

By the Committee on Governmental Oversight and Accountability

585-02931-22

20227046__

1 A bill to be entitled
2 An act relating to public employment; amending s.
3 110.2035, F.S.; requiring the Department of Management
4 Services to periodically contract for the completion
5 of certain compensation surveys; specifying
6 requirements for the methodology for such surveys;
7 requiring the department to submit a report to the
8 Governor and the legislative presiding officers upon
9 completion of the surveys; amending s. 121.091, F.S.;
10 authorizing Special Risk Class members who are law
11 enforcement officers and meet certain criteria to
12 participate in the deferred retirement option program
13 for an additional time period; amending s. 121.71,
14 F.S.; revising required employer retirement
15 contribution rates for each membership class and
16 subclass of the Florida Retirement System; amending s.
17 121.72, F.S.; revising allocations to investment plan
18 member accounts; providing a declaration of important
19 state interest; providing an effective date.

20
21 Be It Enacted by the Legislature of the State of Florida:

22
23 Section 1. Paragraph (c) is added to subsection (6) of
24 section 110.2035, Florida Statutes, to read:

25 110.2035 Classification and compensation program.—

26 (6) The department shall establish and maintain an
27 equitable pay plan applicable to all occupations and be
28 responsible for the overall review, coordination, and
29 administration of the pay plan.

585-02931-22

20227046__

30 (c)1. No later than September 1, 2022, and every 10 years
31 thereafter, the department shall contract with a management
32 consulting firm to conduct a compensation survey of positions in
33 the Career Service System, the Senior Management Service Class,
34 and Selected Exempt Service Class to determine the
35 competitiveness of the state's compensation plan compared to
36 competing employers in the state, including both public sector
37 and private sector employers. The survey methodology must
38 include the following:

39 a. Geographical differentials in cost of living;

40 b. Demand for labor; and

41 c. Compensation plans of regional competitors.

42 2. For the survey of positions in the Career Service
43 System, the department shall select at least 75 benchmark
44 classes and 10 high turnover classes that have at least 50 full-
45 time equivalent positions.

46 3. For the survey of positions in the Senior Management
47 Service Class and the Selected Exempt Service Class, the
48 department shall select at least 95 benchmark classes.

49 4. Upon completion of the surveys required under this
50 paragraph, the department shall provide a report detailing the
51 results of the surveys to the Governor, the President of the
52 Senate, and the Speaker of the House of Representatives.

53 Section 2. Paragraph (b) of subsection (13) of section
54 121.091, Florida Statutes, is amended to read:

55 121.091 Benefits payable under the system.—Benefits may not
56 be paid under this section unless the member has terminated
57 employment as provided in s. 121.021(39) (a) or begun
58 participation in the Deferred Retirement Option Program as

585-02931-22

20227046__

59 provided in subsection (13), and a proper application has been
60 filed in the manner prescribed by the department. The department
61 may cancel an application for retirement benefits when the
62 member or beneficiary fails to timely provide the information
63 and documents required by this chapter and the department's
64 rules. The department shall adopt rules establishing procedures
65 for application for retirement benefits and for the cancellation
66 of such application when the required information or documents
67 are not received.

68 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
69 subject to this section, the Deferred Retirement Option Program,
70 hereinafter referred to as DROP, is a program under which an
71 eligible member of the Florida Retirement System may elect to
72 participate, deferring receipt of retirement benefits while
73 continuing employment with his or her Florida Retirement System
74 employer. The deferred monthly benefits shall accrue in the
75 Florida Retirement System on behalf of the member, plus interest
76 compounded monthly, for the specified period of the DROP
77 participation, as provided in paragraph (c). Upon termination of
78 employment, the member shall receive the total DROP benefits and
79 begin to receive the previously determined normal retirement
80 benefits. Participation in the DROP does not guarantee
81 employment for the specified period of DROP. Participation in
82 DROP by an eligible member beyond the initial 60-month period as
83 authorized in this subsection shall be on an annual contractual
84 basis for all participants.

85 (b) *Participation in DROP.*—Except as provided in this
86 paragraph, an eligible member may elect to participate in DROP
87 for a period not to exceed a maximum of 60 calendar months.

585-02931-22

20227046__

88 1.a. ~~An eligible member may elect to participate in DROP~~
89 ~~for a period not to exceed a maximum of 60 calendar months.~~
90 ~~However,~~ Members who are instructional personnel employed by the
91 Florida School for the Deaf and the Blind and authorized by the
92 Board of Trustees of the Florida School for the Deaf and the
93 Blind, who are instructional personnel as defined in s.
94 1012.01(2)(a)-(d) in grades K-12 and authorized by the district
95 school superintendent, or who are instructional personnel as
96 defined in s. 1012.01(2)(a) employed by a developmental research
97 school and authorized by the school's director, or if the school
98 has no director, by the school's principal, may participate in
99 DROP for up to 36 calendar months beyond the 60-month period.
100 Effective July 1, 2018, instructional personnel who are
101 authorized to extend DROP participation beyond the 60-month
102 period must have a termination date that is the last day of the
103 last calendar month of the school year within the DROP extension
104 granted by the employer. If, on July 1, 2018, the member's DROP
105 participation has already been extended for the maximum 36
106 calendar months and the extension period concludes before the
107 end of the school year, the member's DROP participation may be
108 extended through the last day of the last calendar month of that
109 school year. The employer shall notify the division of the
110 change in termination date and the additional period of DROP
111 participation for the affected instructional personnel.

112 b. Administrative personnel in grades K-12, as defined in
113 s. 1012.01(3), who have a DROP termination date on or after July
114 1, 2018, may be authorized to extend DROP participation beyond
115 the initial 60 calendar month period if the administrative
116 personnel's termination date is before the end of the school

585-02931-22

20227046__

117 year. Such administrative personnel may have DROP participation
118 extended until the last day of the last calendar month of the
119 school year in which their original DROP termination date
120 occurred if a date other than the last day of the last calendar
121 month of the school year is designated. The employer shall
122 notify the division of the change in termination date and the
123 additional period of DROP participation for the affected
124 administrative personnel.

125 c. Effective July 1, 2022, a member of the Special Risk
126 Class who is a law enforcement officer who meets the criteria in
127 s. 121.0515(3)(a) may participate in DROP for up to 36 calendar
128 months beyond the 60-month period if he or she enters DROP on or
129 before June 30, 2028.

130 2. Upon deciding to participate in DROP, the member shall
131 submit, on forms required by the division:

132 a. A written election to participate in DROP;

133 b. Selection of DROP participation and termination dates
134 that satisfy the limitations stated in paragraph (a) and
135 subparagraph 1. The termination date must be in a binding letter
136 of resignation to the employer establishing a deferred
137 termination date. The member may change the termination date
138 within the limitations of subparagraph 1., but only with the
139 written approval of the employer;

140 c. A properly completed DROP application for service
141 retirement as provided in this section; and

142 d. Any other information required by the division.

143 3. The DROP participant is a retiree under the Florida
144 Retirement System for all purposes, except for paragraph (5)(f)
145 and subsection (9) and ss. 112.3173, 112.363, 121.053, and

585-02931-22

20227046__

146 121.122. DROP participation is final and may not be canceled by
147 the participant after the first payment is credited during the
148 DROP participation period. However, participation in DROP does
149 not alter the participant's employment status, and the member is
150 not deemed retired from employment until his or her deferred
151 resignation is effective and termination occurs as defined in s.
152 121.021.

153 4. Elected officers are eligible to participate in DROP
154 subject to the following:

155 a. An elected officer who reaches normal retirement date
156 during a term of office may defer the election to participate
157 until the next succeeding term in that office. An elected
158 officer who exercises this option may participate in DROP for up
159 to 60 calendar months or no longer than the succeeding term of
160 office, whichever is less.

161 b. An elected or a nonelected participant may run for a
162 term of office while participating in DROP and, if elected,
163 extend the DROP termination date accordingly; however, if such
164 additional term of office exceeds the 60-month limitation
165 established in subparagraph 1., and the officer does not resign
166 from office within such 60-month limitation, the retirement and
167 the participant's DROP is null and void as provided in sub-
168 subparagraph (c)5.d.

169 c. An elected officer who is dually employed and elects to
170 participate in DROP must terminate all employment relationships
171 as provided in s. 121.021(39) for the nonelected position within
172 the original 60-month period or maximum participation period as
173 provided in subparagraph 1. For DROP participation ending:

174 (I) Before July 1, 2010, the officer may continue

585-02931-22

20227046__

175 employment as an elected officer as provided in s. 121.053. The
 176 elected officer shall be enrolled as a renewed member in the
 177 Elected Officers' Class or the Regular Class, as provided in ss.
 178 121.053 and 121.122, on the first day of the month after
 179 termination of employment in the nonelected position and
 180 termination of DROP. Distribution of the DROP benefits shall be
 181 made as provided in paragraph (c).

182 (II) On or after July 1, 2010, the officer may continue
 183 employment as an elected officer but must defer termination as
 184 provided in s. 121.053.

185 Section 3. Subsections (4) and (5) of section 121.71,
 186 Florida Statutes, are amended to read:

187 121.71 Uniform rates; process; calculations; levy.—

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

191

Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2022</u> 2021
Regular Class	<u>5.96%</u> 4.91%
Special Risk Class	<u>16.44%</u> 15.27%

192

193

194

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585-02931-22 20227046__

Special Risk
 Administrative
 Support Class 10.77% ~~9.73%~~

196

Elected Officers' Class—
 Legislators, Governor,
 Lt. Governor,
 Cabinet Officers,
 State Attorneys,
 Public Defenders 9.31% ~~8.49%~~

197

Elected Officers' Class—
 Justices, Judges 14.41% ~~13.38%~~

198

Elected Officers' Class—
 County Elected Officers 11.30% ~~10.28%~~

199

Senior Management Service
 Class 7.70% ~~6.49%~~

200

DROP 7.79% ~~7.23%~~

201

202 (5) In order to address unfunded actuarial liabilities of
 203 the system, the required employer retirement contribution rates
 204 for each membership class and subclass of the Florida Retirement
 205 System for both retirement plans are as follows:
 206

	Percentage of
Membership Class	Gross

585-02931-22

20227046__

Compensation,
Effective
July 1, 2022 ~~2021~~

207

208

Regular Class 4.23% ~~4.19%~~

209

Special Risk Class 9.67% ~~8.90%~~

210

Special Risk
Administrative
Support Class 26.16% ~~26.31%~~

211

Elected Officers' Class—
Legislators, Governor,
Lt. Governor,
Cabinet Officers,
State Attorneys,
Public Defenders 56.76% ~~53.52%~~

212

Elected Officers' Class—
Justices, Judges 27.64% ~~25.81%~~

213

Elected Officers' Class—
County Elected Officers 43.98% ~~39.42%~~

214

Senior Management Service
Class 22.15% ~~20.80%~~

585-02931-22

20227046__

215

DROP 9.15% ~~9.45%~~

216

217 Section 4. Subsection (5) of section 121.72, Florida
 218 Statutes, is amended, and subsection (6) is added to that
 219 section, to read:

220 121.72 Allocations to investment plan member accounts;
 221 percentage amounts.—

222 (5) Effective July 1, 2012, through June 30, 2022,
 223 allocations from the Florida Retirement System Contributions
 224 Clearing Trust Fund to investment plan member accounts are as
 225 follows:

226

Membership Class	Percentage of Gross Compensation
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227

Regular Class	6.30%
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228

229

Special Risk Class	14.00%
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230

Special Risk Administrative Support Class	7.95%
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231

Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers,	9.38%
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585-02931-22 20227046__

State Attorneys, Public
Defenders

232

Elected Officers' Class—
Justices, Judges 13.23%

233

Elected Officers' Class—
County Elected Officers 11.34%

234

Senior Management Service
Class 7.67%

235

(6) Effective July 1, 2022, allocations from the Florida
Retirement System Contributions Clearing Trust Fund to
investment plan member accounts are as follows:

239

<u>Membership Class</u>	<u>Percentage of Gross Compensation</u>
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240

<u>Regular Class</u>	<u>9.30%</u>
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242

<u>Special Risk Class</u>	<u>17.00%</u>
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243

<u>Special Risk Administrative Support Class</u>	<u>10.95%</u>
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244

<u>Elected Officers' Class—</u>	<u>12.38%</u>
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585-02931-22

20227046__

Legislators, Governor,
Lt. Governor, Cabinet
Officers,
State Attorneys, Public
Defenders

245

Elected Officers' Class-
Justices, Judges

16.23%

246

Elected Officers' Class-
County Elected Officers

14.34%

247

Senior Management Service
Class

10.67%

248

249 Section 5. The Legislature finds that a proper and
 250 legitimate state purpose is served when employees, officers, and
 251 retirees of the state and its political subdivisions, and the
 252 dependents, survivors, and beneficiaries of such employees,
 253 officers, and retirees, are extended the basic protections
 254 afforded by governmental retirement systems. These persons must
 255 be provided benefits that are fair and adequate and that are
 256 managed, administered, and funded in an actuarially sound manner
 257 as required by s. 14, Article X of the State Constitution and
 258 part VII of chapter 112, Florida Statutes. Therefore, the
 259 Legislature determines and declares that this act fulfills an
 260 important state interest.

261

Section 6. This act shall take effect July 1, 2022.