



Kathleen Passidomo
President of the Senate

THE FLORIDA LEGISLATURE



Paul Renner
*Speaker of the House of
Representatives*

May 02, 2023

The Honorable Kathleen Passidomo
President of the Senate

The Honorable Paul Renner
Speaker, House of Representatives

Dear Madam President and Mr. Speaker:

Your Conference Committee on the disagreeing votes of the two houses on CS/SB 7024, same being:

An act relating to Retirement.

having met, and after full and free conference, do recommend to their respective houses as follows:

1. That the House of Representatives recede from its Amendment 979575.
2. That the Senate and House of Representatives adopt the Conference Committee Amendment attached hereto, and by reference made a part of this report.

Senator Doug Broxson, Chair

Senator Ben Albritton, At Large

Senator Bryan Avila

Senator Dennis Baxley, At Large

Senator Lori Berman

Senator Lauren Book, At Large

Senator Jim Boyd

Senator Jennifer Bradley

Senator Jason Brodeur

Senator Danny Burgess

Senator Colleen Burton

Senator Alexis Calatayud

Senator Jay Collins

Senator Tracie Davis

Senator Nick DiCeglie

Senator Ileana Garcia

Senator Erin Grall

Senator Joe Gruters

Senator Gayle Harrell

Senator Ed Hooper

Senator Travis Hutson, At Large

Senator Blaise Ingoglia

Senator Shevrin D. Jones

Senator Jonathan Martin

Senator Debbie Mayfield, At Large

Senator Rosalind Osgood

Senator Keith Perry, At Large

Senator Jason W. B. Pizzo

Senator Tina Scott Polsky

Senator Bobby Powell

Senator Ana Maria Rodriguez

Senator Darryl Ervin Rouson, At Large

Senator Corey Simon

Senator Linda Stewart

Senator Geraldine F. Thompson

Senator Victor M. Torres Jr.

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Senator Jay Trumbull

Senator Tom A. Wright

Senator Clay Yarborough

Conferees on the part of the Senate

Representative Thomas J. Leek, Chair

Representative Thad Altman, At Large

Representative Robert Alexander Andrade, At Large

Representative Christopher Benjamin, At Large

Representative Adam Botana, At Large

Representative Robert Charles Brannan III, At Large

Representative Demi Busatta Cabrera, At Large

Representative Kevin D. Chambliss, At Large

Representative Charles Wesley Clemons, Sr., At Large

Representative Dan Daley, At Large

Representative Fentrice Driskell, At Large

Representative Randy Fine, At Large

Representative Sam Garrison, At Large

Representative Michael Gottlieb, At Large

Representative Michael Grant, At Large

Representative Tommy Gregory, At Large

Representative Christine Hunschofsky, At Large

Representative Ralph E. Massullo, MD, At Large

Representative Stan McClain, At Large

Representative Lawrence McClure, At Large

Representative Bobby Payne, At Large

Representative Daniel Perez, At Large

Representative Felicia Simone Robinson, At Large

Representative Bob Rommel, At Large

Representative Jason Shoaf, At Large

Representative David Silvers, At Large

Representative Kelly Skidmore, At Large

Representative John Snyder, At Large

Representative Josie Tomkow, At Large

Representative Susan L. Valdés, At Large

Representative Patricia H. Williams, At Large

Representative Marie Paule Woodson, At Large

Managers on the part of the House of Representatives

May 02, 2023

The Conference Committee Amendment for CS/SB 7024, relating to retirement, conforms the law to the Fiscal Year 2023-2024 General Appropriations Act (GAA) as retirement contributions are included in the GAA.

The Florida Retirement System (FRS) is a multiple-employer, contributory plan that provides retirement income benefits for employees of the state and county government agencies, district school boards, state colleges and universities, and it also serves as the retirement plan for participating employees of the cities, special districts, and independent hospitals that have elected to join the system. Members of the FRS have two plan options available for participation: the pension plan, which is a defined benefit plan, and the investment plan, which is a defined contribution plan.

Currently, the normal retirement date for members of the Special Risk class hired on or after July 1, 2011, is the earlier of 30 years of service or age 60. For members of the Special Risk class hired before July 1, 2011, the normal retirement date is the earlier of 25 years of service or age 55.

The Deferred Retirement Option Program (DROP) allows eligible members of the FRS Pension Plan to defer receipt of retirement benefits while continuing employment with his or her FRS Employer. Currently:

- Eligible members may elect to participate in DROP for a period not to exceed 60 calendar months. However, law enforcement officers and certain instructional personnel may elect to participate in DROP for a period not to exceed 96 calendar months;
- Eligible members must elect to participate in DROP within a certain eligibility window or lose the opportunity for DROP participation;
- Deferred monthly benefits accrue at an effective annual rate of 1.3 percent, compounded monthly. Prior to July 1, 2011, the annual rate applied was 6.5 percent. Upon termination of the employment, the member receives the total DROP benefits and begins to receive the previously determined normal retirement amounts.

Eligible retirees of the FRS receive a monthly health insurance subsidy. Currently the subsidy is calculated at \$5 for each year of service in the FRS, with a maximum benefit of \$150 per month and a minimum benefit \$30 per month.

The Department of Management Services (DMS) must provide an annual actuarial valuation of the FRS and report the results to the Legislature by December 31 of each year. Thereafter, the Legislature uses the results of the actuarial valuation to establish uniform employer contribution rates during the next legislative session to ensure the FRS is funded in a sound actuarial manner.

The amendment:

- Modifies the normal retirement date for Special Risk Class members initially enrolled on or after July 1, 2011, to be the earlier of 25 years of creditable service, or age 55.
- Makes the following modification to the DROP program:
 - Eliminates the restrictive entry window for eligible members to participate in DROP, allowing for entry into DROP at any age as long as years of service or age and vesting requirements are met;

- Extends the maximum amount of time for eligible members to participate in DROP from 60 to 96 calendar months for all classes, and from 96 to 120 calendar months for certain instructional personnel; and
- Increases the interest rate applied to a member's accrued monthly benefit from 1.3 percent to 4 percent.
- Increases the monthly retiree health insurance subsidy from \$5 to \$7.50 for each year of service. The maximum benefit is adjusted from \$150 to \$225 per month and the minimum benefit is adjusted from \$30 to \$45 per month.
- Increases the allocations to investment plan accounts by 2 percent for each membership class in the investment plan.
- Revises the employer FRS contribution rates based on the actuarial valuation and actuarial studies.
- Declares that the act fulfills an important state interest. It provides that a proper and legitimate state purpose is served by the amendment, which includes providing benefits that are managed, administered, and funded in an actuarially sound manner.

The application of the rates will have a significant fiscal impact to funds appropriated by the Legislature associated with employee salaries and benefits. Provisions of the amendment relating to employer retirement contribution rates will increase amounts FRS Employers must pay for employee retirement benefits.