensation" for purposes of

4 the benefit retirement program or the Public Employee

5 Optional Retirement Program of the Florida Retirement

6 System does not include fees or salary payments made from

7 a faculty practice plan authorized by the Board of

8 Governors of the State University System for clinical

9 faculty at a state university having a faculty practice

10 plan; amending s. 121.051, F.S.; requiring that a person

11 appointed to a faculty position at a state university

12 having a faculty practice plan participate in the optional

13 retirement program of the State University System rather

14 than the Florida Retirement System; providing definitions;

15 amending s. 121.35, F.S.; requiring the participating

16 employee in the optional retirement program to execute a

17 contract, not just an annuity contract, with a designated

18 company in order for employee contributions to be

19 forwarded to the company and for interest to accrue;

20 defining the term "participant's gross monthly

21 compensation" for purposes of the optional retirement

22 program for the State University System; creating s.

23 121.355, F.S.; authorizing certain former participants in

24 the Community College Optional Retirement Program or the

25 State University System Optional Retirement Program and

26 present mandatory participants in the Florida Retirement

27 System to receive a specified amount of service credit

28 under certain conditions; providing a specified time

29 period for the election of such transfer; providing an

585-05413-08

20081428c1

30 effective date.

31  
32 Be It Enacted by the Legislature of the State of Florida:

33  
34 Section 1. Paragraph (b) of subsection (22) of section  
35 121.021, Florida Statutes, is amended to read:

36 121.021 Definitions.--The following words and phrases as  
37 used in this chapter have the respective meanings set forth  
38 unless a different meaning is plainly required by the context:

39 (22) "Compensation" means the monthly salary paid a member  
40 by his or her employer for work performed arising from that  
41 employment.

42 (b) Under no circumstances shall compensation for a member  
43 participating in the defined benefit retirement program or the  
44 Public Employee Optional Retirement Program of the Florida  
45 Retirement System include:

46 1. Fees paid professional persons for special or particular  
47 services or include salary payments made from a faculty practice  
48 plan authorized by the Board of Governors of the State University  
49 System for eligible clinical faculty at a college in a state  
50 university with a faculty practice plan; or

51 2. Any bonuses or other payments prohibited from inclusion  
52 in the member's average final compensation and defined in  
53 subsection (47).

54 Section 2. Paragraph (a) of subsection (1) of section  
55 121.051, Florida Statutes, is amended to read:

56 121.051 Participation in the system.--

57 (1) COMPULSORY PARTICIPATION.--

58 (a) The provisions of this law shall be compulsory as to

585-05413-08

20081428c1

59 | all officers and employees, except elected officers who meet the  
60 | requirements of s. 121.052(3), who are employed on or after  
61 | December 1, 1970, of an employer other than those referred to in  
62 | paragraph (2)(b), and each officer or employee, as a condition of  
63 | employment, shall become a member of the system as of his or her  
64 | date of employment, except that a person who is retired from any  
65 | state retirement system and is reemployed on or after December 1,  
66 | 1970, may ~~shall not be permitted to~~ renew his or her membership  
67 | in any state retirement system except as provided in s.  
68 | 121.091(4)(h) for a person who recovers from disability, and as  
69 | provided in s. 121.091(9)(b)8. for a person who is elected to  
70 | public office, and, effective July 1, 1991, as provided in s.  
71 | 121.122 for all other retirees. Officers and employees of the  
72 | University Athletic Association, Inc., a nonprofit association  
73 | connected with the University of Florida, employed on and after  
74 | July 1, 1979, shall not participate in any state-supported  
75 | retirement system.

76 |       1.a. Any person appointed on or after July 1, 1989, to a  
77 | faculty position in a college at the J. Hillis Miller Health  
78 | Center at the University of Florida or the Medical Center at the  
79 | University of South Florida which has a faculty practice plan  
80 | provided by rule adopted by the Board of Regents may ~~shall~~ not  
81 | participate in the Florida Retirement System. Effective July 1,  
82 | 2008, any person appointed thereafter to a faculty position,  
83 | including clinical faculty, in a college at a state university  
84 | that has a faculty practice plan authorized by the Board of  
85 | Governors may not participate in the Florida Retirement System. A  
86 | faculty member so appointed shall participate in the optional  
87 | retirement program for the State University System ~~on the basis~~

585-05413-08

20081428c1

88 ~~of his or her state-funded compensation,~~ notwithstanding the  
89 provisions of s. 121.35(2) (a).

90 b. For purposes of this subparagraph, the term "faculty  
91 position" is defined as a position assigned the principal  
92 responsibility of teaching, research, or public service activities  
93 or administrative responsibility directly related to the academic  
94 mission of the college. The term "clinical faculty" is defined as  
95 a faculty position appointment in conjunction with a professional  
96 position in a hospital or other clinical environment at a college.  
97 The term "faculty practice plan" includes professional services to  
98 patients, institutions, or other parties which are rendered by the  
99 clinical faculty employed by a college with a faculty practice  
100 plan at a state university authorized by the Board of Governors.

101 Section 3. Paragraph (a) of subsection (4) of section  
102 121.35, Florida Statutes, is amended, and paragraph (g) is added  
103 to subsection (4) of that section, to read:

104 121.35 Optional retirement program for the State University  
105 System.--

106 (4) CONTRIBUTIONS.--

107 (a) Through June 30, 2001, each employer shall contribute  
108 on behalf of each participant in the optional retirement program  
109 an amount equal to the normal cost portion of the employer  
110 retirement contribution which would be required if the  
111 participant were a regular member of the Florida Retirement  
112 System defined benefit program, plus the portion of the  
113 contribution rate required in s. 112.363(8) that would otherwise  
114 be assigned to the Retiree Health Insurance Subsidy Trust Fund.  
115 Effective July 1, 2001, each employer shall contribute on behalf  
116 of each participant in the optional program an amount equal to

585-05413-08

20081428c1

117 10.43 percent of the participant's gross monthly compensation.  
118 The department shall deduct an amount approved by the Legislature  
119 to provide for the administration of this program. The payment of  
120 the contributions to the optional program which is required by  
121 this paragraph for each participant shall be made by the employer  
122 to the department, which shall forward the contributions to the  
123 designated company or companies contracting for payment of  
124 benefits for the participant under the program. However, such  
125 contributions paid on behalf of an employee described in  
126 paragraph (3)(c) shall not be forwarded to a company and shall  
127 not begin to accrue interest until the employee has executed a ~~an~~  
128 ~~annuity~~ contract and notified the department.

129 (g) Effective July 1, 2008, for purposes of paragraph (a)  
130 and notwithstanding s. 121.021(22)(b)1., the term "participant's  
131 gross monthly compensation" includes salary payments made to  
132 eligible clinical faculty from a state university using funds  
133 provided by a faculty practice plan authorized by the Board of  
134 Governors of the State University System if:

135 1. There is not any employer contribution from the state  
136 university to any other retirement program with respect to such  
137 salary payments; and

138 2. The employer contribution on behalf of the participant  
139 in the optional retirement program with respect to such salary  
140 payments is made using funds provided by the faculty practice  
141 plan.

142 Section 4. Section 121.355, Florida Statutes, is created to  
143 read:

144 121.355 Community College Optional Retirement Program and  
145 State University System Optional Retirement Program member

585-05413-08

20081428c1

146 transfer.--Effective January 1, 2009, through December 31, 2009,  
147 an employee who is a former participant in the Community College  
148 Optional Retirement Program or the State University System  
149 Optional Retirement Program and present mandatory participant in  
150 the Florida Retirement System may receive service credit equal to  
151 his or her years of service under the Community College Optional  
152 Retirement Program or the State University System Optional  
153 Retirement Program under the following conditions:

154 (1) The cost for such credit shall be an amount  
155 representing the actuarial accrued liability for the affected  
156 period of service. The cost shall be calculated using the  
157 discount rate and other relevant actuarial assumptions that were  
158 used to value the Florida Retirement System defined benefit plan  
159 liabilities in the most recent actuarial valuation. The  
160 calculation shall include any service already maintained under  
161 the defined benefit plan in addition to the years under the  
162 Community College Optional Retirement Program or the State  
163 University System Optional Retirement Program. The actuarial  
164 accrued liability of any service already maintained under the  
165 defined benefit plan shall be applied as a credit to total cost  
166 resulting from the calculation. The division shall ensure that  
167 the transfer sum is prepared using a formula and methodology  
168 certified by an enrolled actuary.

169 (2) The employee must transfer from his or her Community  
170 College Optional Retirement Program account or State University  
171 System Optional Retirement Program account, subject to the terms  
172 of the applicable optional retirement program contract, and from  
173 other employee moneys as necessary, a sum representing the  
174 actuarial accrued liability immediately following the time of

585-05413-08

20081428c1

175 such movement, determined assuming that attained service equals  
176 the sum of service in the defined benefit program and service in  
177 the Community College Optional Retirement Program or State  
178 University System Optional Retirement Program.

179 Section 5. This act shall take effect July 1, 2008.