

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 375 Criminal Conflict and Civil Regional Counsel Membership in the Senior Management Service Class

SPONSOR(S): Brannan

TIED BILLS: **IDEN./SIM. BILLS:** SB 414

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Constitutional Rights, Rule of Law & Government Operations Subcommittee	14 Y, 0 N	Villa	Miller
2) Appropriations Committee	28 Y, 0 N	Smith	Pridgeon
3) State Affairs Committee	18 Y, 0 N	Villa	Williamson

SUMMARY ANALYSIS

In 2007, the Legislature established five Offices of Criminal Conflict and Civil Regional Counsel (CCCRC). When an Office of the Public Defender determines it has a conflict in representing an indigent defendant, the CCCRC is appointed to represent the defendant. The CCCRC has primary responsibility for representing persons entitled to court-appointed counsel under the Federal or State Constitution or as authorized by law in civil proceedings, such as proceedings to terminate parental rights. Each CCCRC district is led by a regional counsel, appointed by the Governor for a term of four years, subject to Senate confirmation.

The Florida Retirement System (FRS) is a contributory retirement system, with active members contributing 3.0 percent of their salaries. FRS Members have two primary plan options available for participation: the defined benefit plan, known as the pension plan, and the defined contribution plan, known as the investment plan. The membership of the FRS is divided into five membership classes: Regular Class, Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class, and Senior Management Service Class (SMSC).

Benefits payable under the pension plan are calculated based on the member's years of creditable service multiplied by the service accrual rate multiplied by the member's average final compensation. The Regular Class service credit provides a 1.6 percent accrual value for each year of creditable service while the SMSC earns a 2.0 percent accrual value each year.

Benefits under the investment plan accrue in individual member accounts funded by both employee and employer contributions and investment earnings. Benefits are provided through employee-directed investments offered by approved investment providers. The amount of money contributed to each member's account varies by class with the Regular Class receiving 9.3 percent of salary and SMSC receiving 10.67 percent.

The bill makes assistant regional counsel supervisors of the CCCRC members of the SMSC of the FRS, rather than the Regular Class. For each employee participating in the pension plan, this change means the employee earns 2.0 percent service credit for each year of service rather than 1.6 percent. For an employee participating in the investment plan, the employee will receive contributions into the investment account equal to 10.67 percent of salary rather than 9.3 percent. Any employee moved from the Regular Class to the SMSC may purchase additional retirement credit, retroactive until October 1, 2007, and may upgrade retirement credit for service in the same position.

The bill provides an appropriation of \$950,000 in recurring funds from the General Revenue Fund to the offices of the CCCRC for the purpose of paying retirement benefits of assistant regional counsel supervisors.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Criminal Conflict and Civil Regional Counsel (CCCRC)

In 2007, the Legislature established five offices of the CCCRC.¹ When an Office of the Public Defender determines it has a conflict in representing an indigent defendant, a CCCRC is appointed to represent the defendant. The CCCRC has primary responsibility for representing persons entitled to court-appointed counsel under the Federal or State Constitution or as authorized by law in civil proceedings, such as proceedings to terminate parental rights.² Each regional counsel, who serves as the lead in each CCCRC region, is recommended as part of a list of qualified candidates by the Supreme Court Judicial Nominating Commission.³ Thereafter, the Governor appoints the regional counsel from amongst those listed for a term of four years.⁴ The appointment is subject to Senate confirmation.⁵ Each CCCRC is housed, for administrative purposes, in the Justice Administrative Commission.⁶ Regional counsels serve on a full-time basis and may not engage in the private practice of law while holding office.⁷

Effective July 1, 2020, each appointed CCCRC and each district's assistant regional counsel chiefs, administrative directors, and chief investigators are part of the Senior Management Service Class (SMSC) of the Florida Retirement System (FRS).⁸ All other employees of the offices of the CCCRC, including assistant regional counsel supervisors are part of the Regular Class of the FRS.

Florida Retirement System

The FRS was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated into the FRS, and in 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group.⁹ The FRS is a contributory system, with active members contributing 3 percent of their salaries. It is the primary retirement plan for employees of state and county government agencies, district school boards, state colleges, and universities.

The membership of the FRS is divided into five membership classes:

- The Regular Class¹⁰ has 537,128 active members and 7,806 in renewed membership.
- The Special Risk Class¹¹ has 72,925 active members and 1,100 in renewed membership.
- The Special Risk Administrative Support Class¹² has 104 active members and one in renewed membership.

¹ S. 27.511(1), F.S.

² S. 27.511(5) and (6), F.S.

³ S. 27.511(3)(a), F.S.

⁴ *Id.*

⁵ *Id.*

⁶ S. 27.511(2), F.S.

⁷ S. 27.511(4), F.S.

⁸ See ch. 2020-120, L.O.F.

⁹ Florida Retirement System Pension Plan and Other State Administered Retirement Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2022, at p. 35, *available at*: https://employer.frs.fl.gov/forms/2021-22_ACFR.pdf (last visited March 9, 2023).

¹⁰ The Regular Class is for all members who are not assigned to another class. S. 121.021(12), F.S.

¹¹ The Special Risk Class is for members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics and emergency technicians, among others. S. 121.0515, F.S.

¹² The Special Risk Administrative Support Class is for a special risk member who moved or was reassigned to a nonspecial risk law enforcement, firefighting, correctional, or emergency medical care administrative support position with the same agency, or who is subsequently employed in such a position under the FRS. S. 121.0515(8), F.S.

- The Elected Officers' Class¹³ has 2,075 active members and 109 in renewed membership.
- The SMSC¹⁴ has 7,610 active members and 210 in renewed membership.¹⁵

Members of the FRS have two primary plan options available for participation:

- The defined benefit plan, also known as the pension plan; and
- The defined contribution plan, also known as the investment plan.

Pension Plan

The pension plan is administered by the secretary of the Department of Management Services (DMS) through the Division of Retirement (Division).¹⁶ Investments are managed by the State Board of Administration (SBA). The Board of Trustees of the SBA is comprised of the Governor as chair, the Chief Financial Officer, and the Attorney General.¹⁷

Any member initially enrolled in the pension plan before July 1, 2011, vests in the pension plan after completing six years of service with an FRS employer.¹⁸ For members initially enrolled on or after July 1, 2011, the member vests in the pension plan after eight years of creditable service.¹⁹ Benefits payable under the pension plan are calculated based on the member's years of creditable service multiplied by the service accrual rate multiplied by the member's average final compensation.²⁰ For members of the pension plan (including members in the Regular Class and the SMSC) enrolled before July 1, 2011, normal retirement (when first eligible for unreduced benefits) occurs at the earliest attainment of 30 years of service or age 62.²¹ Members initially enrolled in the pension plan Regular Class or SMSC on or after July 1, 2011, must complete 33 years of service or attain age 65.²²

The Regular Class and the SMSC share the same normal retirement dates, average final compensation calculation, and disability/survivor benefits. However, the Regular Class service credit provides a 1.6 percent accrual value for each year of creditable service while the SMSC earns a 2.0 percent accrual value each year.²³

A member of the SMSC may upgrade service credit in the same position from Regular Class accrual value to the SMSC accrual value.²⁴ Generally, the service credit may be purchased by the employer on behalf of the member.²⁵

Investment Plan

In 2000, the FRS Investment Plan was created as a defined contribution plan offered to eligible employees as an alternative to the FRS Pension Plan.²⁶ The SBA is primarily responsible for administering the investment plan.²⁷

Benefits under the investment plan accrue in individual member accounts funded by both employee and employer contributions and earnings.²⁸ Benefits are provided through employee-directed investments offered by approved investment providers.²⁹

¹³ The Elected Officers' Class is for elected state and county officers, and for those elected municipal or special district officers whose governing body has chosen Elected Officers' Class participation for its elected officers. S. 121.052, F.S.

¹⁴ The Senior Management Service Class is for members who fill senior management level positions assigned by law to the Senior Management Service Class or authorized by law as eligible for Senior Management Service designation. S. 121.055, F.S.

¹⁵ FRS Comprehensive Annual Report, *supra* note 9 at p. 263.

¹⁶ S. 121.025, F.S.

¹⁷ Article IV, s. 4(e), Fla. Const.

¹⁸ S. 121.021(45)(a), F.S.

¹⁹ S. 121.021(45)(b), F.S.

²⁰ S. 121.091, F.S.

²¹ S. 121.021(29)(a)1., F.S.

²² S. 121.021(29)(a)2., F.S.

²³ S. 121.091(1)(a), F.S.

²⁴ S. 121.055(1)(j), F.S.

²⁵ *Id.*

²⁶ S. 121.4501(1), F.S.

²⁷ S. 121.4501(8), F.S.

²⁸ S. 121.4501(1), F.S.

²⁹ *Id.*

A member vests immediately in all employee contributions paid to the investment plan.³⁰ With respect to the employer contributions, a member vests after completing one year of service with an FRS employer.³¹ Vested benefits are payable upon termination as a lump-sum distribution, direct rollover distribution, or periodic distribution.³² The investment plan also provides disability coverage for both in-line-of-duty and regular disability retirement benefits.³³ An FRS member who qualifies for disability while enrolled in the investment plan may apply for benefits as if the employee were a member of the pension plan. If approved for retirement disability benefits, the member is transferred to the pension plan.³⁴

The table below shows the allocation of contributions made into the FRS for members of the investment plan participating in the Regular Class and SMSC. The contributions are based on the percentage of the member's gross compensation for the month.

Allocation of Contributions	Regular Class	SMSC
Investment account	9.30%	10.67%
Disability	0.25%	0.26%
In-line-of-duty death	0.05%	0.05%
Administrative assessments	0.06%	0.06%
Total	9.66%	11.04%

Contribution Rates

FRS employers are responsible for contributing a set percentage of the member's monthly compensation to the Division to be distributed into the FRS Contributions Clearing Trust Fund. The employer contribution rate is a blended contribution rate set by statute, which is the same percentage regardless of whether the member participates in the pension plan or the investment plan.³⁵ The rate is determined annually based on an actuarial study provided by DMS that calculates the necessary level of funding to support all of the benefit obligations under both FRS retirement plans.

As of July 1, 2022, the current employer contribution for the Regular Class is 5.96 percent and the employer contribution rate for the SMSC is 7.70 percent. In order to address unfunded liabilities in the system, the required employer contribution is 4.23 percent for the Regular Class and 22.15 percent for the SMSC.³⁶ This represents a total blended contribution rate of 10.19 percent for the Regular Class and 29.85 percent for the SMSC.

Regardless of employee class, all employees contribute 3 percent of their compensation towards retirement.³⁷

Effect of the Bill

The bill makes assistant regional counsel supervisors of the CCCRC offices members of the SMSC of the FRS, rather than the Regular Class. For each employee participating in the pension plan of the FRS, this shift means the employee earns 2.0 percent service credit for each year of service rather than

³⁰ S. 121.4501(6)(a), F.S.

³¹ If a member terminates employment before vesting in the investment plan, the non-vested money is transferred from the member's account to the SBA for deposit and investment by the SBA in its suspense account for up to five years. If the member is not reemployed as an eligible employee within five years, then any non-vested accumulations transferred from a member's account to the SBA's suspense account are forfeited. S. 121.4501(6)(b)-(d), F.S.

³² S. 121.591, F.S.

³³ See s. 121.4501(16), F.S.

³⁴ Pension plan disability retirement benefits, which apply for investment plan members who qualify for disability, compensate a n in-line-of-duty disabled member up to 65 percent of the average monthly compensation as of the disability retirement date for special risk class members. Other members may receive up to 42 percent of the member's average monthly compensation for disability retirement benefits. If the disability occurs other than in the line of duty, the monthly benefit may not be less than 25 percent of the average monthly compensation as of the disability retirement date. S. 121.091(4)(f), F.S.

³⁵ S. 121.70(1), F.S.

³⁶ S. 121.71(4) and (5), F.S.

³⁷ S. 121.71(3), F.S.

1.6 percent. For an employee participating in the investment plan of the FRS, the employee will receive contributions into the investment account equal to 10.67 percent of salary rather than 9.3 percent.

Any employee moved from the Regular Class to the SMSC may purchase additional retirement credit, retroactive to October 7, 2007, and may upgrade retirement credit for service in the same position. The upgraded service credit may not be purchased by the member's employer.

The bill provides an appropriation of \$950,000 in recurring funds from the General Revenue Fund to the offices of the CCCRC for the purpose of paying retirement benefits of assistant regional counsel supervisors.

B. SECTION DIRECTORY:

Section 1: Amends s. 121.055, F.S., relating to the Senior Management Service Class.

Section 2: Provides an appropriation.

Section 3: Provides an effective date of July 1, 2023.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill provides an appropriation of \$950,000 in recurring funds from the General Revenue Fund to the offices of the Criminal Conflict and Civil Regional Counsel for the purpose of paying the retirement benefits of assistance regional counsel supervisors.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not appear to provide nor does it appear to require any additional rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.