

CONFERENCE COMMITTEE AMENDMENT

Bill No. HB 5063

Amendment No.

CHAMBER ACTION

Senate

House

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1 The Conference Committee on HB 5063 offered the following:

2  
3 **Conference Committee Amendment (with title amendment)**

4 Remove everything after the enacting clause and insert:

5 Section 1. Subsection (7) of section 112.625, Florida  
6 Statutes, is amended to read:

7 112.625 Definitions.--As used in this act:

8 (7) "Statement value" means the value of assets in  
9 accordance with s. 302(c)(2) of the Employee Retirement Income  
10 Security Act of 1974 and as permitted under regulations  
11 prescribed by the Secretary of the Treasury as amended by Pub.  
12 L. No. 100-203, as such sections are in effect on August 16,  
13 2006. Assets for which a fair market value is not provided shall  
14 be excluded from the assets used in the determination of annual  
15 funding cost.

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16 Section 2. Paragraph (b) of subsection (22) of section  
17 121.021, Florida Statutes, is amended to read:

18 121.021 Definitions.--The following words and phrases as  
19 used in this chapter have the respective meanings set forth  
20 unless a different meaning is plainly required by the context:

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

24 (b) Under no circumstances shall compensation for a member  
25 participating in the defined benefit retirement program or the  
26 Public Employee Optional Retirement Program of the Florida  
27 Retirement System include:

28 1. Fees paid professional persons for special or  
29 particular services or include salary payments made from a  
30 faculty practice plan authorized by the Board of Governors of  
31 the State University System for eligible clinical faculty at a  
32 college in a state university that has ~~with~~ a faculty practice  
33 plan; or

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

37 Section 3. Paragraph (a) of subsection (3) of section  
38 121.031, Florida Statutes, is amended to read:

39 121.031 Administration of system; appropriation; oaths;  
40 actuarial studies; public records.--

41 (3) The administrator shall cause an actuarial study of  
42 the system to be made at least annually and shall report the  
43 results of such study to the Legislature by December 31 prior to

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44 the next legislative session. The study shall, at a minimum,  
45 conform to the requirements of s. 112.63, with the following  
46 exceptions and additions:

47 (a) The valuation of plan assets shall be based on a 5-  
48 year averaging methodology such as that specified in the United  
49 States Department of Treasury Regulations, 26 C.F.R. s.  
50 1.412(c)(2)-1 in effect on August 16, 2006, or a similar  
51 accepted approach designed to attenuate fluctuations in asset  
52 values.

53 Section 4. Paragraph (a) of subsection (1) of section  
54 121.051, Florida Statutes, is amended to read:

55 121.051 Participation in the system.--

56 (1) COMPULSORY PARTICIPATION.--

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

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72 connected with the University of Florida, employed on and after  
73 July 1, 1979, shall not participate in any state-supported  
74 retirement system.

75 1. Any person appointed on or after July 1, 1989, to a  
76 faculty position in a college at the J. Hillis Miller Health  
77 Center at the University of Florida or the Medical Center at the  
78 University of South Florida which has a faculty practice plan  
79 provided by rule adopted by the Board of Regents ~~may shall~~ not  
80 participate in the Florida Retirement System. Effective July 1,  
81 2008, any person appointed thereafter to a faculty position,  
82 including clinical faculty, in a college at a state university  
83 that has a faculty practice plan authorized by the Board of  
84 Governors may not participate in the Florida Retirement System.  
85 A faculty member so appointed shall participate in the optional  
86 retirement program for the State University System ~~on the basis~~  
87 ~~of his or her state-funded compensation,~~ notwithstanding the  
88 provisions of s. 121.35(2)(a).

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

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99 by a college that has a faculty practice plan at a state  
100 university authorized by the Board of Governors.

101 Section 5. Paragraph (a) of subsection (4) of section  
102 121.35, Florida Statutes, is amended, and paragraph (g) is added  
103 to that subsection, to read:

104 121.35 Optional retirement program for the State  
105 University 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  
117 10.43 percent of the participant's gross monthly compensation.  
118 The department shall deduct an amount approved by the  
119 Legislature to provide for the administration of this program.  
120 The payment of the contributions to the optional program which  
121 is required by this paragraph for each participant shall be made  
122 by the employer to the department, which shall forward the  
123 contributions to the designated company or companies contracting  
124 for payment of benefits for the participant under the program.  
125 However, such contributions paid on behalf of an employee  
126 described in paragraph (3)(c) shall not be forwarded to a

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127 company and shall not begin to accrue interest until the  
128 employee has executed a ~~an annuity~~ contract and notified the  
129 department.

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

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

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

143 Section 6. Section 121.355, Florida Statutes, is created  
144 to read:

145 121.355 Community College Optional Retirement Program and  
146 State University System Optional Retirement Program member  
147 transfer.--Effective January 1, 2009, through December 31, 2009,  
148 an employee who is a former participant in the Community College  
149 Optional Retirement Program or the State University System  
150 Optional Retirement Program and present mandatory participant in  
151 the Florida Retirement System defined benefit plan may receive  
152 service credit equal to his or her years of service under the  
153 Community College Optional Retirement Program or the State

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154 University System Optional Retirement Program under the  
155 following conditions:

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

171 (2) The employee must transfer from his or her Community  
172 College Optional Retirement Program account or State University  
173 System Optional Retirement Program account, subject to the terms  
174 of the applicable optional retirement program contract, and from  
175 other employee moneys as necessary, a sum representing the  
176 actuarial accrued liability immediately following the time of  
177 such movement, determined assuming that attained service equals  
178 the sum of service in the defined benefit program and service in  
179 the Community College Optional Retirement Program or State  
180 University System Optional Retirement Program.

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181       (3) The employee may not receive service credit for a  
 182 period of mandatory participation in the State University  
 183 Optional Retirement Program or for a period for which a  
 184 distribution was received from the Community College Optional  
 185 Retirement Program or State University System Optional  
 186 Retirement Program.

187       Section 7. Subsection (3) of section 121.71, Florida  
 188 Statutes, is amended to read:

189       121.71 Uniform rates; process; calculations; levy.--

190       (3) Required employer retirement contribution rates for  
 191 each membership class and subclass of the Florida Retirement  
 192 System for both retirement plans are as follows:

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2008</u> <del>2007</del>	Percentage of Gross Compensation, Effective July 1, <u>2009</u> <del>2008</del>
Regular Class	8.69%	<u>9.60%</u> <del>9.59%</del>
Special Risk Class	19.76%	<u>22.03%</u> <del>22.01%</del>
Special Risk Administrative Support Class	11.39%	<u>11.98%</u> <del>11.90%</del>
Elected Officers'	13.32%	<u>14.56%</u> <del>14.99%</del>

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Class -

Legislators,

Governor,

Lt. Governor,

Cabinet Officers,

State Attorneys,

Public Defenders

198

Elected Officers'	18.40%	<u>20.37%</u> <del>20.46%</del>
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Class -

Justices, Judges

199

Elected Officers'	15.37%	<u>17.06%</u> <del>17.15%</del>
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Class -

County Elected

Officers

200

Senior Management	11.96%	<u>13.36%</u> <del>13.35%</del>
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Class

201

DROP	9.80%	<u>10.96%</u> <del>10.89%</del>
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203           Section 8. The Legislature finds that a proper and  
 204 legitimate state purpose is served when employees and retirees  
 205 of the state and its political subdivisions, and the dependents,  
 206 survivors, and beneficiaries of such employees and retirees, are  
 207 extended the basic protections afforded by governmental  
 208 retirement systems. These persons must be provided benefits that

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209 are fair and adequate and that are managed, administered, and  
210 funded in an actuarially sound manner, as required by Section  
211 14, Article X of the State Constitution, and part VII of chapter  
212 112, Florida Statutes. Therefore, the Legislature determines and  
213 declares that this act fulfills an important state interest.

214 Section 9. This act shall take effect July 1, 2008.

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217 **T I T L E A M E N D M E N T**

218 Remove the entire title and insert:

219 A bill to be entitled

220 An act relating to retirement; amending s. 112.625, F.S.;  
221 revising the definition of the term "statement value";  
222 amending s. 121.021, F.S.; clarifying that the term  
223 "compensation" for purposes of the benefit retirement  
224 program or the Public Employee Optional Retirement Program  
225 of the Florida Retirement System does not include fees or  
226 salary payments made from a faculty practice plan  
227 authorized by the Board of Governors of the State  
228 University System for clinical faculty at a state  
229 university having a faculty practice plan; amending s.  
230 121.031, F.S.; revising requirements relating to the  
231 actuarial study of the system; amending s. 121.051, F.S.;  
232 requiring that a person appointed to a faculty position at  
233 a state university having a faculty practice plan  
234 participate in the optional retirement program of the  
235 State University System rather than the Florida Retirement  
236 System; providing definitions; amending s. 121.35, F.S.;

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237 requiring the participating employee in the optional  
238 retirement program to execute a contract, not just an  
239 annuity contract, with a designated company in order for  
240 employee contributions to be forwarded to the company and  
241 for interest to accrue; defining the term "participant's  
242 gross monthly compensation" for purposes of the optional  
243 retirement program for the State University System;  
244 creating s. 121.355, F.S.; authorizing certain former  
245 participants in the Community College Optional Retirement  
246 Program or the State University System Optional Retirement  
247 Program and present mandatory participants in the Florida  
248 Retirement System to receive a specified amount of service  
249 credit under certain conditions; amending s. 121.71, F.S.;  
250 revising the payroll contribution rates for the membership  
251 classes of the Florida Retirement System for the state  
252 fiscal years effective July 1, 2008, and July 1, 2009;  
253 providing a declaration of important state interest;  
254 providing an effective date.

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