The Committee on Appropriations (Brandes) recommended the following:

Senate Amendment to Amendment (686242) (with title amendment)

Between lines 2169 and 2170 insert:

Section 19. Subsection (3) of section 121.031, Florida Statutes, is amended to read

121.031 Administration of system; appropriation; oaths; actuarial studies; public records.—

(3) The administrator shall cause an actuarial study of the
system to be made at least annually and shall report the results
of such study to the Legislature, Governor, the President of the
Senate, and the Speaker of the House of Representatives by
December 31 prior to the next legislative session. The study
shall, at a minimum, conform to the requirements of s. 112.63,
with the following exceptions and additions:

(a) The valuation of plan assets shall be based on a 5-year
averaging methodology such as that specified in the United
States Department of Treasury Regulations, 26 C.F.R. s.
1.412(c)(2)-1 in effect on August 16, 2006, or a similar
accepted approach designed to attenuate fluctuations in asset
values.

(b) The study shall include a narrative explaining the
changes in the covered group over the period between actuarial
valuations and the impact of those changes on actuarial results.

(c) When substantial changes in actuarial assumptions have
been made, the study shall reflect the results of an actuarial
assumption as of the current date based on the assumptions
utilized in the prior actuarial report.

(d) The study shall include an analysis of the changes in
actuarial valuation results by the factors generating those
changes. Such analysis shall reconcile the current actuarial
valuation results with those results from the prior valuation.

(e) The study shall include measures of funding status and
funding progress designed to facilitate the assessment of trends
over several actuarial valuations with respect to the overall
solvency of the system. Such measures shall be adopted by the
department and shall be used consistently in all actuarial
valuations performed on the system.
(f) The study shall include an analysis of the assumed rate of return adopted by the Florida Retirement System Actuarial Assumption Conference pursuant to s. 216.136(10). This analysis shall include specific recommendations regarding an appropriate assumed rate of return.

(g) The actuarial model used to determine the adequate level of funding for the Florida Retirement System shall include a specific rate stabilization mechanism, as prescribed herein. It is the intent of the Legislature to maintain as a reserve a specific portion of any actuarial surplus, and to use such reserve for the purpose of offsetting future unfunded liabilities caused by experience losses, thereby minimizing the risk of future increases in contribution rates. It is further the intent of the Legislature that the use of any excess above the reserve to offset retirement system normal costs shall be in a manner that will allow system employers to plan appropriately for resulting cost reductions and subsequent cost increases. The rate stabilization mechanism shall operate as follows:

1. The actuarial surplus shall be the value of actuarial assets over actuarial liabilities, as is determined on the preceding June 30 or as may be estimated on the preceding December 31.

2. The full amount of any experience loss shall be offset, to the extent possible, by any actuarial surplus.

3. If the actuarial surplus exceeds 5 percent of actuarial liabilities, one-half of the excess may be used to offset total retirement system costs. In addition, if the actuarial surplus exceeds 10 percent of actuarial liabilities, an additional one-fourth of the excess above 10 percent may be used to offset.
total retirement system costs. In addition, if the actuarial surplus exceeds 15 percent of actuarial liabilities, an additional one-fourth of the excess above 15 percent may be used to offset total retirement system costs.

4. Any surplus amounts available to offset total retirement system costs pursuant to subparagraph 3. should be amortized each year over a 10-year rolling period on a level-dollar basis.

Section 20. Section 121.0312, Florida Statutes, is amended to read

121.0312 Acknowledgement of review; actuarial valuation report; contribution rate determination process.—

(1) The Governor, Chief Financial Officer, and Attorney General, sitting as the Board of Trustees of the State Board of Administration, shall review the actuarial valuation report prepared in accordance with the provisions of this chapter. The Board shall review the process by which Florida Retirement System contribution rates are determined and recommend and submit any comments regarding the process to the Legislature.

(2) Effective July 1, 2019, the Governor, the President of the Senate, and the Speaker of the House of Representatives shall within 30 days of receipt, acknowledge in writing, their acceptance, and review of, the actuarial valuation report prepared in accordance with the provisions of this chapter and any recommendations regarding actuarial assumptions contained therein. The department shall publish the written acknowledgements as addendums to the report.

------------------------- T I T L E   A M E N D M E N T -------------------------
And the title is amended as follows:
98 Delete line 2303
99 and insert:
100 and budget authority; amending s. 121.031; providing
101 criteria to be included in the annual actuarial
102 valuation report; amending s. 121.0312; requiring
103 acknowledgement and review of the report; providing
104 effective dates.