

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Governmental Oversight and Accountability

BILL: SB 898

INTRODUCER: Senator Altman

SUBJECT: Special Risk Class

DATE: March 9, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McVaney	McVaney	GO	Pre-meeting
2.			CA	
3.			AP	

I. Summary:

SB 898 adds certified 911 public safety telecommunicators (911 operators) to the Special Risk Class of the Florida Retirement System (FRS). These members are not eligible to upgrade prior service in these positions from Regular Class to Special Risk Class.

For the certified 911 operators participating in the FRS pension plan, these members will be eligible to received unreduced normal retirement benefits at younger age and with less creditable service than members of the Regular Class participating in the FRS pension plan. However, it is unclear whether the annual accrual rate will increase from 1.6 percent per year (Regular Class) to 3 percent per year (Special Risk Class).

For the certified 911 operators participating in the FRS investment plan, the overall contribution in the investment account will increase from 6.3 percent of salary (Regular Class) to 14 percent of salary (Special Risk Class).

Regardless of whether the 911 operator participates in the FRS pension plan or the FRS investment plan, these members will be eligible for a higher disability benefit if the member is totally and permanently disabled in the line of duty. This benefit increases from a minimum of 42 percent of average final compensation (Regular Class) to a minimum of 65 percent of average final compensation (Special Risk Class).

The FRS-participating employers of the certified 911 operators (mostly counties and state agencies with law enforcement and firefighting responsibilities) will incur additional costs based on the higher employer-paid contributions assessed for members of the Special Risk Class (compared to the members of the Regular Class). As a percentage of payroll, the additional costs associated with each member moving from the Regular Class to the Special Risk Class will be

12.45 percentage points higher based on current contribution rates¹ and 14.78 percentage points based on the blended rates recommended by the state actuary for the 2014 FRS actuarial valuation.²

II. Present Situation:

911 Public Safety Telecommunicators

A “911 public safety telecommunicator” (911 operator) is public safety dispatcher or 911 operator whose duties and responsibilities include the answering, receiving, transferring, and dispatching functions related to 911 calls; dispatching law enforcement officers, fire rescue services, emergency medical services, and other public safety services to the scene of an emergency; providing real-time information from federal, state, and local crime databases; or supervising or serving as the command officer to a person or persons having such duties and responsibilities.³

Beginning October 1, 2012, any person employed as a 911 operator at a public safety answering point must be certified by the Department of Health (department).⁴ To be certified, the applicant must:

- Complete an appropriate 911 public safety telecommunication training program;
- Certify under oath that the applicant is not addicted to alcohol or any controlled substance;
- Certify under oath that the applicant is free from any physical or mental defect or disease that might impair the applicant’s ability to perform his duties;
- Pass an examination approved by the department which measures the applicant’s competency and proficiency in the subject material of the training program.⁵

The department also requires 20 hours of training for the biennial renewal certification of 911 operators.⁶

As of February 10, 2015, the department reported 8,222 certified 911 operators in Florida.

Membership in the Florida Retirement System

Currently, 911 operators are members of the Regular Class of the Florida Retirement System. The Regular Class of the FRS consists of state and local government employees who do not meet the criteria for membership in the Special Risk Class, the Special Risk Administrative Class, the Elected Officers’ Class or the Senior Management Service Class. As of June 30, 2014, there were 537,993 active members⁷ in the Regular Class of the FRS comprising roughly 86.5 percent of the active FRS membership.

¹ Section 121.71(4) and (5), F.S.

² See SB 7038 (2015)

³ Section 401.465(1)(a), F.S.

⁴ Section 401.465(2)(a), F.S.

⁵ Section 401.465(2)(d), F.S.

⁶ Section 401.465(2)(e), F.S.

⁷ The Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014, at p. 115. Available online at: https://www.rol.frs.state.fl.us/forms/2013-14_CAFR.pdf. (last viewed on March 7, 2015).

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, 2014, there were 68,593 active members⁸ in the Special Risk Class of the FRS comprising roughly 11 percent of the active FRS membership.

In originally establishing the Special Risk Class of membership in the FRS, the Legislature recognized that persons employed in certain categories of positions:

are required to perform work that is physically demanding or arduous, or work that requires extraordinary agility and mental acuity, and that such persons, because of diminishing physical and mental faculties, may find that they are not able, without risk to the health and safety of themselves, the public, or their coworkers, to continue performing such duties and thus enjoy the full career and retirement benefits enjoyed by persons employed in other membership classes and that, if they find it necessary, due to the physical and mental limitations of their age, to retire at an earlier age and usually with less service, they will suffer an economic deprivation therefrom.⁹

The table below shows the differences between Regular Class membership and Special Risk Class membership in the FRS.

	Regular Class	Special Risk
Annual Service Credit	1.6 percent to 1.68 percent for each year of service	3 percent for each year of service
Unreduced Normal Retirement Benefit	<p>If initially enrolled in the FRS before July 1, 2011: Age 62 and vested; Any age with 30 years of service.</p> <p>If initially enrolled in the FRS on or after July 1, 2011: Age 65 and vested; Any age with 33 years of service.</p>	<p>If initially enrolled in the FRS before July 1, 2011: Age 55 and vested; Any age with 25 years of service.</p> <p>If initially enrolled in the FRS on or after July 1, 2011: Age 60 and vested; Any age with 30 years of service.</p>
Disability Retirement (totally and permanently disabled in the line of duty)	42 percent of average final compensation minimum with lifetime benefit (no survivor benefit)	65 percent of average final compensation minimum with lifetime benefit (no survivor benefit)
Investment Plan Contribution into member account	6.3 percent of salary (including 3 percent of member contribution)	14 percent of salary (including 3 percent of member contribution)

⁸ *Id.*

⁹ Section 121.0515(1), F.S.

III. Effect of Proposed Changes:

Section 1 amends s. 121.0515, F.S., to grant Special Risk Class membership to certified 911 public safety telecommunicators in the FRS.

Section 2 provides that this bill fulfills an important state interest.

The bill is effective July 1, 2015.

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

Subsection (a) of s. 18, Art. VII of the Florida Constitution provides in pertinent part that “no county or municipality shall be bound by any general law requiring such county or municipality to spend funds . . . unless the legislature has determined that such law fulfills an important state interest and unless: . . . the expenditure is required to comply with a law that applies to all persons similarly situated”.

This bill includes legislative findings that the bill fulfills important state interests, and the bill applies to all persons similarly situated (those employers participating in the Florida Retirement System who employ certified 911 public safety telecommunicators), including state agencies, universities, community colleges, counties, municipalities and special districts.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

FRS-participating employers of 911 operators will experience significant cost increases associated with including these employees in the Special Risk Class. As Regular Class members, the retirement contributions for these 911 operators are equal to 5.56 percent of

covered salaries. As Special Risk Class members, those costs will increase to 20.34 percent of covered salaries (a 365 percent increase in costs).

As previously noted, there were 8,222 certified 911 operators in Florida as of February 15, 2015. According to the Bureau of Labor Statistics, the median annual salary of similar positions in 2012 was \$36,300.¹⁰ If 50 percent of the certified 911 operators (4,111) are members of the FRS, the additional costs incurred by FRS-participating employers would be roughly \$22 million annually.

VI. Technical Deficiencies:

The bill adds certified 911 operators to the Special Risk Class. However, lines 182-184 states that the new members of the Special Risk Class are not eligible for the increased annual service accrual rate of 3 percent. There is no affirmative statement in the bill that directs a specific annual accrual rate for this class of positions.

VII. Related Issues:

If the certified 911 operators will not be eligible for the 3 percent accrual rate that other Special Risk Class members earn, their employers will be paying higher FRS contribution rates for benefits that are not offered to their employees.

VIII. Statutes Affected:

This bill substantially amends section 121.0515 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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

¹⁰ Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook, 2014-15 Edition*, Police, Fire, and Ambulance Dispatchers, on the Internet at <http://www.bls.gov/ooh/office-and-administrative-support/police-fire-and-ambulance-dispatchers.htm> (last visited March 8, 2015).