

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: CS/CS/SB 838

INTRODUCER: Governmental Oversight and Accountability Committee; Judiciary Committee; and Senator Bradley

SUBJECT: Justices and Judges

DATE: April 1, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Brown</u>	<u>Cibula</u>	<u>JU</u>	<u>Fav/CS</u>
2.	<u>McVaney</u>	<u>McVaney</u>	<u>GO</u>	<u>Fav/CS</u>
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/SB 838 modifies the timeframe required for retired judges and justices to “sit out” between retirement from the Florida Retirement System (FRS) and subsequent reemployment as a senior judge for compensation. This bill reduces the required termination period from six calendar months to three calendar months to be eligible to return to employment as a senior judge. In addition, as a senior judge, the retiree will be permitted to receive retirement benefits and the compensation paid as a senior judge during the first twelve months of retirement.

Under current law, the ability to engage in reemployment without jeopardizing retirement benefits is based on the concept of “termination.” To be considered a lawful termination period, a retiree who is reemployed must “sit out” for a full six calendar months. If the retiree returns to employment at the workplace of an employer who participates in the FRS within the six calendar months, the termination is voided, and the retiree must refund any distributions already made. CS/CS/SB 838 reduces from six calendar months to three calendar months the required termination period for retired justices and judges to return to work as a senior judge while maintaining retirement benefits.

Current law also suspends the payment of retirement benefits under the FRS pension plan if the retiree is reemployed by an FRS-participating employer during the seventh through twelfth month of retirement. Beginning in the thirteenth month after retirement, retirement benefits would again be payable to the reemployed retiree. CS/CS/SB 838 permits retired justices and

judges serving as senior judges to receive both retirement benefits and salary from an employer participating the Florida Retirement System during the fourth through twelfth months of retirement.

The fiscal impact on state and local governments is indeterminate at this time. A special actuarial study must be completed to determine the adjustments necessary to the employer-paid contribution rates to offset the costs to the Florida Retirement System.

The bill takes effect July 1, 2015.

II. Present Situation:

The Florida Retirement System

The Florida Retirement System (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.¹ The FRS is a contributory system, with most members contributing three percent of their salaries.²

The FRS is a multi-employer, contributory plan, governed by the Florida Retirement System Act in Chapter 121, F.S. As of June 30, 2014, the FRS had 622,089 active members, 363,034 annuitants, 16,137 disabled retirees, and 38,058 active participants of the Deferred Retirement Option Program (DROP).³ As of June 30, 2014, the FRS consisted of 1,014 total employers; it is the primary retirement plan for employees of state and county government agencies, district school boards, Florida College institutions, and state universities, and also includes the 186 cities and 262 special districts that have elected to join the system.⁴

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

- The Regular Class⁵ consists of 537,993 active members, plus 5,402 in renewed membership;
- The Special Risk Class⁶ includes 68,593 active members;
- The Special Risk Administrative Support Class⁷ has 84 active members;

¹ The Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014, at p. 29. Available online at: https://www.rol.frs.state.fl.us/forms/2013-14_CAFR.pdf.

² Prior to 1975, members of the FRS were required to make employee contributions of either 4 percent for Regular Class employees or 6 percent for Special Risk Class members. Employees were again required to contribute to the system after July 1, 2011. Members in the Deferred Retirement Option Program do not contribute to the system.

³ Florida Retirement System Annual Financial Report Fiscal Year Ended June 30, 2014, at 112.

⁴ *Id.*, at 146.

⁵ The Regular Class is for all members who are not assigned to another class. Section 121.021(12), F.S.

⁶ The Special Risk Class is for members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics and emergency technicians, among others. Section 121.0515, F.S.

⁷ 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 Florida Retirement System. Section 121.0515(8), F.S.

- The Elected Officers' Class⁸ has 2,040 active members, plus 147 in renewed membership; and
- The Senior Management Service Class⁹ has 7,607 members, plus 184 in renewed membership.¹⁰

Investment Plan

In 2000, the Legislature created the Public Employee Optional Retirement Program (investment plan), a defined contribution plan offered to eligible employees as an alternative to the FRS Pension Plan.

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

A member vests immediately in all employee contributions paid to the investment plan.¹¹ With respect to the employer contributions, a member vests after completing one work year of employment with an FRS employer.¹² Vested benefits are payable upon termination or death as a lump-sum distribution, direct rollover distribution, or periodic distribution.¹³ The investment plan also provides disability coverage for both inline-of-duty and regular disability retirement benefits.¹⁴ An FRS member who qualifies for disability while enrolled in the investment plan must 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.¹⁵

The State Board of Administration (SBA) is primarily responsible for administering the investment plan.¹⁶ The SBA is comprised of the Governor as chair, the Chief Financial Officer, and the Attorney General.¹⁷

⁸ 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. Section 121.052, F.S.

⁹ 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. Section 121.055, F.S.

¹⁰ All figures from Florida Retirement System Annual Financial Report Fiscal Year Ended June 30, 2014, at 115.

¹¹ Section 121.4501(6)(a), F.S.

¹² If a member terminates employment before vesting in the investment plan, the nonvested 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 nonvested accumulations transferred from a member's account to the SBA's suspense account are forfeited. Section 121.4501(6)(b) – (d), F.S.

¹³ Section 121.591, F.S.

¹⁴ See s. 121.4501(16), F.S.

¹⁵ Pension plan disability retirement benefits, which apply for investment plan members who qualify for disability, compensate an 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. Section 121.091(4)(f), F.S.

¹⁶ Section 121.4501(8), F.S.

¹⁷ Section 4, Art. IV, Fla. Const.

Pension Plan

The pension plan is administered by the secretary of the Department of Management Services through the Division of Retirement.¹⁸ Investment management is handled by the SBA.

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.¹⁹ For members enrolled on or after July 1, 2011, the member vests in the pension plan after eight years of creditable service.²⁰ 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.²¹ For most members of the pension plan, normal retirement occurs at the earliest attainment of 30 years of service or age 62.²² For public safety employees in the Special Risk and Special Risk Administrative Support Classes, normal retirement is the earliest of 25 years of service or age 55.²³ Members initially enrolled in the pension plan on or after July 1, 2011, have longer vesting requirements. For members initially enrolled after that date, the member must complete 33 years of service or attain age 65, and members in the Special Risk classes must complete 30 years of service or attain age 60.²⁴

The Deferred Retirement Option Program (DROP)

The Deferred Retirement Option Program (DROP) is a program available to eligible members of the FRS pension plan. Under DROP, the member may elect to defer receipt of retirement benefits while continuing employment with his or her FRS employer. The employee financially benefits from participation in DROP as deferred monthly benefits accrue in the FRS, with interest compounded monthly while the employee is in DROP. Upon termination of employment, the member receives the total DROP accumulations and the previously determined normal retirement benefits.²⁵

Contribution Rates

FRS employers are responsible for contributing a specified percentage of the member's monthly compensation to the Division of Retirement 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.²⁶ The rate is determined annually based on an actuarial study by the Department of Management Services that calculates the necessary level of funding to support all of the benefit obligations under both FRS retirement plans.

¹⁸ Section 121.025, F.S.

¹⁹ Section 121.021(45)(a), F.S.

²⁰ Section 121.021(45)(b), F.S.

²¹ Section 121.091, F.S.

²² Section 121.021(29)(a)1., F.S.

²³ Section 121.021(29)(b)1., F.S.

²⁴ Sections 121.021(29)(a)2. and (b)2., F.S.

²⁵ Section 121.091(13), F.S.

²⁶ Section 121.70(1), F.S.

In the annual actuarial valuation of the Florida Retirement System based on July 1, 2014, plan assets and liabilities, Milliman, Inc., the state actuary, determined the following key data relating to the FRS pension plan.

	Valuation Results (in \$ billions)			
	July 1, 2011	July 1, 2012	July 1, 2013	July 1, 2014
Actuarial Liability	\$144.1	\$147.2	\$153.3	\$160.1
Actuarial Value of Assets	\$126.1	\$127.9	\$131.7	\$138.6
Unfunded Actuarial Liability	\$ 18.0	\$ 19.3	\$ 21.6	\$21.5
Funded Percentage	87.5%	86.9%	85.9%	86.6%

The following are the current employer contribution rates for each class and the blended rates recommended by the state actuary beginning in July 2015.²⁷ For all membership classes, except the DROP and certain members with renewed membership, employees contribute an additional three percent of their compensation towards retirement.²⁸

Membership Class	Current Rates Effective July 1, 2014		Recommended Rates to be effective July 1, 2015	
	Normal Cost	UAL Rate	Normal Cost	UAL Rate
Regular Class	3.53%	2.54%	2.91%	2.65%
Special Risk Class	11.01%	7.51%	11.35%	8.99%
Special Risk Administrative Support Class	4.18%	36.59%	3.71%	27.54%
Elected Officer’s Class				
• Legislators, Governor, Lt. Governor, Cabinet Officers, State Attorneys, Public Defenders	6.30%	38.66%	6.48%	37.62%
• Justices and Judges	10.10%	21.77%	11.39%	22.62%
• County Officers	8.36%	33.58%	8.48%	32.09%
Senior Management Service Class	4.80%	15.04%	4.32%	15.41%
Deferred Retirement Option Program	4.30%	6.72%	4.10%	7.12%

As the table above illustrates, the Judicial Subclass of the Elected Officers’ Class is the most expensive group (as a percentage of payroll) participating in the Florida Retirement System – more costly the Special Risk Class as a percentage of payroll (11.39% normal cost for Judicial subclass and 11.35% normal cost for Special Risk Class).

After employer and employee contributions are placed into the FRS Contributions Clearing Trust Fund, the allocations under the investment plan are transferred to third-party administrators to be

²⁷ Section 121.71(4) and (5), F.S.

²⁸ Section 121.71(3), F.S.

placed in the employee's individual investment accounts, whereas contributions under the pension plan are transferred into the FRS Trust Fund.²⁹

Employment with an FRS Employer after Retirement

Bona fide termination

Some FRS members wish to return to work with an FRS employer after retirement while receiving monthly retirement payments. To do so, the law requires that the member actually have satisfied the requirement of termination of employment. Before July 1, 2010, retirement followed by employment required just one calendar month of separation from an FRS employer to satisfy the requirement of termination for members of the FRS pension plan.³⁰

The 2010 Legislature changed the one month requirement to 6 months so that an FRS pension plan member who is employed within six months after retirement is considered not to have terminated employment.³¹ Likewise, the Legislature changed the three month requirement to six months for an FRS investment plan member.³² As a result, if an FRS retiree is employed with an FRS employer within the first six calendar months after retirement, termination is considered not to have occurred and any retirement benefits paid, including a DROP payout or an investment plan distribution, must be refunded to the FRS.

The Department of Management Services has determined that an FRS retiree may volunteer with an FRS-participating employer within the first six months without impacting the retiree's termination as long as the retiree receives no compensation now or in the future for the services performed as a volunteer.³³

Concurrent receipt of retirement benefits and salary compensation

After meeting the definition of termination, a retiree is also subject to reemployment limitations in the 7th through 12th calendar months after the DROP termination date or the effective retirement date. A retirement benefit cannot be received in the same month as salary from a FRS participating employer.³⁴ In other words, the retirement benefits of a retiree who returns to work with an FRS employer during the 7th through 12th months after retirement are suspended during that time period.

Twelve calendar months after the DROP termination date or the effective retirement date, a retiree can receive a retirement benefit in the same month as a salary from a FRS participating employer.

Again, service as a volunteer, without receiving compensation for that service, does not limit the retiree's eligibility to receive retirement benefits from the FRS.³⁵

²⁹ See sections 121.4503 and 121.72(1), F.S.

³⁰ Section 121.021(39)(a)1., F.S.

³¹ Section 121.021(39)(a)2., F.S.; Chapter 2009-209, Laws of Fla., increased the time to "sit out" from one calendar month to six calendar months.

³² *Id.*

³³ Division of Retirement Information Release #2010-143, dated July 15, 2010.

³⁴ Section 121.091(9), F.S.

³⁵ Division of Retirement Information Release #2010-143, dated July 15, 2010.

State Court System

The State Court System consists of the 67 county courts, 20 circuit courts, 5 district courts of appeal and the Florida Supreme Court. The table below shows the number of judges by each court level and the additional judges certified to be needed by the Florida Supreme Court.

Level	Current Positions	Certified Need for FY 2015-16 ³⁶
Supreme Court	7	0
District Courts of Appeal	64	0
Circuit Courts	599	3
County Courts	322	32
Total	992	35

In a 2011 survey, the Office of State Courts Administrator (OSCA) estimates that 167 senior judges and 2 senior justices are eligible to serve as senior judges, including 26 volunteer senior judges.³⁷ Based on the recent payroll information, it appears that at least 189 persons were compensated by the state as senior judges during the month of February 2015.³⁸ The Office of the State Courts Administrator has indicated that there are 36 senior judges serving as volunteers (without compensation).

Although the retirement laws have been modified, resulting in a delay for retired justices and judges to return as senior judges, the number of senior judges available in the State Court System has increased by 10% during the time since the retirement law change.

Law and Court Rules on Retired Judges

Florida Law

Section 25.073, F.S., authorizes retired judges to resume service as a judge on a temporary basis, provided that the judge:

- Has not lost reelection or retention in his or her last judicial office; and
- Is not engaged in the practice of law.³⁹

Court Rules

Under the Florida Rules of Judicial Administration, Rule 2.205(a)(3) provides in pertinent part:

(A) The chief justice may, either upon request or when otherwise necessary for the prompt dispatch of business in the courts of this state, temporarily assign justices of the

³⁶ *In re: Certification of need for additional judges*, No. SC14-2350 (December 22, 2014).

³⁷ *State Courts System Statistics for Retired Judges 2006-2011*, OSCA (Dec. 13, 2011) (on file with the Senate Committee on Judiciary).

³⁸ Data from the Department of Management Services relating to payment of wages to state employees and officers. http://dmssalaries.herokuapp.com/salaries?employee_name=&employee_type=OPS&agency_name=SCS+-+State+Courts+System&class_code=&begin_salary=&end_salary=&salaries_length=10 (last viewed on March 28, 2015).

³⁹ Section 25.073(1) and (2), F.S.

supreme court, judges of district courts of appeal, circuit judges, and judges of county courts to any court for which they are qualified to serve.

(B) a “retired judge” is defined as a judge not engaged in the practice of law who has been a judicial officer of this state.

(C) When a judge who is eligible to draw retirement compensation has entered the private practice of law, the judge may be eligible for recall to judicial service upon cessation of the private practice of law and approval of the judge’s application to the court. The application shall state the period of time the judge has not engaged in the practice of law, and must be approved by the court before the judge shall be eligible for recall to judicial service.

(D) A “senior judge” is a retired judge who is eligible to serve on assignment to temporary judicial duty.

Federal Law on Pension Plans and Termination of Employment

The Internal Revenue Code as it has been interpreted by the Internal Revenue Service (IRS) generally requires that a bona fide termination occur before an employee is paid retirement benefits.⁴⁰ An employer who does not require a bona fide termination jeopardizes the qualified status of its retirement plan. Thus, upon disqualification, the plan’s trust may lose its tax exempt status and, among other things, the employer contributions to the plan become taxable to the employees and the plan trust may owe income taxes on the trust earnings.⁴¹

Generally, the existence of a bona fide termination is “based on whether facts and circumstances indicate that the employer and employee reasonably anticipated that no further services would be performed after a certain date” or that the services of the employee would not exceed 20 percent of the employee’s previous level of services.⁴² A bona fide termination, for example, would not occur if an employee were to “retire” on one day in order to qualify for the early retirement subsidy, and then immediately return to work.⁴³ However, a short time period between an employee’s retirement and reemployment might not jeopardize the qualified status of a retirement plan if the only employees who are allowed to resume work after a short separation are at least 62 years of age.⁴⁴

In other words, the IRS will be interested in whether an employee and employer both had the intent for the employee, upon retirement, to permanently separate from service.⁴⁵

⁴⁰ Tax Exempt and Government Entities Division, Internal Revenue Service, Department of the Treasury, *Private Letter Ruling 201147038* (Apr. 2010).

⁴¹ Internal Revenue Service, *Tax Consequences of Plan Disqualification* (last updated Feb. 2, 2015) <http://www.irs.gov/Retirement-Plans/Tax-Consequences-of-Plan-Disqualification>.

⁴² 26 C.F.R. s. 1409A-1(h)(1)

⁴³ Tax Exempt and Government Entities Division, *supra* note 27.

⁴⁴ See 26 U.S.C. s. 401(a)(36) (stating [a] trust forming part of a pension plan shall not be treated as failing to constitute a qualified trust under this section solely because the plan provides that a distribution may be made from such trust to an employee who has attained age 62 and who is not separated from employment at the time of such distribution.).

⁴⁵ *Id.*

III. Effect of Proposed Changes:

Termination of Employment as a Requirement of a Valid Retirement

CS/CS/SB 838 modifies the timeframe required for retired judges and justices to “sit out” between retirement and subsequent reemployment as a senior judge. This bill reduces from six calendar months to three calendar months the required termination period to be eligible for reemployment with an FRS-participating employer.

To be eligible to use this reduced time period to achieve a bona fide termination, the retired justice or judge must have reached the later of his or her normal retirement age or the age when vested. This means the retired justice or retired judge must be at least 62 years of age (if initially enrolled in the FRS before July 1, 2011, or at least 65 years of age if initially enrolled after July 1, 2011). A later age may apply if the retired justice or retired judge did not have the requisite years of creditable service to be vested at age 62 or age 65, as applicable.

Under existing law, the Florida Retirement System Act treats all retirees the same regardless of profession, class membership, or potential employment, for purposes of reemployment after termination upon retirement. Under current law, a retiree who is reemployed must “sit out” for six calendar months to continue to draw retirement upon reemployment. If the “sit out” period is too short, or the retiree intended to, and established a return to reemployment prior to retirement, the IRS may consider the retirement to be a “sham” retirement and potentially disqualify a state pension plan from its tax preferred status. If a member retires with an expectation of returning to work with an FRS employer and has proceeded accordingly, the termination may not qualify as a “bona fide termination.” Additionally, carving out the three month exception for judges means that the FRS will treat judges more favorably than other employees of FRS employers who want to return to work after retirement.⁴⁶

Concurrent Payment of Retirement Benefits and Salary

CS/CS/SB 838 also allows retired justices and retired judges who are assigned as senior judges to receive retirement benefits and salary compensation from an FRS participating employer during the first twelve months after retirement. That means these retirees can receive retirement benefits and salary compensation between the fourth through twelfth months of retirement.

Funding Mechanism

Because the bill is likely to result in justices and judges retiring earlier than currently expected, and thus receive retirement benefits that otherwise would not have been paid out, the bill provides a funding mechanism to offset these new costs. The bill increases the required employer contribution rates for the:

- Judicial subclass of the Elected Officers’ Class by 0.45 percentage points for normal costs and 0.91 percentage points for the amortization of the unfunded actuarial liability resulting from this bill; and
- DROP by 0.01 percentage points.

⁴⁶ *Impact Statement on Senate Bill 838*, State Board of Administration (Feb. 24, 2015) (on file with the Senate Committee on Judiciary).

Legislative Intent

Legislative intent in the bill provides that this bill serves an important state interest. Specifically, the Legislature finds that assigning retired judges and justices to temporary employment assist the state courts system in managing caseloads.

The bill takes effect July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

Although judicial salaries and retirement are paid by the state, contributions for DROP are paid by local governments. To the extent this bill requires cities and counties to spend money or take action that requires the expenditure of money, the mandates provision of Art. VII, s. 18, of the State Constitution may apply. If those constitutional provisions do apply, in order for the law to be binding upon the cities and counties, the Legislature must find that the law fulfills an important state interest (included in section 14 of the bill), and one of the following relevant exceptions must be met:

- Funds estimated at the time of enactment sufficient to fund such expenditures are appropriated;
- Counties and cities are authorized to enact a funding source not available for such local government on February 1, 1989, that can be used to generate the amount of funds necessary to fund the expenditures;
- The expenditure is required to comply with a law that applies to all persons similarly situated; or
- The law must be approved by two-thirds of the membership of each house of the Legislature.

This bill contains a statement indicating that the bill fulfills an important state interest. Although the state funds the FRS, local governments must contribute to DROP. The Department of Management Services estimates the following fiscal impact to local government:

- From 7/2015 through 6/2016, \$192,000;
- From 7/2016 through 6/2017, \$198,000;
- From 7/2017 through 6/2018, \$205,000;
- From 7/2018 through 6/2019, \$211,000; and
- From 7/2019 through 6/2020, \$218,000.⁴⁷

However, these estimates are based on the 2012 Milliman actuarial study. As stated below, these figures cannot be used as they are no longer accurate (See discussion in D. Other Constitutional Issues below.)

⁴⁷ 2015 Legislative Bill Analysis, Department of Management Services (Feb. 13, 2015) (on file with the Senate Committee on Judiciary).

Additionally, legislative intent in the bill cites as an important state interest in the bill the backlog in court cases in the state. In the most recent report by the Florida Supreme Court certifying a need for additional judges, the Supreme Court indicates that the judicial branch has had no increase in trial court judges since 2007, despite a sustained increase in judicial workload.⁴⁸

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Article X, Section 14 of the Florida Constitution provides:

A governmental unit responsible for any retirement or pension system supported in whole or in part by public funds shall not after January 1, 1977, provide any increase in the benefits to the members or beneficiaries of such system unless such unit has made or concurrently makes provision for the funding of the increase in benefits on a sound actuarial basis.

An actuarial study will need to be conducted to comply with Art. X, sec. 14, Fla. Const. The bill provides adjustments to contribution rates but bases these adjustments on a 2012 special actuarial study.⁴⁹ Given that the actuarial assumptions have changed since 2012, the study is no longer valid.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill enables retired judges and justices to return to the bench as senior judges in a shorter time frame (ceasing employment for three calendar months rather than six calendar months).

⁴⁸ *In Re: Certification of Need for Additional Judges*, No. SC 14-2350 (Dec. 22, 2014) (on file with the Senate Committee on Judiciary).

⁴⁹ Kathryn M. Hunter and Robert Dezube, *Milliman Study Reflecting the Impact to the Blended Rates of the Florida Retirement System of Exempting Retired Judges from Termination and Reemployment Limitations* and *Milliman Study Reflecting the Impact to the Florida Retirement System Defined Benefit Plan of Exempting Retired Judges from Termination and Reemployment Limitations* (Feb. 9, 2012) (on file with the Senate Committee on Judiciary).

C. Government Sector Impact:**State Board of Administration (SBA)**

The SBA, Office of Defined Contribution Programs, expects to incur recurring and nonrecurring costs to implement this bill.

Recurring costs are estimated to be:

- From 7/15 through 6/16, \$1.62 million;
- From 7/16 through 6/17, \$1.67 million;
- From 7/17 through 6/18, \$1.72 million;
- From 7/18 through 6/19, \$1.78 million; and
- From 7/19 through 6/20, \$1.84 million.

Nonrecurring costs, estimated to be less than \$1 million, relate to system programming changes, revisions to printed materials, training service provider personnel, and coordination of service provider systems for data transfers and file formats.⁵⁰

Office of the State Courts Administrator (OSCA)

The Office of the State Courts Administrator expects that this bill will have a positive impact on areas of the court where there is a higher workload.⁵¹

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends sections 121.021 and 121.091 of the Florida Statutes.

IX. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

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

CS/CS by Governmental Oversight and Accountability on March 31, 2015:

The CS/CS changes the time period (from 1 month to 3 months) that a retired judge must cease employment with FRS-participating employers to meet the definition of

⁵⁰ *Impact Statement on Senate Bill 838*, State Board of Administration (Feb. 24, 2015) (on file with the Senate Committee on Judiciary).

⁵¹ Office of the State Courts Administrator, *2015 Judicial Impact Statement* (Mar. 2, 2015) (on file with the Senate Committee on Judiciary).

termination and be permitted to receive both retirement benefits and salary during the first twelve months after retirement.

CS by Judiciary on March 3, 2015:

The CS removes from legislative intent that the backlog in court cases in the state is attributable to foreclosure cases. The CS now provides that the important state interest in enabling retired judges to return as senior judges is to assist with the backlog in cases generally.

B. Amendments:

None.