

1                                   A bill to be entitled  
 2           An act relating to the actuarial soundness of  
 3           retirement systems; amending s. 112.63, F.S.;  
 4           providing the frequency of actuarial reports for  
 5           retirement systems and plans placed on the pension  
 6           watch list; creating s. 218.505, F.S.; defining the  
 7           term "funded ratio"; creating a pension watch list for  
 8           retirement and pension plans failing to achieve a  
 9           specified funded ratio; providing strategic  
 10          requirements for local governmental entities on the  
 11          pension watch list; providing when certain local  
 12          governmental entities must implement their strategies;  
 13          prohibiting plans on the pension watch list from  
 14          increasing plan benefit levels; requiring plans on the  
 15          pension watch list to use certain tax revenues for  
 16          certain purposes until the funded ratio for the plan  
 17          reaches a certain percentage; providing for the  
 18          removal of plans from the pension watch list; amending  
 19          s. 447.4095, F.S.; providing that the sponsor of a  
 20          local governmental entity with a defined benefit  
 21          pension plan meeting specified requirements shall be  
 22          deemed to be in a financial urgency; providing an  
 23          effective date.

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 25   Be It Enacted by the Legislature of the State of Florida:

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 27           Section 1. Subsection (2) of section 112.63, Florida  
 28   Statutes, is amended to read:

29           112.63 Actuarial reports and statements of actuarial  
30 impact; review.—

31           (2) The frequency of actuarial reports must be at least  
32 every 3 years commencing from the last actuarial report of the  
33 plan or system or October 1, 1980, if no actuarial report has  
34 been issued within the 3-year period prior to October 1, 1979.  
35 However, the frequency of actuarial reports for a local  
36 governmental entity on the pension watch list under s. 218.505  
37 must be at least every 2 years commencing from the last  
38 actuarial report of the plan. The results of each actuarial  
39 report shall be filed with the plan administrator within 60 days  
40 after ~~of~~ certification. Thereafter, the results of each  
41 actuarial report shall be made available for inspection upon  
42 request. Additionally, each retirement system or plan covered by  
43 this act which is not administered directly by the Department of  
44 Management Services shall furnish a copy of each actuarial  
45 report to the Department of Management Services within 60 days  
46 after receipt from the actuary. The requirements of this section  
47 are supplemental to actuarial valuations necessary to comply  
48 with the requirements of s. 218.39.

49           Section 2. Section 218.505, Florida Statutes, is created  
50 to read:

51           218.505 Pension watch list.—

52           (1) As used in this section, the term "funded ratio" means  
53 the actuarial assets divided by the unfunded actuarial accrued  
54 liability as of October 1 of each year using the entry age  
55 method.

56        (2) If a local governmental entity with a defined benefit  
57 pension plan, including a defined benefit pension plan operated  
58 under chapter 175 or chapter 185, has a funded ratio of 80  
59 percent or less, the local governmental entity must notify the  
60 Department of Management Services of the plan and its funded  
61 ratio and the department shall place the local governmental  
62 entity and the plan on a pension watch list.

63        (3) (a) Within 90 days after providing the notice required  
64 under subsection (2) for its plan to be placed on the pension  
65 watch list, the governing body of the affected local  
66 governmental entity, in consultation with the directly affected  
67 employees or their representatives, must develop a strategy for  
68 the plan to achieve a funded ratio of greater than 80 percent.  
69 The strategy may include, but is not limited to, decreasing plan  
70 benefit levels or requiring or increasing employee contributions  
71 to the plan.

72        (b) If the governing body of the local governmental entity  
73 and the directly affected employees or their representatives are  
74 unable to agree on a strategy within the 90-day period as  
75 provided in this subsection, the governing body of the local  
76 governmental entity or the directly affected employees or their  
77 representatives, or both parties acting jointly, may appoint or  
78 secure the appointment of a mediator to assist in the resolution  
79 of the impasse. Mediation proceedings must be conducted in  
80 accordance with chapter 44 and rules and procedures developed by  
81 the Supreme Court.

82        (c) If the parties fail to submit a reasonable strategy  
83 within 180 days after being placed on the pension watch list,

84 the local governmental entity must immediately notify the  
85 Department of Management Services and the plan sponsor shall be  
86 deemed by the chief executive officer to be in a financial  
87 urgency as described in s. 447.4095.

88 (4) For noncollectively bargained agreements, the local  
89 governmental entity must immediately implement the strategy  
90 required under subsection (3). For collectively bargained  
91 agreements, the local governmental entity must implement the  
92 strategy required under subsection (3) upon expiration of the  
93 collectively bargained agreement entered into prior to the plan  
94 being placed on the pension watch list. The local governmental  
95 entity must notify the Department of Management Services of the  
96 strategy upon its implementation.

97 (5) Notwithstanding any other provision of law, after a  
98 local governmental entity provides the Department of Management  
99 Services with the notice required under subsection (2) that  
100 results in its plan being placed on the pension watch list, it  
101 may not increase a plan benefit level until the funded ratio for  
102 the plan is greater than 80 percent.

103 (6) (a) Notwithstanding any other provision of law, for a  
104 plan operated under chapter 175 or chapter 185 that is on the  
105 pension watch list and that is not collectively bargained, the  
106 local governmental entity must use all tax revenues received  
107 under chapter 175 or chapter 185, as applicable, to pay for the  
108 current plan benefit levels or a lesser level of plan benefits  
109 as may be established in the strategy developed pursuant to  
110 subsection (3) until the funded ratio for the plan is greater  
111 than 80 percent.

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112        (b) Notwithstanding any other provision of law, for a plan  
113 operated under chapter 175 or chapter 185 that is on the pension  
114 watch list and that is collectively bargained, the local  
115 governmental entity, upon expiration of the collectively  
116 bargained agreement entered into prior to the plan being placed  
117 on the pension watch list, must use all tax revenues received  
118 under chapter 175 or chapter 185, as applicable, to pay for the  
119 current plan benefit levels or a lesser level of plan benefits  
120 as may be established in the strategy developed pursuant to  
121 subsection (3) until the funded ratio for the plan is greater  
122 than 80 percent.

123        (7) If a plan on the pension watch list achieves a funded  
124 ratio of greater than 80 percent, the local governmental entity  
125 must notify the Chief Financial Officer and, after consulting  
126 with the Department of Management Services, the Chief Financial  
127 Officer shall remove the local governmental entity and the plan  
128 from the pension watch list and this section shall no longer  
129 apply unless the plan returns to a funded ratio of 80 percent or  
130 less.

131        Section 3. Section 447.4095, Florida Statutes, is amended  
132 to read:

133        447.4095 Financial urgency.—

134        (1) In the event of a financial urgency requiring  
135 modification of an agreement, the chief executive officer or his  
136 or her representative and the bargaining agent or its  
137 representative shall meet as soon as possible to negotiate the  
138 impact of the financial urgency. If, after a reasonable period  
139 of negotiation ~~which shall not~~ to exceed 14 days, a dispute

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140 exists between the public employer and the bargaining agent, an  
141 impasse shall be deemed to have occurred, and one of the parties  
142 shall so declare in writing to the other party and to the  
143 commission. The parties shall then proceed pursuant to ~~the~~  
144 ~~provisions of~~ s. 447.403. An unfair labor practice charge may  
145 ~~shall~~ not be filed during the period ~~14 days during which~~  
146 negotiations are authorized and occurring under ~~pursuant to~~ this  
147 subsection ~~section~~.

148 (2) If a local governmental entity with a defined benefit  
149 pension plan, including a defined benefit pension plan operated  
150 under chapter 175 or chapter 185, remains on the pension watch  
151 list under s. 218.505 for more than 36 months, the plan sponsor  
152 may be deemed by the chief executive officer to be in a  
153 financial urgency.

154 Section 4. This act shall take effect July 1, 2012.