

The Florida Senate
COMMITTEE MEETING EXPANDED AGENDA
GOVERNMENTAL OVERSIGHT AND ACCOUNTABILITY
Senator Ring, Chair
Senator Hays, Vice Chair

MEETING DATE: Thursday, January 17, 2013
TIME: 10:30 a.m.—1:30 p.m.
PLACE: *Pat Thomas Committee Room, 412 Knott Building*

MEMBERS: Senator Ring, Chair; Senator Hays, Vice Chair; Senators Bean, Benacquisto, Bradley, Hukill, Montford, Simmons, and Smith

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
		Workshop on the Transparency Florida Act (section 215.985, Florida Statutes)	Discussed
		Workshop on proposed bill relating to local government retirement plans	Discussed
		Other Related Meeting Documents	

Transparency Florida Act
Section 215.985, Florida Statutes

Transparency Florida Act

215.985 Transparency in government spending.—

(1) This section may be cited as the “Transparency Florida Act.”

(2) As used in this section, the term:

(a) “Governmental entity” means any state, regional, county, municipal, special district, or other political subdivision whether executive, judicial, or legislative, including, but not limited to, any department, division, bureau, commission, authority, district, or agency thereof, or any public school, Florida College System institution, state university, or associated board.

(b) “Website” means a site on the Internet which is easily accessible to the public at no cost and does not require the user to provide any information.

(c) “Committee” means the Legislative Auditing Committee created in s. 11.40.

(3) The Executive Office of the Governor, in consultation with the appropriations committees of the Senate and the House of Representatives, shall establish a single website, directly accessible through the state’s official Internet portal, which provides information relating to each appropriation in the General Appropriations Act for each branch of state government and state agency.

(a) At a minimum, the information provided must include:

1. Disbursement data for each appropriation by the object code associated with each expenditure established within the Florida Accounting Information Resource Subsystem. Expenditure data must include the name of the payee, the date of the expenditure, the amount of the expenditure, and the statewide document number.

2. For each appropriation, any adjustments, including vetoes, approved supplemental appropriations included in legislation other than the General Appropriations Act, budget amendments, other actions approved pursuant to chapter 216, and any other adjustments authorized by law.

3. Status of spending authority for each appropriation in the approved operating budget, including released, unreleased, reserved, and disbursed balances.

4. Position and rate information for positions provided in the General Appropriations Act.

(b) All data provided through the website must be data currently available in the state’s financial management information system referenced in s. 215.93.

(4) The committee shall propose providing additional state fiscal information, which may include, but is not limited to, the following information for state agencies:

(a) Details of nonoperating budget authority established pursuant to s. 216.181.

- (b) Trust fund balance reports, including cash available, investments, and receipts.
 - (c) General revenue fund balance reports, including revenue received and amounts disbursed.
 - (d) Fixed capital outlay project data, including original appropriation and disbursements throughout the life of the project.
 - (e) A 10-year history of appropriations indicated by agency.
 - (f) Links to state audits or reports related to the expenditure and dispersal of state funds.
 - (g) Links to program or activity descriptions for which funds may be expended.
- (5) The committee shall recommend a format for collecting and displaying information from state universities, Florida College System institutions, school districts, charter schools, charter technical career centers, local governmental units, and other governmental entities.
- (6) By November 1, 2012, and annually thereafter, the committee shall develop a schedule for adding additional information to the website by type of information and governmental entity, including timeframes and development entity. The schedule for adding additional information shall be submitted to the President of the Senate and the Speaker of the House of Representatives. Additional information may include:
- (a) Disbursements by the governmental entity from funds established within the treasury of the governmental entity, including, for all branches of state government, allotment balances in the Florida Accounting Information Resource Subsystem.
 - (b) Revenues received by each governmental entity, including receipts or deposits by the governmental entity into funds established within the treasury of the governmental entity.
 - (c) Information relating to a governmental entity's bonded indebtedness, including, but not limited to, the total amount of obligation stated in terms of principal and interest, an itemization of each obligation, the term of each obligation, the source of funding for repayment of each obligation, the amounts of principal and interest previously paid to reduce each obligation, the balance remaining of each obligation, any refinancing of any obligation, and the cited statutory authority to issue such bonds.
 - (d) Links to available governmental entity websites.
- (7) A counter shall be established on the website to show the number of times the website has been accessed.
- (8) By August 31 of each fiscal year, each executive branch agency, the state court system, and the Legislature shall establish allotments in the Florida Accounting Information Resource Subsystem for planned expenditures of state appropriations.

- (9) The committee shall coordinate with the Financial Management Information Board in developing any recommendations for including information on the website which is necessary to meet the requirements of s. 215.91(8).
- (10) Functional owners as defined in s. 215.94 and other governmental entities shall provide information necessary to accomplish the purposes of this section.
- (11) A municipality or special district that has total annual revenues of less than \$10 million is exempt from this section.
- (12) By September 1, 2011, each water management district shall provide a monthly financial statement to its governing board and make such statement available for public access on its website.
- (13) This section does not require or permit the disclosure of information that is considered confidential by state or federal law.
- (14) The Office of Policy and Budget in the Executive Office of the Governor shall ensure that all data added to the website remains accessible to the public for 10 years.
- (15) The committee shall prepare an annual report detailing progress in establishing the single website and providing recommendations for enhancement of the content and format of the website and related policies and procedures. The first report shall be submitted to the Governor, the President of the Senate, and the Speaker of the House of Representatives by November 1, 2011, and annually by November 1 thereafter.
- (16) The Chief Financial Officer shall provide public access to a state contract management system that provides information and documentation relating to contracts procured by governmental entities.
- (a) The data collected in the system must include, but need not be limited to, the contracting agency; the procurement method; the contract beginning and ending dates; the type of commodity or service; the purpose of the commodity or service; the compensation to be paid; compliance information, such as performance metrics for the service or commodity; contract violations; the number of extensions or renewals; and the statutory authority for providing the service.
- (b) Within 30 days after a major change to an existing contract or the execution of a new contract, agency procurement staff of the affected state governmental entity shall update the necessary information in the state contract management system. A major change to a contract includes, but is not limited to, a renewal, termination, or extension of the contract or an amendment to the contract.

The Executive Office of the Governor has met the following minimum requirements pursuant to Florida Statutes:

#	Florida Statutes	Description of the data	Currently Located
1	215.985(3)(a)1.	Disbursement data for each appropriation by the object code associated with each expenditure established within the Florida Accounting Information Resource (FLAIR) Subsystem. Expenditure data must include the name of the payee, the date of the expenditure, the amount of the expenditure, and the statewide document number.	TransparencyFlorida.gov
2	215.985(3)(a)2.	For each appropriation, any adjustments, including vetoes, approved supplemental appropriations included in legislation other than the General Appropriations Act, budget amendments, other actions approved pursuant to chapter 216, and any other adjustments authorized by law.	TransparencyFlorida.gov
3	215.985(3)(a)3.	Status of spending authority for each appropriation in the approved operating budget, including released, unreleased, reserved, and disbursed balances.	TransparencyFlorida.gov
4	215.985(3)(a)4.	Position and rate information for positions provided in the General Appropriations Act.	TransparencyFlorida.gov

Other requirements recommended by the Legislative Auditing Committee (LAC)

#	Florida Statutes	Description of the data	Currently Located
1	215.985(4)(a)	Details of the state's non-operating budget	Legislative Appropriations System/Planning and Budgeting Subsystem (LAS/PBS) and Florida Accounting Information Resource Subsystem (FLAIR)
2	215.985(4)(b)	Trust fund balance reports, including cash available, investments, and receipts	TransparencyFlorida.gov
3	215.985(4)(c)	General revenue fund balance reports, including revenue received and amounts disbursed	CFO's website
4	215.985(4)(d)	Fixed capital outlay (FCO) project data, including original appropriation and disbursements throughout the life of the project	TransparencyFlorida.gov

#	Florida Statutes	Description of the data	Currently Located
5	215.985(4)(e)	A 10-year history of state appropriations indicated by state agency	Florida Fiscal Portal (through 2010)
6	215.985(4)(f)	Links to state audits or reports related to the expenditure and dispersal of state funds	TransparencyFlorida.gov
7	215.985(4)(g)	Links to program or activity descriptions for which funds may be expended	TransparencyFlorida.gov and Florida Fiscal Portal
8	215.985(8)	Allotments established in the Florida Accounting Information Resource Subsystem for planned expenditures of state appropriations	TransparencyFlorida.gov
9	215.985(16)	Access to state contract management system	CFO's website

**WEBSITES CONTAINING FISCAL
INFORMATION OF THE STATE OF
FLORIDA**

TransparencyFlorida.gov

For FY 2008-2009 to present:	
1	General appropriations acts for each year (including detailed budget issues)
2	Status of appropriations in operating budget (approved budget, reserved, unreleased, released, disbursed)
3	Position and rate information for state agency positions (authorized, established, filled, vacant)
4	Legislative branch current position data
5	Disbursement data for each appropriation by object code (can be queried by vendor)
6	Any adjustments to appropriations, including vetoes, supplemental appropriations, and budget amendments (can be queried by agency and fund source)
7	Trust Fund balance reports, including cash available, investments, and receipts

TransparencyFlorida.gov

(continued)

For FY 2008-2009 to present:	
8	Fixed capital outlay (FCO) project data, including original appropriation and disbursements throughout the life of the project
9	Links to state audits or reports related to the expenditures and dispersal of state funds
10	Links to program or activity descriptions for which funds may be expended
11	Links to reports on public school districts
12	Disbursements by the governmental entity, including allotment balances in the Florida Accounting Information Resource Subsystem
13	Reversion history reports on operating and non-operating budget categories

Florida Fiscal Portal

For FY 2000-2001 through present:	
1	Agency legislative budget requests (original and amended), capital improvement plans, and long range performance plans
2	Governor's budget recommendations
3	Legislative appropriation bills
4	Conference Report on the Budget
5	Governor's Veto Message and list of vetoed appropriations
6	Schedule of Trust Fund Revenues and unreserved balances (by agency, by trust fund)

Florida Fiscal Portal

(continued)

For FY 2000-2001 through present:	
7	Final Budget Report by Fiscal Year showing actual authorized positions and actual expenditures (also includes estimated positions and expenditures for current fiscal year)
8	Long-range Financial Outlook (as adopted by the Legislative Budget Commission)
9	Fiscal Analysis in Brief (explanation of financial outlook post-session)
10	Planning and budgeting instructions and forms
11	Water Management District Tentative Budgets for FY 2011-2012

“Let’s Get To Work” Website

1	Latest Governor’s policy and budget recommendations
2	Other documents supporting the revenue outlook used in the Governor’s budget recommendations
3	Current Year estimated budget for the fiscal year preceding Governor’s budget recommendations
4	Agency legislative budget requests associated with Governor’s recommendations
5	General appropriations bills considered by the legislature
6	General Appropriations Act for the current fiscal year

Florida Has A Right To Know

1	Current payroll and position data of executive and judicial branches (updated weekly from People First data)
2	University payroll (updated every six months based on submissions by individual universities)

Chief Financial Officer's Transparency Florida

For FY 2008-2009 to present:	
1	<i>State Budget tab</i> – State agency data showing the operating budget by appropriation category, releases, disbursements, and undisbursed amounts (updated daily)
2	<i>State Contracts Search tab</i> – database containing contracts and agreements ending after February 29, 2012, reported by the executive and judicial branches. Searches can be conducted based on the agency, vendor, dollar amounts or dates.
3	<i>State Contract Audits tab</i> – audit results and responses relating to reviews of contracts and grants in excess of \$1 million.
4	<i>Vendor Payment tab</i> – search payments to specific vendors from FY 2004-2005 to present.

Chief Financial Officer's Transparency Florida

(continued)

5	<i>State Spending tab</i> – statewide aggregate expenditures by appropriations categories for FY 2007-2008 to present.
6	<i>State Cash Balances tab</i> – statewide aggregate revenues by receipt types for FY 2007-2008 to present; statewide beginning cash balances, new receipts and ending cash balances for the General Revenue Fund, the Budget Stabilization Fund and the trust funds in the aggregate for each fiscal year.
7	<i>State Financial Reports tab</i> – Florida Comprehensive Annual Financial Reports (CAFR) from FY 1993-1994 to present; Treasury annual reports from FY 2006-2007 to present; Risk Management annual reports from FY 2001-2002 to present.
8	<i>Local Budget tab</i> – Local government information relating to revenues and expenditures from FY 1993 to present.

Office of Program Policy Analysis & Governmental Accountability

Summaries of state government agencies and programs, including:

- 1 why Florida provides the program
- 2 how the program is funded
- 3 current issues facing the program
- 4 references to other sources of program information and assessments.

AUDITOR GENERAL

Audit reports from FY 1995-1996 to present (searchable by the year, entity audited, or type of audit)

**Workshop on Proposed Bill Relating
to Local Government Retirement
Plans**



TOUGH CHOICES

FACING FLORIDA'S GOVERNMENTS

Tough Choices Facing Florida's Local Governments: Municipal Pensions

Carol S. Weissert, PhD
Director, LeRoy Collins Institute
Professor of Political Science
Florida State University

Senate Committee on Governmental Oversight
and Accountability
January 17, 2013

Collins Institute Reports

- *Trouble Ahead: Local Governments and Retirement Obligations* (Feb. 2011)
- *Report Card: Florida Municipal Pension Plans* (Nov. 2011)
- *Years in the Making: Florida's Underfunded Municipal Pension Plans* (Sept. 2012)

Scope of Problem

- Many, but by all means not all, municipal pensions are underfunded.
- Around one third percent of plans in the 100 largest cities are under 70 percent funding.

Pension Plan Grades

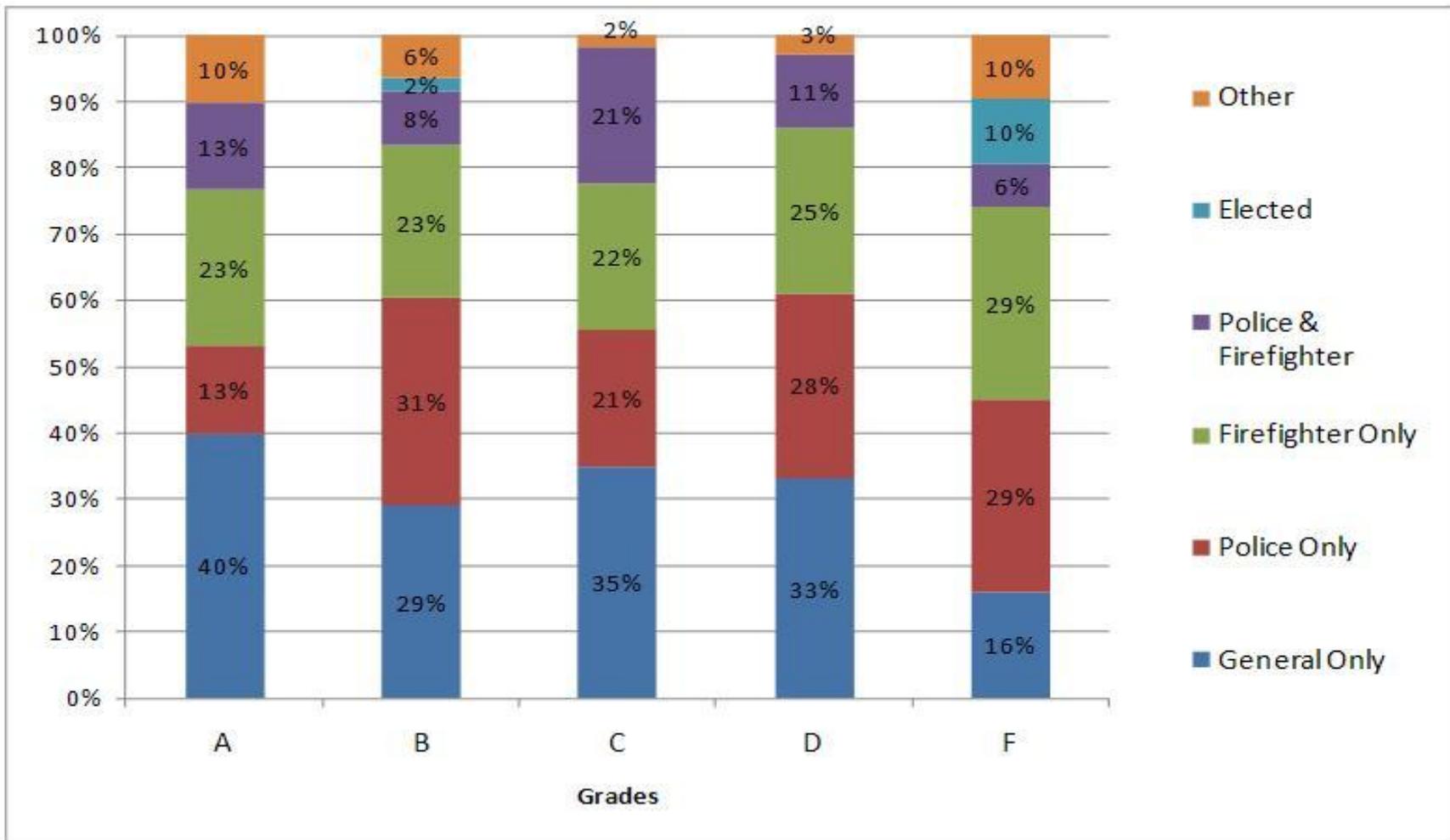
TABLE 1: GRADING SUMMARY

GRADE	PERCENT FUNDED	NUMBER OF CITIES RECEIVING	PERCENTAGE OF CITIES RECEIVING
A	More than 90% funded	30	14%
B	80 to 90% funded	48	23%
C	70 to 80% funded	63	30%
D	60 to 70% funded	36	17%
F	Less than 60% funded	31	15%



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Grades & Participant Type

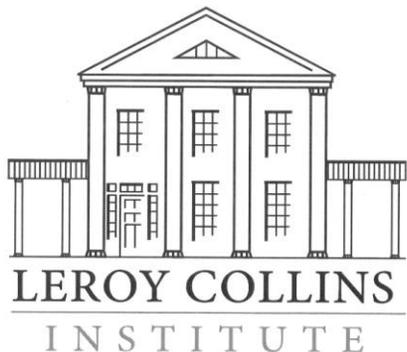


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Plan Costs by Grades

TABLE 4: ANNUAL COSTS OF PLANS BY GRADE

GRADE	MEDIAN COST PER PARTICIPANT
A	\$ 5,784
B	\$ 12,666
C	\$ 12,410
D	\$ 18,886
F	\$ 26,305



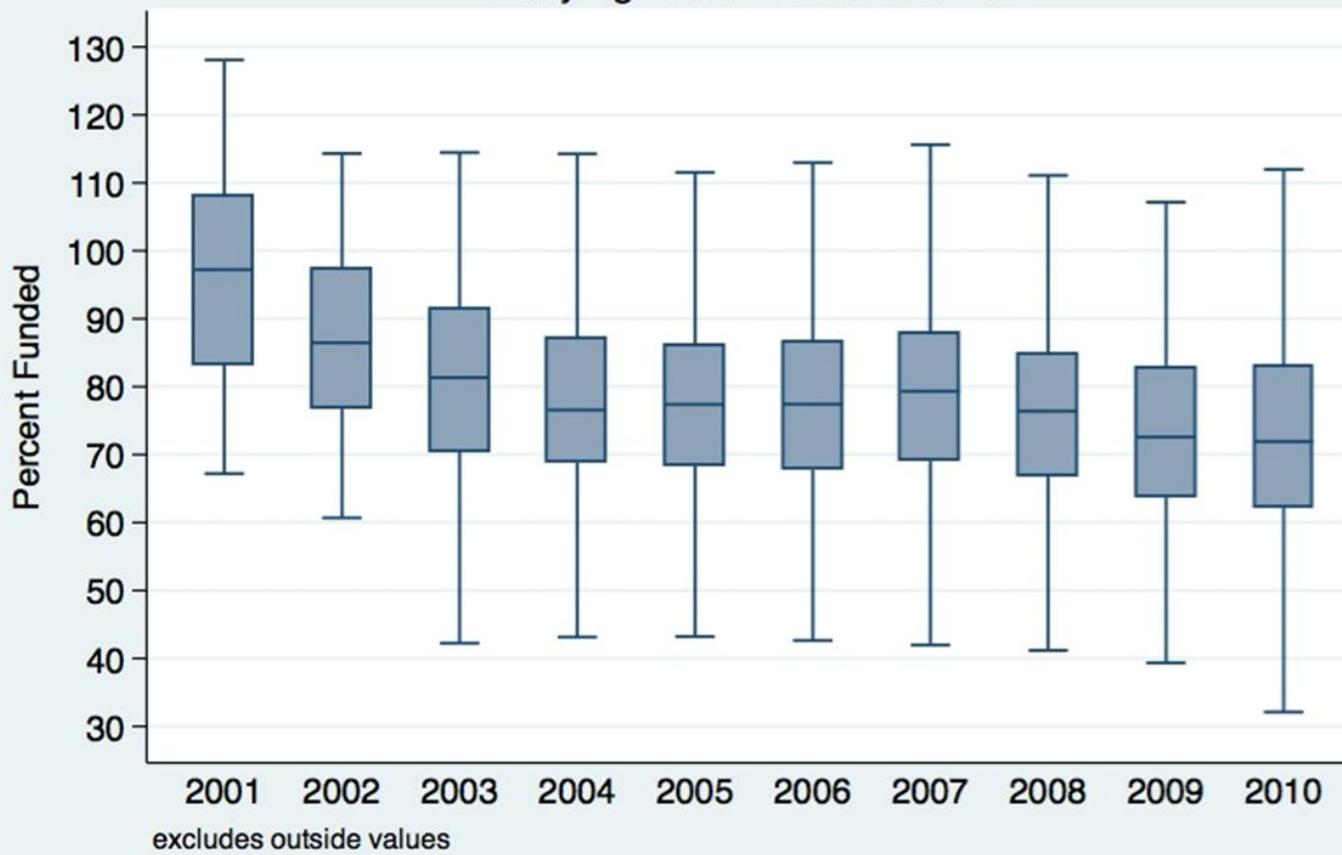
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Problem is Not New

- The underfunding of municipal pensions is not new, nor was it caused by the recent drop in the stock market – though market conditions have certainly made the problem worse.

Funding Levels

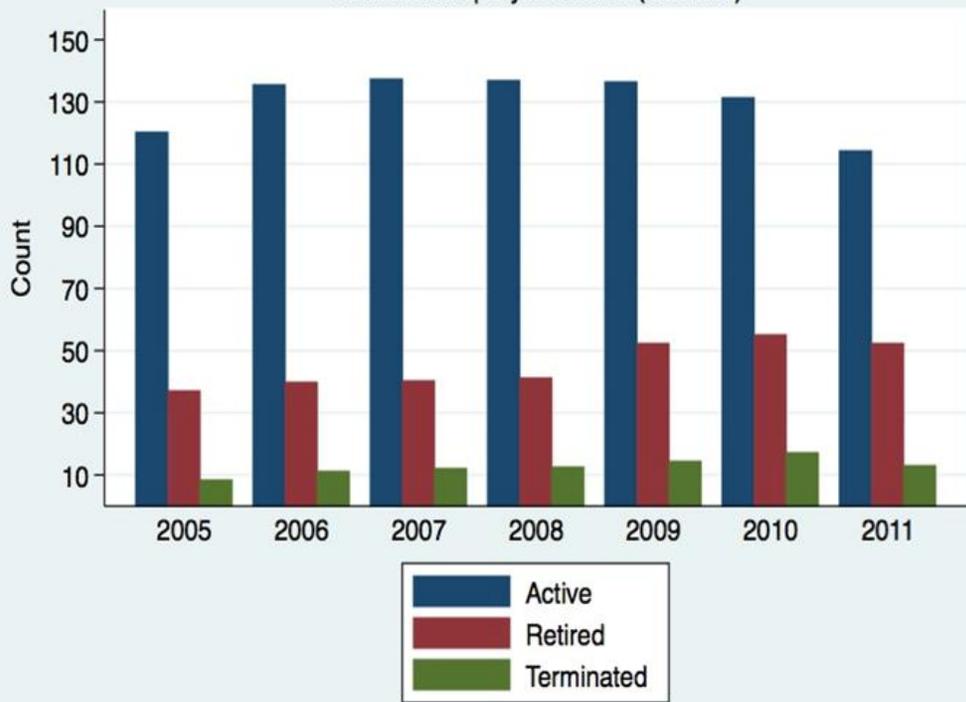
Entry Age Normal Cost Method



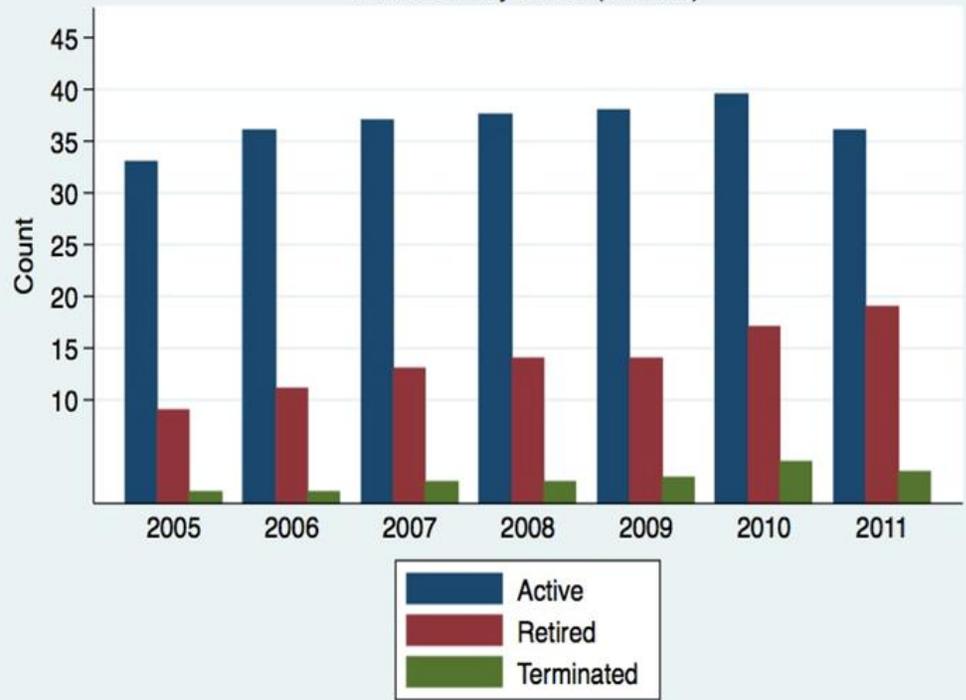
Troubling Trends

- Ratio of retirees to active participants is increasing.

Number of Plan Participants
General Employee Plans (Median)



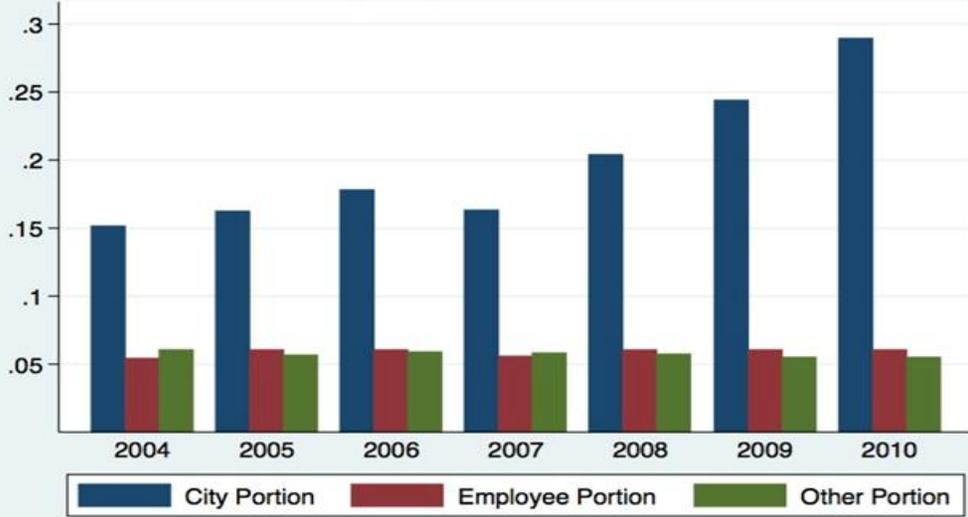
Number of Plan Participants
Public Safety Plans (Median)



- Municipalities are paying a greater share of the annual contribution.

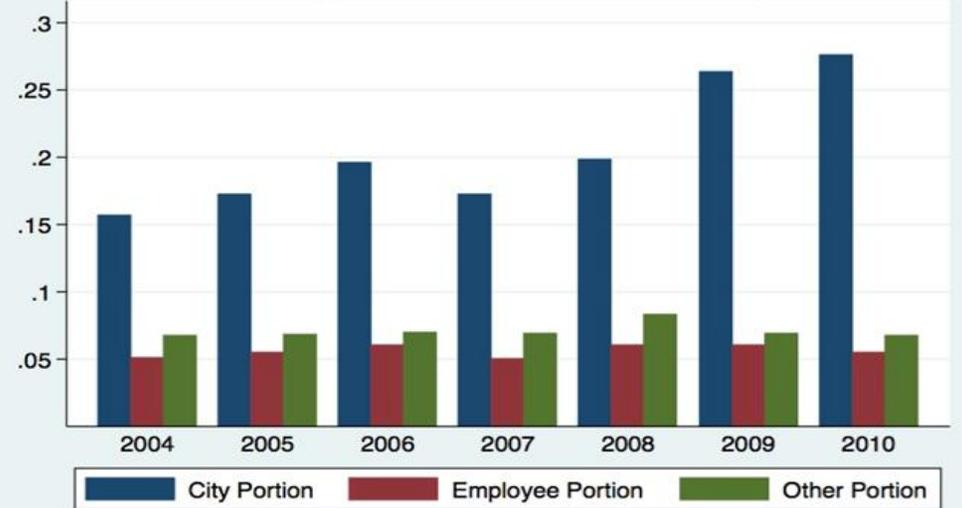
Annual Pension Contribution

As a Share of Payroll by Contribution Source for Police Plans



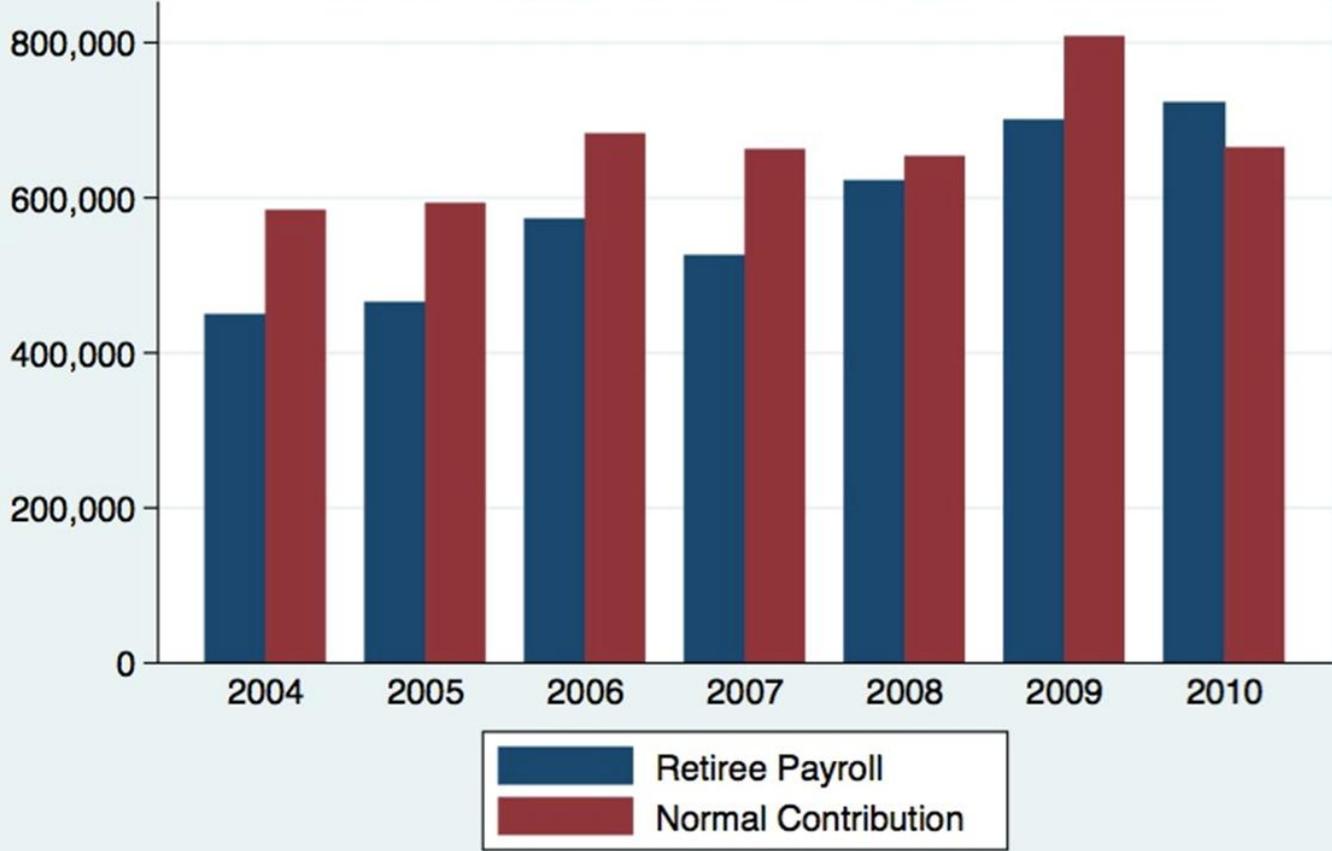
Annual Pension Contribution

As a Share of Payroll by Contribution Source for Firefighter Plans



- In 2010 for the first time, the typical municipality paid out more money in retirement benefits than it contributed for benefits earned that year.

Retiree Payroll and Normal Contributions

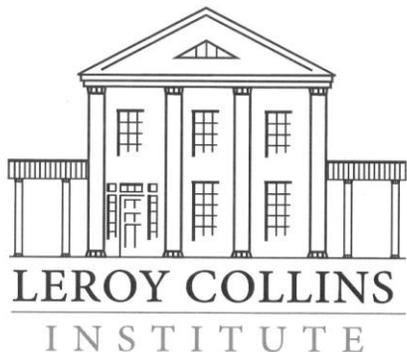


2012 Dollars

LCI Recommendations

Recommendations for local governments on retiree benefits:

1. The minimum age before a retiree qualifies for benefits should be gradually raised. A reasonable age to begin receiving benefits could be approximately 60.
2. Localities should not include overtime or additional earnings/bonus pay in the base salary used to calculate pension benefits.
3. Localities should improve the accessibility of funding, actuarial reporting and liabilities information to its taxpayers.



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LCI Recommendations

4. The statutory restrictions on the use of premium tax dollars that link increases in tax premium funds to the provision of additional benefits should be reduced or removed. Municipalities and counties should be able to use premium tax dollars to cover their current pension obligations.



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YEARS IN THE MAKING: FLORIDA'S UNDERFUNDED MUNICIPAL PENSION PLANS

In recent months, municipal pensions in Florida have been under increased scrutiny. Cities as varied as Jacksonville and Temple Terrace have sought to deal with poorly funded pension plans. In November 2011, *Report Card: Florida Municipal Pension Plans*, authored by the LeRoy Collins Institute (LCI), highlighted the problem giving "D" or "F" grades to nearly one-third of the pension plans in Florida's 100 largest municipalities.¹ The report used recent financial statements to grade municipal plans and did not include plans in municipalities with populations less than 20,000. In doing so, LCI could not address whether the problems were short-term—the result of temporarily depressed market conditions—or whether similar problems exist in smaller cities and towns.

Years in the Making: Florida's Underfunded Municipal Pension Plans addresses both issues. The report uses data from the 2005 to 2011 Annual Reports of Florida Local Government Retirement Systems, published by the Florida Department of Management Services (DMS), to analyze several important trends in all 492 local government pensions.² This approach gauges whether Florida's municipal pension plans are fundamentally healthy and just need time to weather the current financial storm, or have structural problems that require significant repair.



LEROY COLLINS
INSTITUTE

September 2012

LCI's trend analysis indicates that the problems facing many municipal pension plans are long-standing and not likely to be quickly resolved. Specifically, spanning the past few years, LCI finds:

› **The underfunding of Florida municipal pensions is not new, nor was it caused by the recent drop in the stock market – though market conditions have certainly made the problem worse.**

- The typical municipal pension plan's funding levels have been below 80 percent since 2004 and those levels have continued to decline nearly every year since 2001.
- Asset values fell sharply in 2008, and while they have mostly returned to their pre-2007 values, asset values are growing slowly.

› **The ratio of retirees relative to active participants is increasing.**

- The number of active participants in local pension plans has been fairly constant, but the number of retired participants is on the rise - doubling in the typical public safety plan over the last five years.

› **From 2004 to 2010, plan managers tended to underestimate salary growth of covered employees and overestimate the rate of return on their pension investments—actions that contribute to optimistic pension liabilities and can result in failing to contribute sufficient funds into retirement plans.**

- During most of this time, the typical pension plan's actual salary growth exceeded the assumed rate of growth used to forecast its liability.
- Additionally, the typical pension plan's actual rate of return on its investments was less than the assumed rate used to forecast its liability.

› **Annual pension contributions and the portion of those contributions that are used to pay down the unfunded liability have risen.**

- Annual pension contributions have significantly increased as a share of payroll.
- The portion of the annual contribution that goes toward paying down the unfunded liability in the typical plan has risen significantly.
- The employees' and state's portion of the annual contribution has not changed, but the portion paid by local governments has significantly increased, especially for public safety plans.

› **A new troubling trend may be emerging where annual payouts exceed contributions.**

- The year 2010 was the first year in recent history when the amount of money paid to retirees in the typical plan was more than the contribution for benefits that were earned in that year.

■ **A Note on Reading the Figures in this Report**

The Figures in this report provide information on “typical” pension plans. LCI uses “median” values to identify “typical” observations.

The median is the middle observation—half of the values are larger than the median and half of the values are smaller. The median differs from the average because it is not disproportionately affected by extremely high or extremely low values (so-called outliers).

In the bar chart Figures (such as Figures 2 and 3), each bar rises up to the median value in each year.

In the box plot Figures (such as Figure 1), the line in the center of the box is the median value. The top of the box identifies the value that is greater than 75 percent of the observed values. The bottom of the box identifies the value that is greater than 25 percent of the observed values. Each box, therefore, identifies the middle 50 percent of observations. The length of the lines coming out of the top and bottom of the boxes

are equal to 1.5 times the height of their boxes and indicate the expected variation of most of the bottom and top 25 percent of the observations. “Any observed values that fall outside of the box and its lines are considered outliers, are relatively rare, and are not presented in the graphs (as noted by phrase “excludes outside values” on each of the figures).”

Also, a brief note on the years of data in this report. All of the Figures in this report provide data over multiple years. The years in Figures 4 and 5 (participant information) are the years of the annual reports (2005 to 2011). The rest of the report uses the year of the actuarial valuation date.

■ Underfunding is Not a New Problem

Much of the recent discussion on pension plans has focused on their funding levels (plan assets/plan liabilities). While any level below 100 percent is technically underfunded, it is widely, though not universally, held that the 80 percent funding level is a useful benchmark for identifying public sector plans that are in trouble (i.e., those falling below the benchmark).

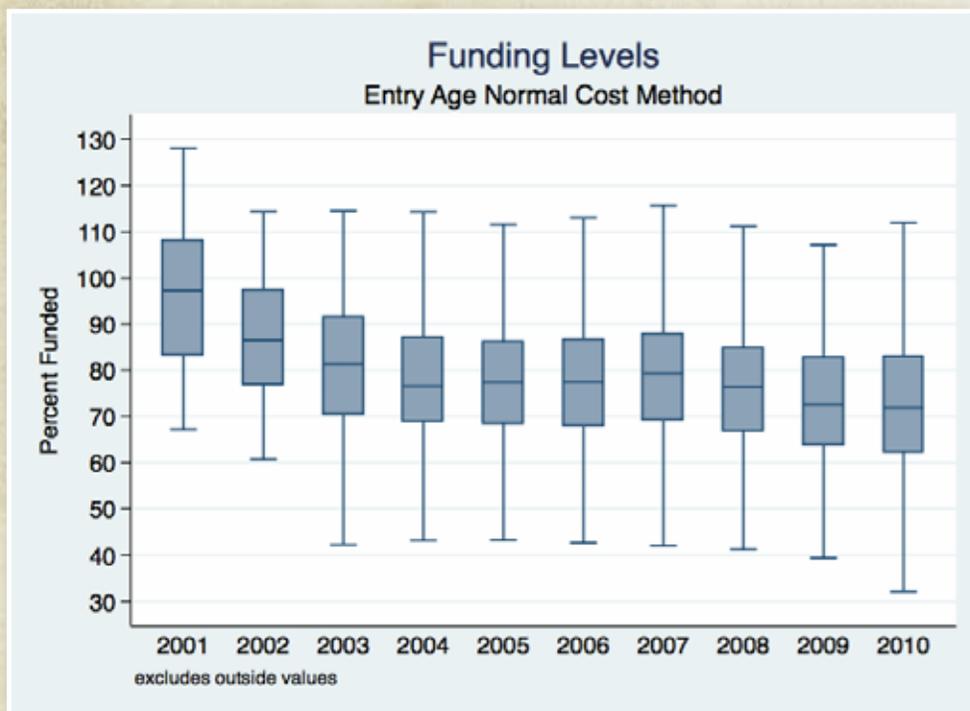


Figure 1

Figure 1 illustrates the change in funding levels from 2001 to 2010 for governments using the entry age normal cost method.³ It combines police, firefighter, and general employee plans because their trends are very similar (in terms of direction and funding levels).

LCI's data source (DMS's Annual Reports of Florida Local Government Retirement Systems) provides information on funding ratios in previous years, which allows us to use the 2005 annual report to look at funding ratios as far back as 2001. Figure 1 clearly shows that the typical funding levels of Florida municipal pensions started falling well before 2008.

In 2001, the typical municipal pension was nearly 100 percent funded.⁴ In 2002, funding levels fell to just below 90 percent and then to approximately 80 percent in the following year. Funding levels remained relatively stable from 2004 to 2007, with more than half of the pension plans under 80 percent funded during that period of relatively strong market returns.

The financial crisis is certainly associated with a drop in funding levels after 2007. However, it is important to note that funding levels dropped in every year (except 2007) over the past decade. Besides the drops in 2002 and 2003, annual declines have been relatively small, but they have steadily fallen to the point where the typical pension plan is approaching the 70 percent funding level in 2010 (meaning that nearly half of

the municipal pension plans in the state were less than 70 percent funded). In 2009 and 2010, nearly three quarters of all pension plans were fewer than 80 percent funded and, conversely, a little more than one quarter of the municipal pension plans were more than 80 percent funded.

These results indicate that the current pension funding issues are not the direct result of the recent drop in the stock market and suggest that discussions about structural repairs to municipal pension plans are prudent responses to a decade-long trend.

One complication in judging the effect of the market decline, however, is that the actuarial valuation of pension assets that is used to calculate the funding ratio is not the market value of those assets, but is usually a smoothed average of recent market values. This means that dramatic changes in market values from one year to another will not be fully represented in the funding ratio for several years. As such, market values of pension assets must be evaluated.

■ Although Asset Growth has Slowed, Values Have Recovered from their 2007 Decline

A key issue in assessing the funding levels of municipal pensions is whether the current underfunding concerns are associated with “paper” losses in the values of pension assets and if better market conditions will correct much or all of the underfunding issue.

In a very optimistic sense, the paper-loss hypothesis is always true, since especially large increases in asset values could certainly cover the liabilities; however, it is difficult to find credible market observers who are willing to predict such large returns in the foreseeable future.

Figure 2 illustrates the loss of market value of assets for the typical municipality’s **general employee plan** in 2008. But, it also shows that those values rebounded in 2009 and 2010. The 2009 and 2010 levels are below the high point of 2007, but are above the pre-2007 values.

Even though the asset values have returned, the growth rate over this period has been slowed by the financial crisis. The growth in the median total asset values between 2004 and 2010 represents an annual growth rate of approximately 4.6 percent, far below the plans’ assumed growth rates of 8 percent (this assumption is discussed later in this report).

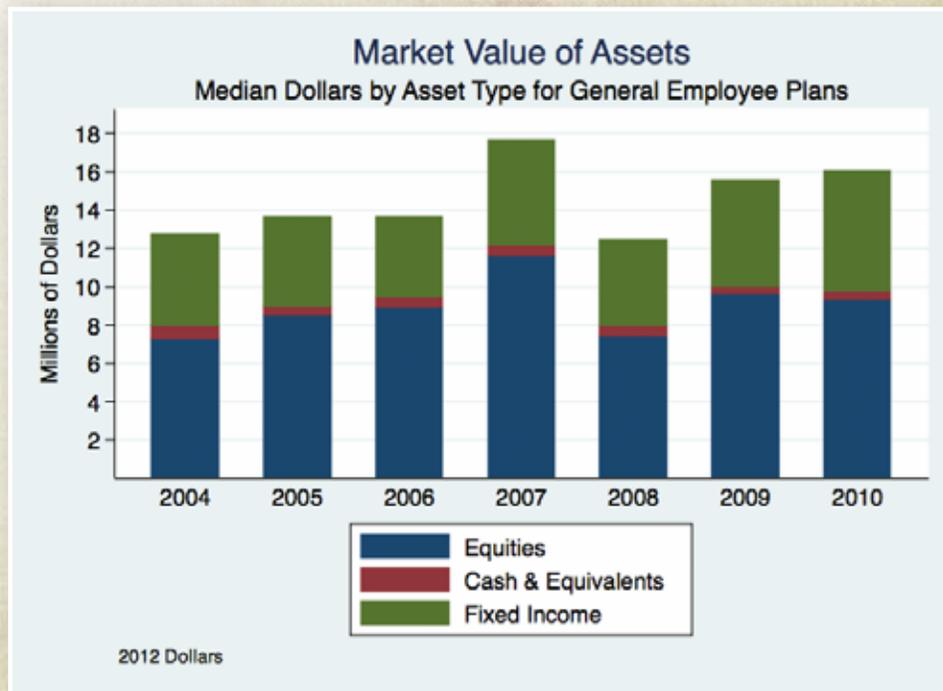


Figure 2

The bars in Figure 2 (and Figure 3) are divided into the typical plan’s allocation across three broad asset classes: equities (e.g., stocks, real estate & mutual funds), cash & cash equivalents (e.g., cash on hand,

certificates of deposit, money market accounts), and fixed income (e.g., bonds, mortgages, corporate debt, treasury notes, bond funds).

Figure 2 shows that pension funds are usually about 60 percent invested in stocks and about 35 percent in bonds. This allocation has remained fairly constant from 2004 to 2010 (plus or minus about 4 percentage points from year-to-year). This allocation is roughly equivalent to the allocation of mutual funds that are targeted toward retirement in about 25 to 30 years. This suggests that most pension plan administrators maintain a consistent asset allocation strategy through changing market conditions and are not chasing yields through stocks during bull markets and running to safety (in bonds or cash) during bear markets.

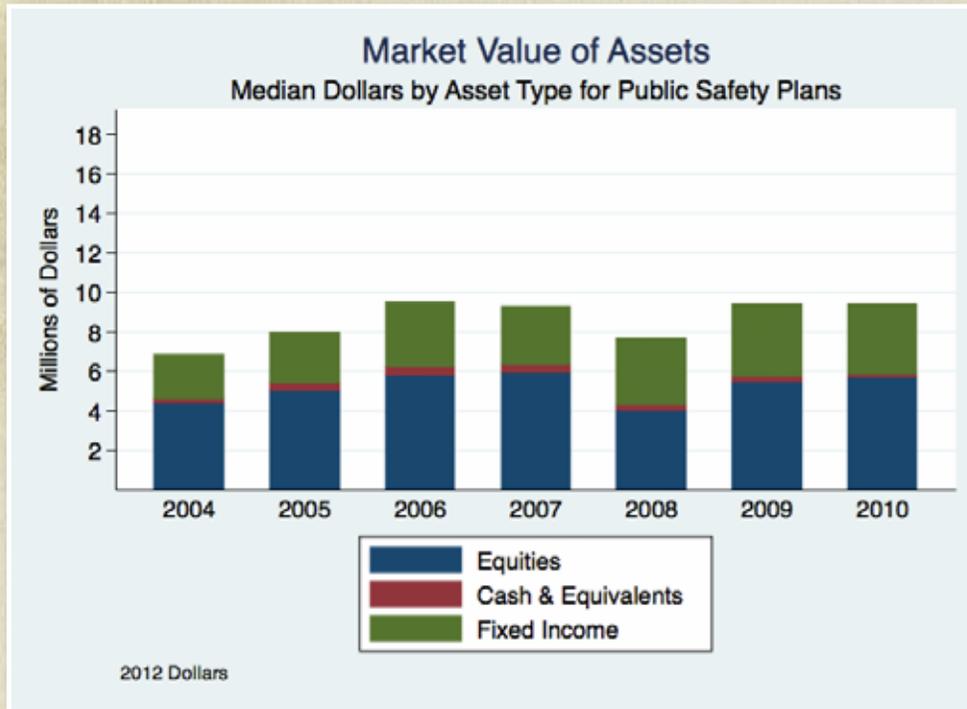


Figure 3

Figure 3 presents the market value of assets in **public safety pension plans** (those covering firefighters and police officers) and their allocation levels from 2004 to 2010. The dollar-value scales in Figures 2 and 3 are held the same to help demonstrate the relative difference in the asset values of general employee and public safety employee pension funds - though readers should be aware that most general employee plans cover more than three times the number of plan participants.

Like the general employee plans, public safety funds are also approximately 60 percent invested in equities and about 35 percent invested in bonds.

It is to be noted again that the market value of equity funds dropped significantly in 2008 and that the value returned to near 2007 levels by 2009, but the values have not grown and have actually declined slightly from 2006 to 2010.

Next, the demands on these plans must be considered.

■ Growth in Retirees Outstripping Growth in Employees

There are three different kinds of participants in pension plans. **Active participants** are individuals who are currently working and earning future pension benefits. **Retired participants** are individuals who are retired and are collecting their pension benefits. **Terminated participants** are individuals who are no longer earning additional pension benefits, but have not retired.

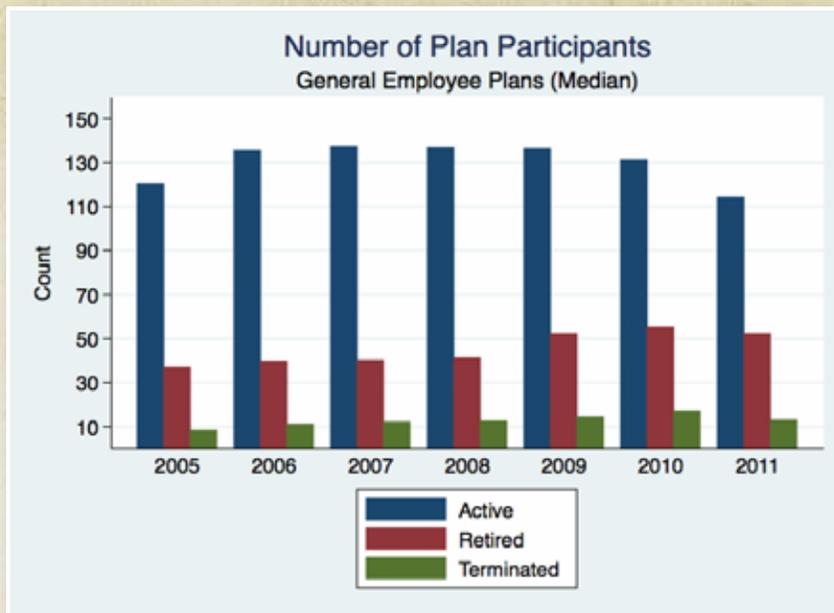


Figure 4

Figure 4 tracks the number of plan recipients by participant in **general employee** plans from 2005 to 2011. This Figure shows a general increase in the number of retired participants for the typical municipal plan.

In 2005, the typical plan had 120 active participants and 37 retirees; in 2011, it had 114 active and 52 retirees. Thus the number of employees stayed relatively stable over most of this time period, and has even declined in the past two years, but the number of retirees has increased—especially in 2009. The increase in the number of retirees is likely attributable to several factors, including demographic shifts and concerns that retirement incentives were going to become less generous (most notably by reducing the payouts or eliminating deferred retirement option programs—so-called DROP plans).

The number of terminated participants has increased slightly over the past seven years, but the number of terminated participants is much smaller than the number of active or retired participants.

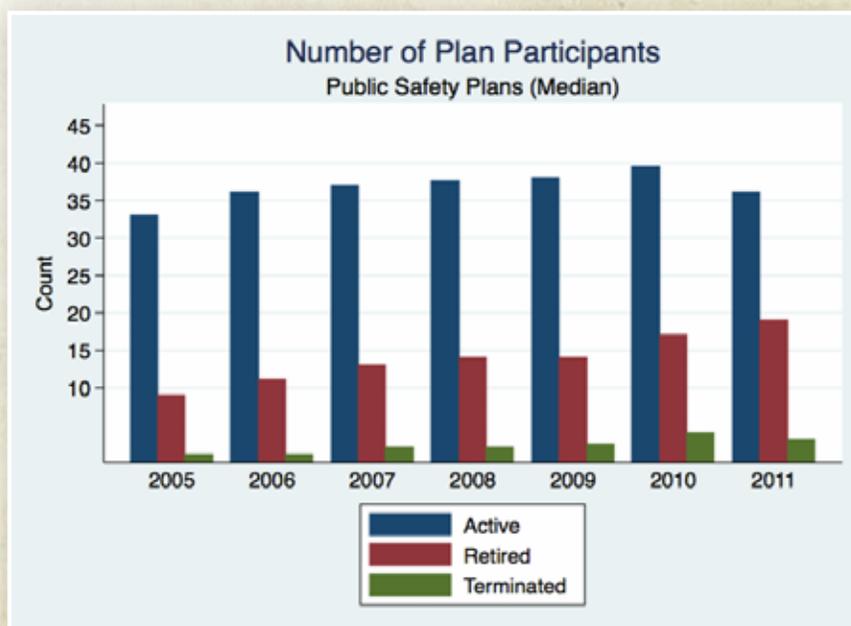


Figure 5

Figure 5 illustrates the distribution of participants in the typical public safety pension plans over the past seven years. Like the general employee plans, the number of active participants has remained fairly stable over the seven year period, with a slight drop in 2011, but the number of retired participants has doubled.

In 2005, the typical public safety plan had 33 active participants and 9 retirees; in 2011, there were 36 active participants and 19 retirees. As of 2011, there were more than half as many retired participants as active participants in the typical public safety plan.

This increase in the number of retirees is important because as the number of retired participants rises, so does the size of the payouts from pension plans. That is not a problem for well-funded pension plans that are prepared for these pension outlays; but, it is a problem for governments with underfunded pension plans and those that did not anticipate the increase in retirement (such as those that provided retirement incentives in order to reduce payroll costs).

■ Accuracy of Pension Assumptions

In order to calculate pension liabilities, the trustees of pension plans, in consultation with their professional actuaries and advisors, make several important assumptions that are necessary to forecast their future pension benefits and then calculate the amount of money they need to have set aside to cover the benefits that have already been earned. That calculation results in the actuarially accrued liability, otherwise known as the pension liability.

If pension trustees make optimistic assumptions, they can lower the calculated liability. That may seem advantageous, but it only reduces the assumed size of the liability and does not affect the actual pension benefits. Over the long term, such overestimations will overstate the financial condition of the plan.

Important assumptions include the anticipated:

- Growth in employee salaries
- Long-term rate of return on the investment of pension assets
- Growth in the size of the payroll that is covered by the plan
- Inflationary rate
- Survival rate of pension beneficiaries

The DMS data provide information on the assumed and actual values of two of those key assumptions: salary growth and rates of return. In the next two Figures, focus is placed on the difference between actual and assumed values in recent years.

It is important to note, however, that these assumptions are not intended to be accurate every year; rather, they are intended to be accurate on average over many years (as much as 30 years). The actual growth in salaries and actual returns on investments will almost never be exactly the same as their assumed values. Sometimes actual values will be much higher than assumed levels and other times significantly lower. This is not problematic, so long as the average difference between actual and assumed values is small and does not bias pension plans toward underfunding their actual obligations.

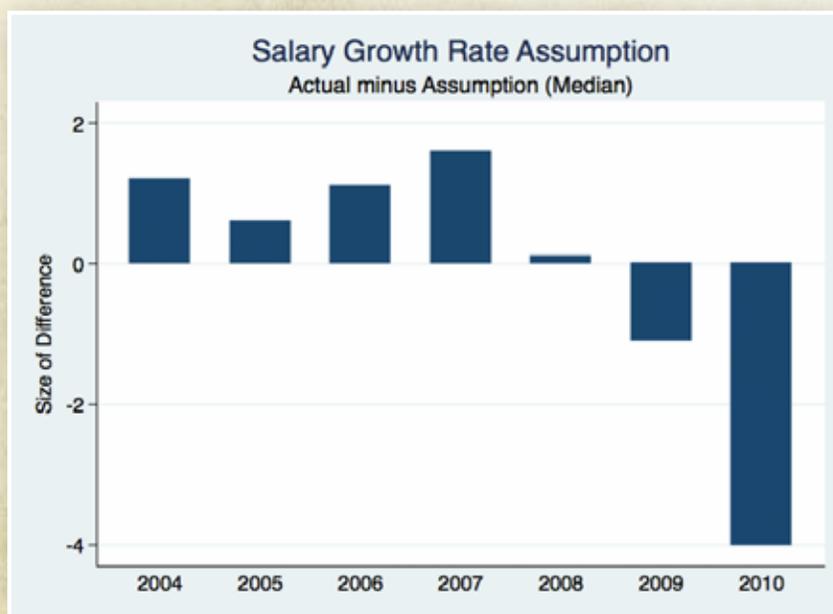


Figure 6

Figure 6 illustrates the accuracy of **salary growth** assumptions from 2004 to 2010 for general and public safety employees. Positive values mean that actual salary increases were greater than the assumptions. Because larger salaries lead to larger pension benefits for retirees, positive values mean that the actual growth in future pension benefits was greater than anticipated.

As Figure 6 shows, for the earliest years salary growth exceeded assumptions, but in the last two years, salary growth has fallen below assumptions. If the pre-2008 results are the norm, the consistent underestimation of salary growth is a likely contributor to the underfunding conditions prior to 2009. The shift from underestimating to overestimating in 2009 likely reflects the tight economic conditions facing many municipalities that have, in turn, significantly reduced salary growth. These last two years of overestimating salary growth will help correct the previous years' underestimations. This general trend is consistent across police, firefighter, and general employee plans.

The median assumed salary growth is 6.3 percent for police plans (from year-to-year the median assumption has been as low as 6 percent and as high as 6.5 percent), 5.9 percent for general employee plans (no lower than 5.7 percent in any single year during the time period analyzed), and 6 percent for firefighter plans (consistent in each of the years analyzed).

Another important assumption is the anticipated **long-term rate of return** on the investment of pension assets. This is similar to the rate of return that individuals may expect to earn on their own retirement investments. However, because pension plans have many participants entering and exiting the plan at different times, pension plans maintain a long-term investment strategy, whereas individuals are generally advised to change their investment strategies as they approach retirement to reduce their exposure to market risk and thereby accept lower rates of return.

The median assumed rate of return for all types of municipal plans was 8 percent in every year from 2004 to 2010. This is consistent with most public pension plans across the country.

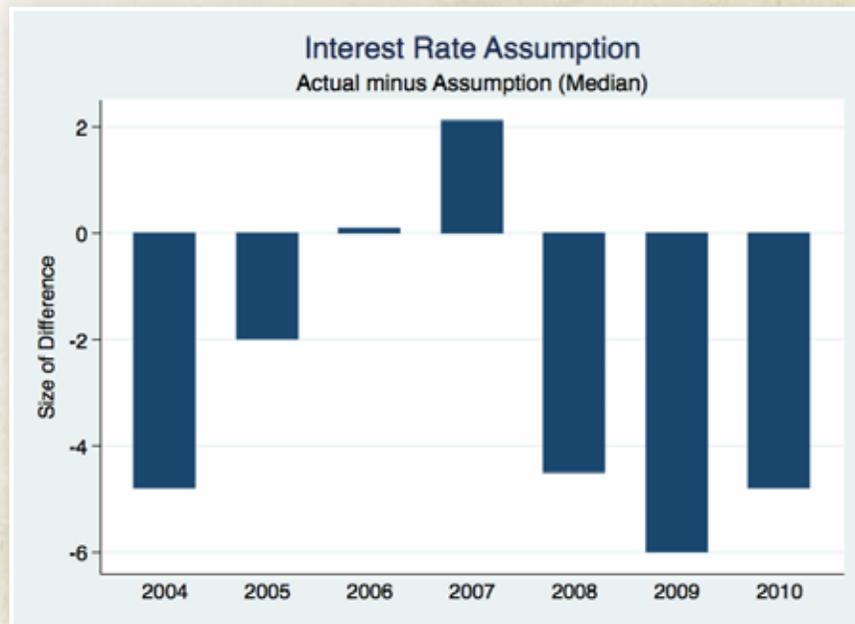


Figure 7

Figure 7 illustrates the accuracy of return on investment assumptions from 2004 to 2010. Positive values mean that typical investment returns were greater than assumed and negative values mean that actual returns fell short of the assumptions. When actual values are less than the assumed levels, plans will need to make up the difference by either achieving returns in future years that exceed their assumptions or by contributing more money into their pension plans out of budgetary resources.

It should not be a surprise that plans did not reach their investment return assumptions from 2008 to 2010. However, it is more unexpected that plans did not meet their assumptions in 2004 or 2005 and barely made their assumptions in 2006. In fact, 2007 was the only year that actual returns were greater than the assumption. Unfortunately, the data do not provide a longer-term analysis. There is a widely held concern

that pension investors will seek to recover these “losses” by shifting assets into riskier stocks that pose the possibility of greater returns as well as risks of further losses. Trends are similar among police, fire, and general plans.

■ Trends in Annual Pension Contributions

Some in the pension community are critical of analyzing the health of pension plans based on their funding levels. They argue that the annual cost of pensions and a government’s ability to meet those costs are key to the sustainability of pension funds. This position has merit. The rest of this report, therefore, looks at trends in annual pension contributions (i.e., the budgetary cost of pension plans born by taxpayers and pension participants).

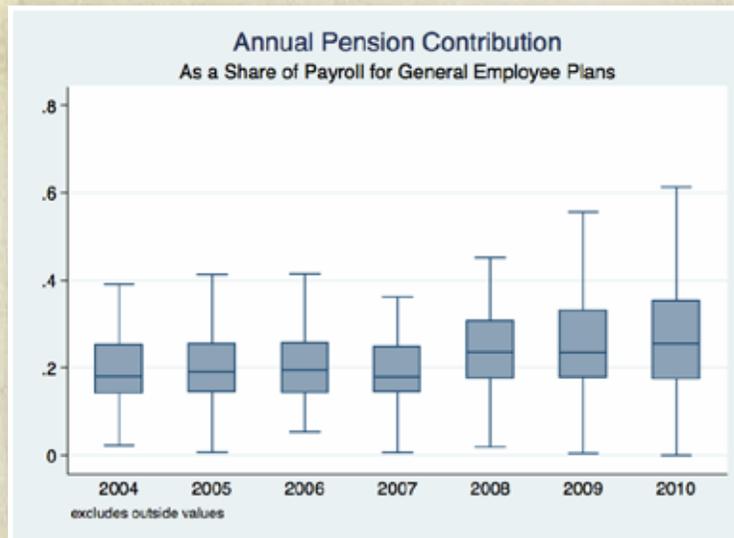


Figure 8

Figure 8 illustrates the growth in annual pension contributions as a share of the total covered payroll for **general employees** from 2004 to 2010. Annual contributions rose from 18 percent of covered payroll in 2004 to 25 percent of covered payroll in 2010. That is a 7-percentage point increase and means that over a fairly short period of time, pension contributions are growing steadily. Put another way, in 2004, pension contributions were less than 20 percent of a typical general employee’s pay; in 2010 they were about a quarter of pay.

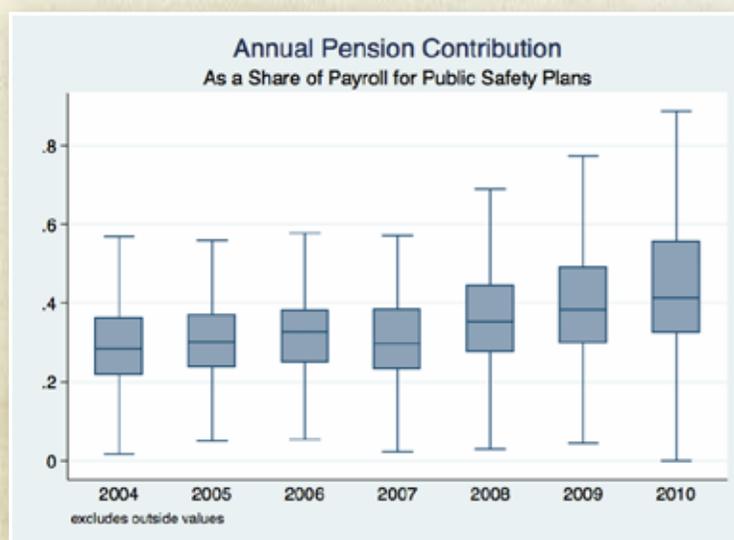


Figure 9

Figure 9 illustrates the growth in the total contributions for **public safety pension plans** from 2004 to 2010. Total contributions rose from 28 percent of covered payroll in 2004 to 41 percent of covered payroll in 2010. That is a 13-percentage point increase. That is, in 2004, pension contributions were a quarter of a typical

public safety worker’s pay and they are approaching half of their pay in just seven years.

Note that the rate of growth in annual contributions in public safety plans is significantly higher than in general employee plans, and the 2004 value for public safety workers is more than the 2010 value for general workers.

■ City Governments Paying More

One of the more concerning trends deals with the allocation of payment responsibility for municipal pensions. LCI’s analysis over the past seven years shows that local governments are picking up the increase in annual pension costs—especially for public safety plans.

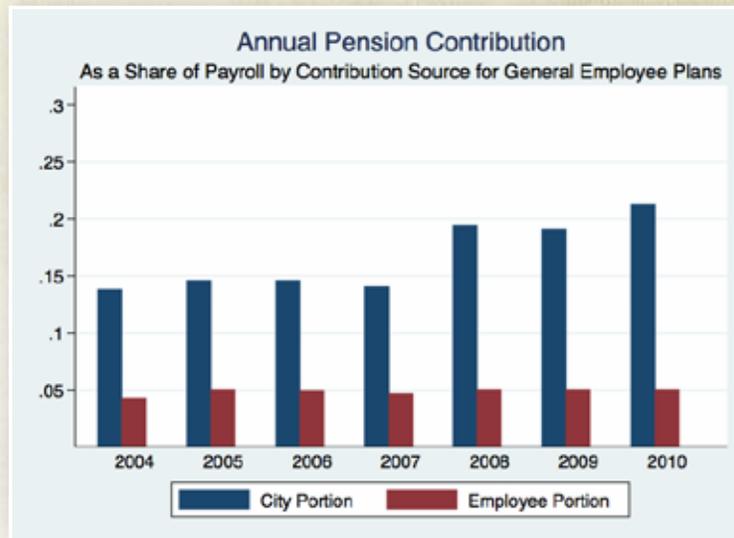


Figure 10

Figure 10 breaks out the total contribution of **general employee** plans into the portion that is paid by the municipality and the portion that the employee contributes out of his or her own pay. The growth in employee contributions is flat from 2004 to 2010. The city’s portions, however, have risen significantly—from 13.8 percent in 2004 to 21.3 percent in 2010.

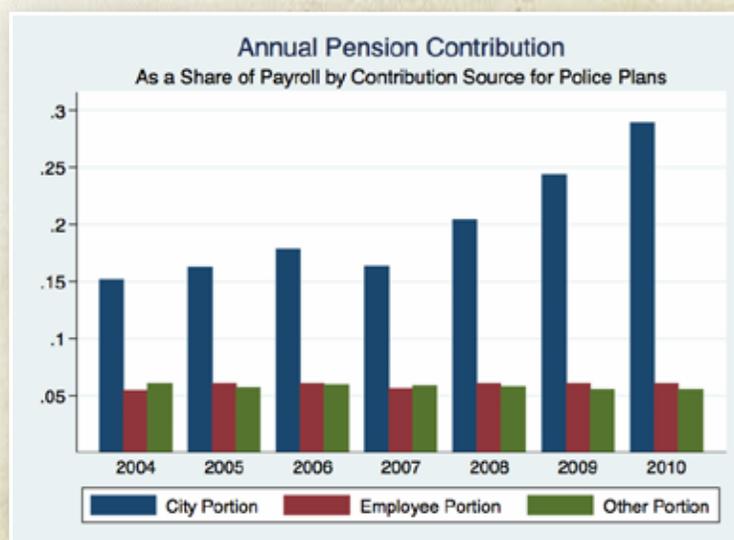


Figure 11

Figure 11 shows the contributions of employees and the city as a proportion of payroll for the typical **police pension** plan. It differs from Figure 10 because most police plans are also funded by the state through the return of insurance premium tax dollars collected within each city’s jurisdiction. This Figure shows all three

sources of funding.⁵ Again, the growth in employee contributions is flat from 2004 to 2010. The growth in state contributions from premium tax dollars is also mostly flat. The municipalities' portions, however, have nearly doubled—from 15.1 percent to 28.9 percent.

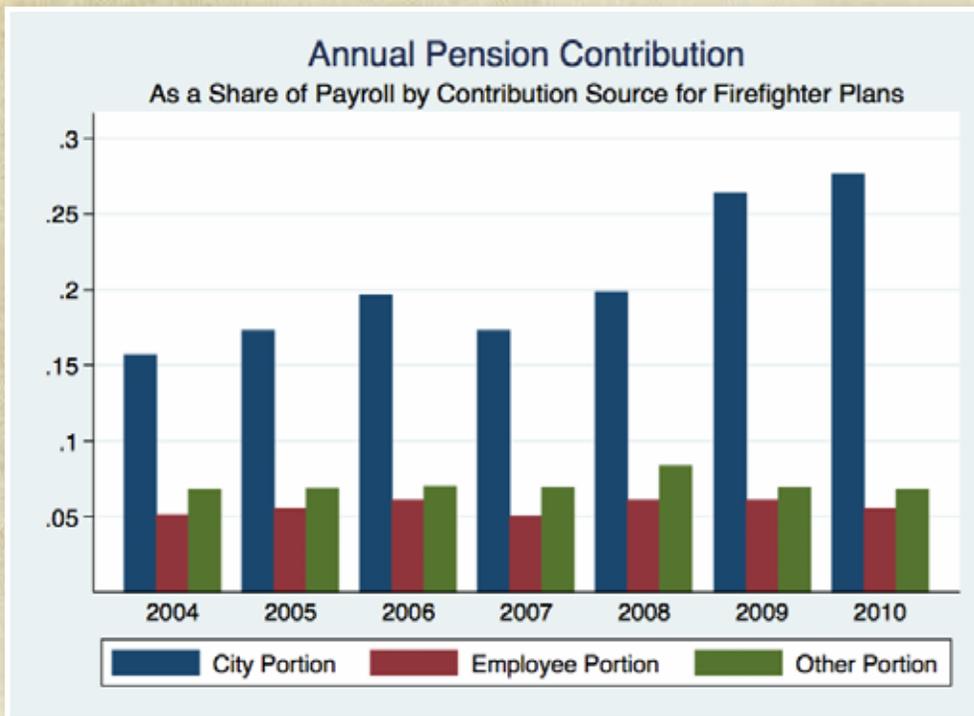


Figure 12

Figure 12 shows the portion of contributions in **firefighter** plans that is paid by the municipality, the portion that employees contribute out of their own pay, and the portion paid by the state through the return of insurance premium tax dollars that were collected within each municipality's jurisdiction. Again, the growth in employee contributions is flat from 2004 to 2010. The growth in state contributions is also mostly flat and is actually more than that of employees. The municipality's portion has risen significantly.

This growing contribution from municipalities comes at a time when many municipalities are fiscally stressed with revenues curtailed and demand for services intensified as a result of tough economic times.

■ Understanding the Increase in Contributions

Another way to look at the annual contributions is to consider how much of the total annual contribution can be attributed to benefits that are earned during the year by active participants (the normal cost) and how much can be attributed to paying down benefits that were earned in previous years, but are not covered by current assets (the unfunded portion of the liability).

The unfunded portion of the liability (referred to as the unfunded actuarial accrued liability or UAAL) does not need to be paid back in a single year (for most governments, this would be financially implausible). Rather, pension plans with unfunded liabilities are allowed to amortize that liability over many years (most amortize over about 30 years). Therefore, each year's pension contribution includes a portion to cover the benefits that were earned that year and a portion to pay off some of the unfunded liability (this is the UAAL contribution). When unfunded liabilities increase or if plans use shorter amortization periods, the UAAL contribution increases.

Figure 13 illustrates the increase in the normal cost of pensions and the increase in the cost of pensions associated with paying the UAAL contribution. The Figure shows that the rise in the pension contribution costs is partially associated with recognizing larger costs for current workers (the rise in normal contribution) but is especially influenced by lower funding ratios and the increase in payments toward paying for previously earned benefits (the rise in the UAAL contribution). In 2004, the UAAL was a small portion of the total contribution, but in 2010 it is more than a third of the cost.

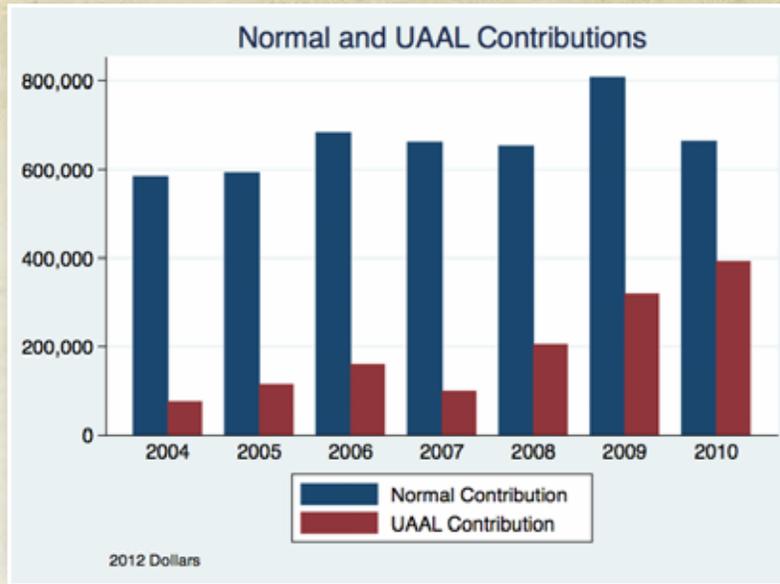


Figure 13

How does the size of annual contributions match up against the amount that is paid out each year in pension benefits?

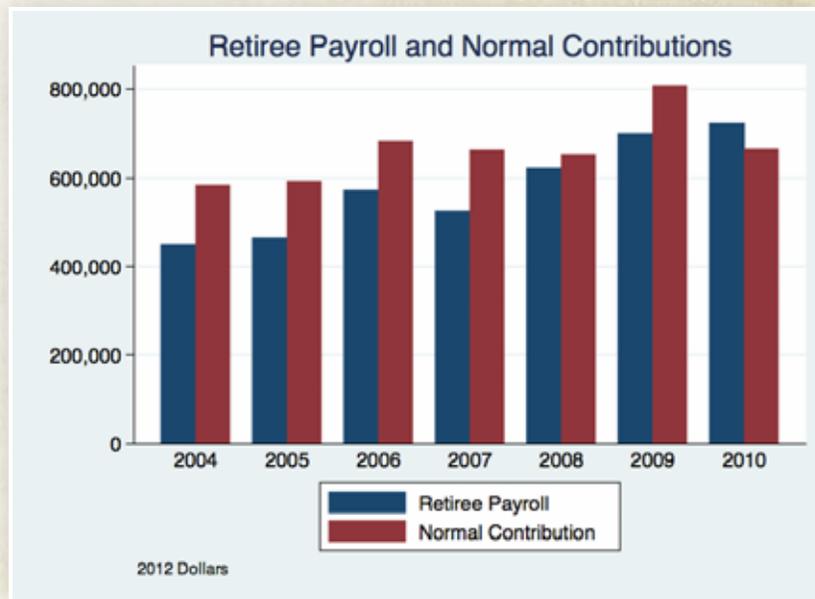


Figure 14

Figure 14 illustrates the payments to retirees (the so-called “retiree payroll”) and compares that information to the normal contribution for pension plans each year. Recall that the normal contribution is the cost of benefits that are earned in a given year.

Figure 14 shows that normal costs were greater than the retiree payroll until 2010, which is the first year that the typical government paid out more money in retirement benefits than it contributed for benefits that were earned that year. This is significant because it indicates that Florida’s municipalities are entering a period where earned benefits need to be paid and there is less time to improve underfunded plans.

This trend is similar for all classifications of employees.

■ Conclusion

This report analyzes recent trends in Florida municipal pensions using both funding levels and annual pension contributions. In doing so, it shows that current concerns about underfunded municipal pension

plans were not caused by the downturn in the stock market. Rather, the underfunding began before the stock market fell—even when economic times in the state and nation were relatively strong. In short, it is a problem that has been years in the making.

Other findings include:

1. Pension contributions have increased substantially over the past seven years.
2. Local governments are picking up more of the pension costs, especially for public safety plans.
3. The number of retirees is on the rise and is outstripping the growth of active participants in municipal pension plans.
4. Plans tend to overestimate the growth in employee salaries and long-term rate of return on investment of pension assets.
5. Payments for unfunded liabilities are making up an increasing proportion of annual pension contributions.

This report shows that while employee and state pension contributions are fairly stable, those costs for municipalities (i.e., taxpayers) are growing—adding insult to injury for many cities struggling to make ends meet.

■ Endnotes

¹ A “D” plan was funded at 60-70 percent; an “F” plan was below 60 percent funded. Funding levels are measured as the percent of the plans’ liabilities covered by its assets. A “D” means that assets covered only 60-70 percent of the plan’s liabilities. LCI’s research covered 87 of the largest 100 cities’ plans offering defined benefits and not included in the Florida Retirement System (FRS). The remaining cities provided defined benefits to their employees or were part of the FRS. LeRoy Collins Institute. 2011. Report Card: Florida Municipal Pension Plans. November. <http://bit.ly/rzxHyq>

² LCI covers only those municipalities that offer defined benefit pension plans and plans that are outside of the FRS.

³ The Entry Age Normal Cost Method is the most common actuarial cost method in Florida. Entry Age Actuarial Cost Method allocates the present value of the projected benefits of each individual in the actuarial valuation of the pension plan on a level basis over the service of the individual between the age that they enter the plan and the assumed age that they will exit the plan. New accounting standards require this cost method for all state and local government pension plans in fiscal years beginning after June 15, 2014. The general trend is the same across other funding methods, though the funding ratios for the other methods are higher.

⁴ Other studies have shown that the funding levels of public pension plans were at their peak around 2000, but that those levels are not typical over the past 20 years. See J. Fred Giertz and Leslie E. Papke's (2007) "Public Pension Plans: Myths and Realities for State Budgets", *National Tax Journal*, LX (2), 305-323

⁵ The state's portion is labeled "other portion" in this report to match the labeling in the original DMS reports. A “D” plan was funded at 60-70 percent; an “F” plan was below 60 percent funded. Funding levels are measured as the percent of the plan's liabilities covered by its assets. A “D” means that assets covered only 60-70 percent of the plans’ liabilities.



Tough Choices: A research series focused on state and local government relationships from the LeRoy Collins Institute.

Established in 1988, the LeRoy Collins Institute is an independent, nonpartisan, non-profit organization which studies and promotes creative solutions to key private and public issues facing the people of Florida and the nation. The Institute, located in Tallahassee at Florida State University, is affiliated and works in collaboration with the State University System of Florida.

Named in honor of former Florida Governor LeRoy Collins, the Institute is governed by a distinguished board of directors, chaired by Allison DeFoor, D.Min. Other board members include executives, local elected officials, and senior professionals from throughout the state.

Beginning in 2005, the Institute published several reports in a series called, *Tough Choices: Shaping Florida's Future*. These publications provided an in-depth analysis of Florida tax and spending policy including Medicaid, PreK-12 education, higher education, and children's health and welfare. The research concluded Florida's pattern of low spending and low taxes conflicted with the growing demands of the state's residents, predicting trouble may be ahead.

In the newest research series, *Tough Choices: Facing Florida's Governments*, the Institute takes an objective look at the often tumultuous relationship between state and local governments in Florida. This report *Years in the Making: Florida's Underfunded Municipal Pension Plans* is the fourth release in this research series. This report was written by Dr. David Matkin, assistant professor at the Reubin O'D. Askew School of Public Administration and Public Policy. Godwin "Tommy" Thiruchelvam, a master of public administration student in the Askew School, also assisted with the analysis and interpretation of the data.

The *Tough Choices* research series is funded by the Jessie Ball duPont Fund. The Florida League of Cities generously provided support for this report. Future reports in the *Tough Choices* research series will examine trends in city and county spending and revenue, state proposals to limit local revenues, and differential effects of the economy and state mandates on fiscally distressed communities.

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Local Government Pension Plans

January 17, 2013

Senate Committee on
Governmental Oversight and Accountability



Local Government Pension Plans State Monitoring and Enforcement

- The Division of Retirement administers Part VII of Chapter 112, Florida Statutes, to ensure that affected retirement systems are:
 - Managed, administered, operated, and funded ... to maximize the protection of public employee retirement benefits.
 - To prohibit the use of any procedure, methodology, or assumptions the effect of which is to transfer to future taxpayers any portion of the costs which may reasonably have been expected to be paid by the current taxpayers.



Local Government Pension Plans - Background

Part VII of Chapter 112, Florida Statutes:

1975 – Constitutional amendment, Article X, Section 14

- Governmental pension plans must be funded on a sound actuarial basis.

1978 – Chapter 78-170, Laws of Florida (SB 14), the “Florida Protection of Public Employee Retirement Benefits Act”

- Established Part VII of Chapter 112, Florida Statutes – Actuarial soundness of public retirement systems. Local government plans required to submit actuarial reports to the Division of Retirement, but no monitoring or enforcement was established at the state level.

1979 – Chapter 79-183, Laws of Florida (HB 1046), the “Local Government Financial Responsibility Act”

- Established triennial actuarial reviews by the Division of Retirement.

Local Government Pension Plans - 2011 Legislation



- A plan and recommendations for a standardized rating system to classify the financial strength of local government defined benefit plans was provided to the Governor, Speaker, and President.
- Online scorecards available that summarize the status of each plan.
- Valuations prepared after July 1, 2011, have additional reporting disclosure requirements.

Local Government Pension Plans - Administration



General Employees' Plans

- Plan provisions are established by the local government's legislative body, subject to negotiation between the local government and its employees.
- Plans are administered on a local level by the boards of trustees; no statutory requirements for composition of board members.



Local Government Pension Plans - Statistics

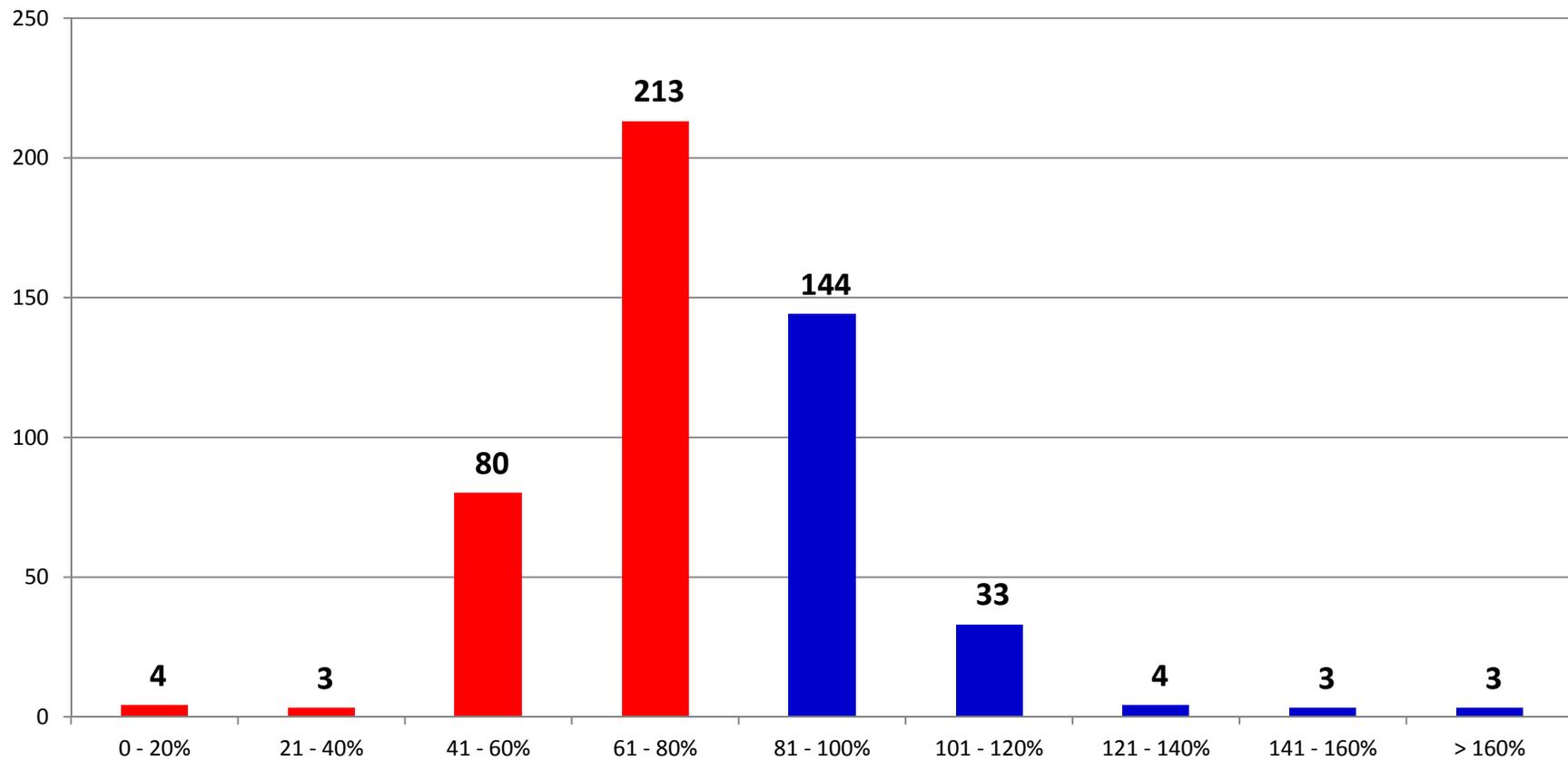
- 492 Plans
- 111,267 Active Participants
- 78,975 Inactive Participants (retirees, terminated vested)
- Approximately \$23.9 billion in plan assets invested as of 9/30/2012.
- Average funding percentage – 76.1%¹
- 61% of plans are funded at or below 80%
- 39% are funded above 80%

¹ Excludes plans whose funded ratios were not within two standard deviations of the mean.
Some plans are not prefunded and are represented at 0.00%.



Local Government Pension Plans - Statistics

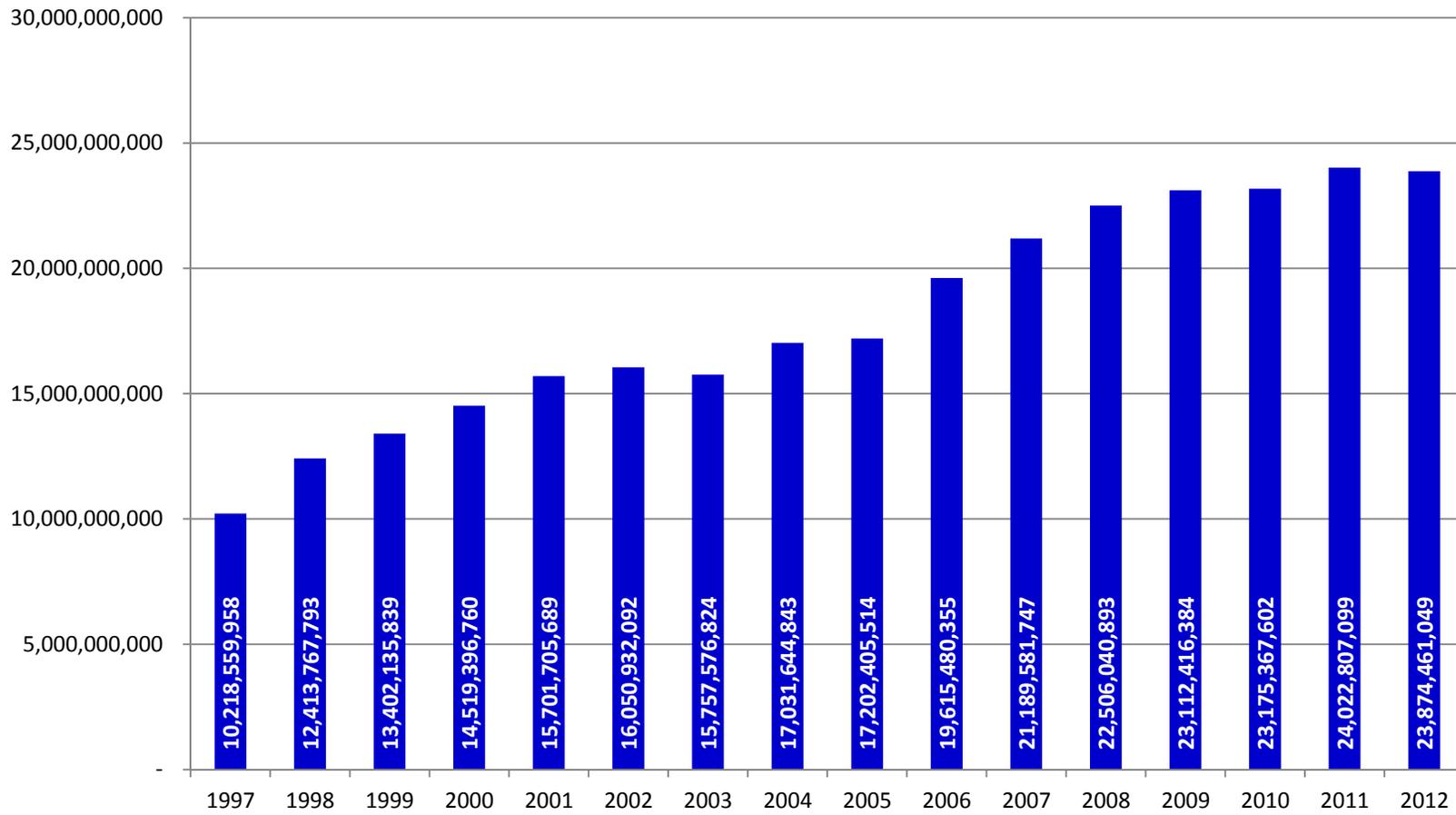
Distribution of Funded Ratios Florida Local Government Pension Plans





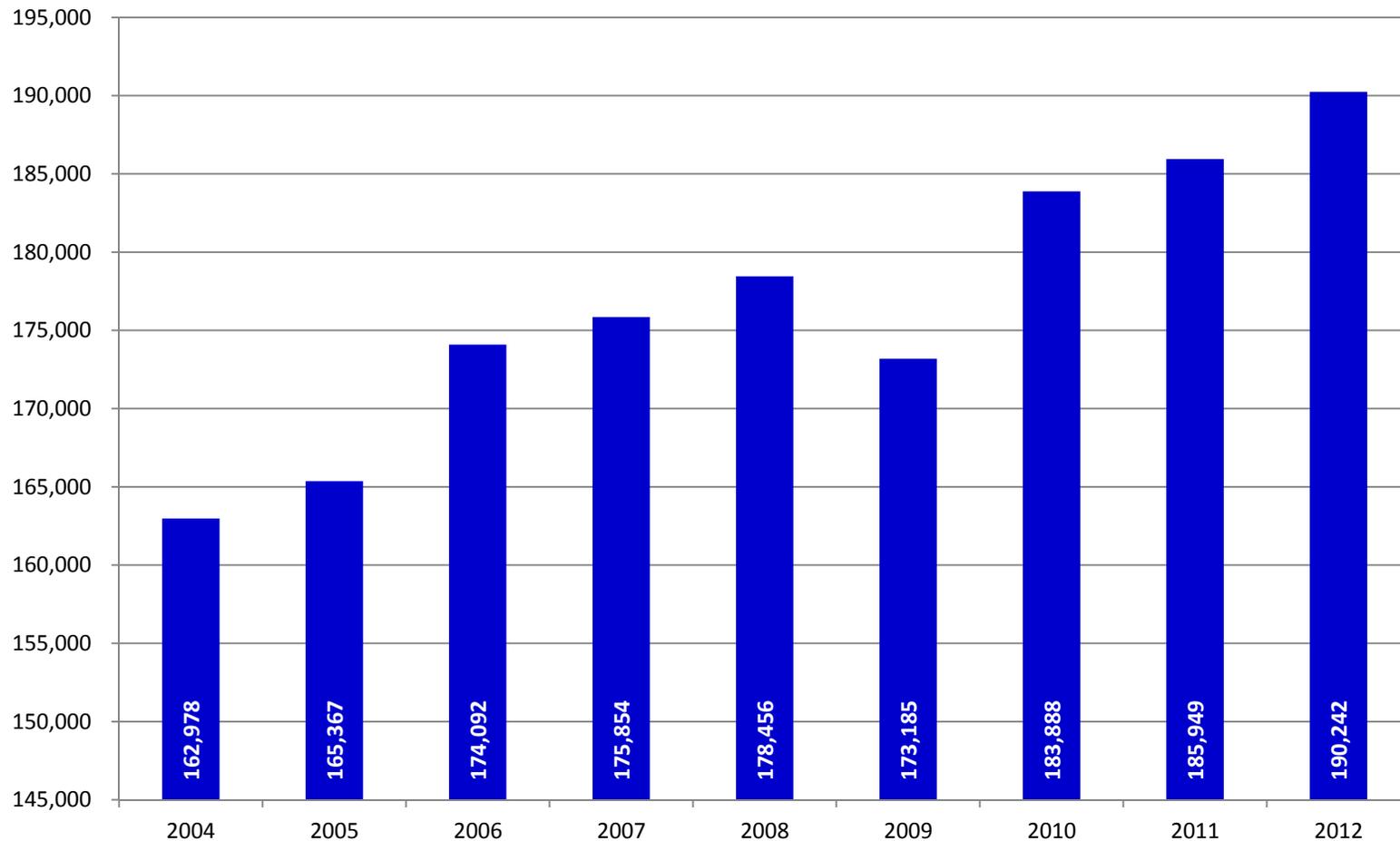
Local Government Pension Plans - Statistics

Market Value of Assets 1997 - 2012





Membership History 2004 - 2012





Municipal Police and Fire Pensions State Monitoring and Enforcement

- As of September 30, 2012, 215 Florida municipalities or special districts participated under this program, operating 351 pension plans (176 police and 175 fire).
- Reviews police or fire pension plans annually for compliance with statutes, a review of proposed plan changes, and review of their annual report.
- Ensure that plans provide a uniform retirement system for the police officer and firefighter members and that the plans use the state moneys for the sole and exclusive benefit of the police officers and firefighters.
- Distributes the insurance premium tax moneys collected within the city or district limits for each plan.
 - Fire 1.85% tax on property insurance (homeowners' insurance).
 - Police 0.85% tax on casualty insurance (automobile insurance).

Municipal Police and Fire Pensions - Background



1939, 1953 – Chapters 175 and 185, Florida Statutes, established.

- Uniform retirement system model created that could be followed for the benefit of municipal firefighters (Chapter 175) and police officers (Chapter 185).
- Access to state insurance premium tax moneys was offered to local governments to encourage participation in the program.
- Eligibility premium tax distribution initially only required self-certification of compliance with the minimum benefits and standards set forth in the law by the fire and/or police chiefs.

1957 – Special study mandated by Legislature.

- Special study commissioned by the Legislature found that many pension plans were not actuarially sound and the state moneys were not being properly used to provide benefits to police officers and firefighters.



Municipal Police and Fire Pensions - Background

1959 and many times since – Legislative action to adjust program requirements.

- Many amendments enacted to ensure statutory compliance with actuarially sound funding and updated reporting requirements.

1994 – Premium tax eligibility tied to Part VII, Chapter 112, Florida Statutes.

- Compliance with the sound actuarial funding requirements of Part VII of Chapter 112, Florida Statutes, added as a requirement to receive state premium taxes.

1999 – Chapter 99-1, Laws of Florida.

- Substantial rewrite of the statutes.
 - Clarified applicability of minimum benefits and standards to all plans.
 - Addressed use of state premium tax moneys.

2000 – 2012 Several additional amendments to Chapters 175 and 185, Florida Statutes.

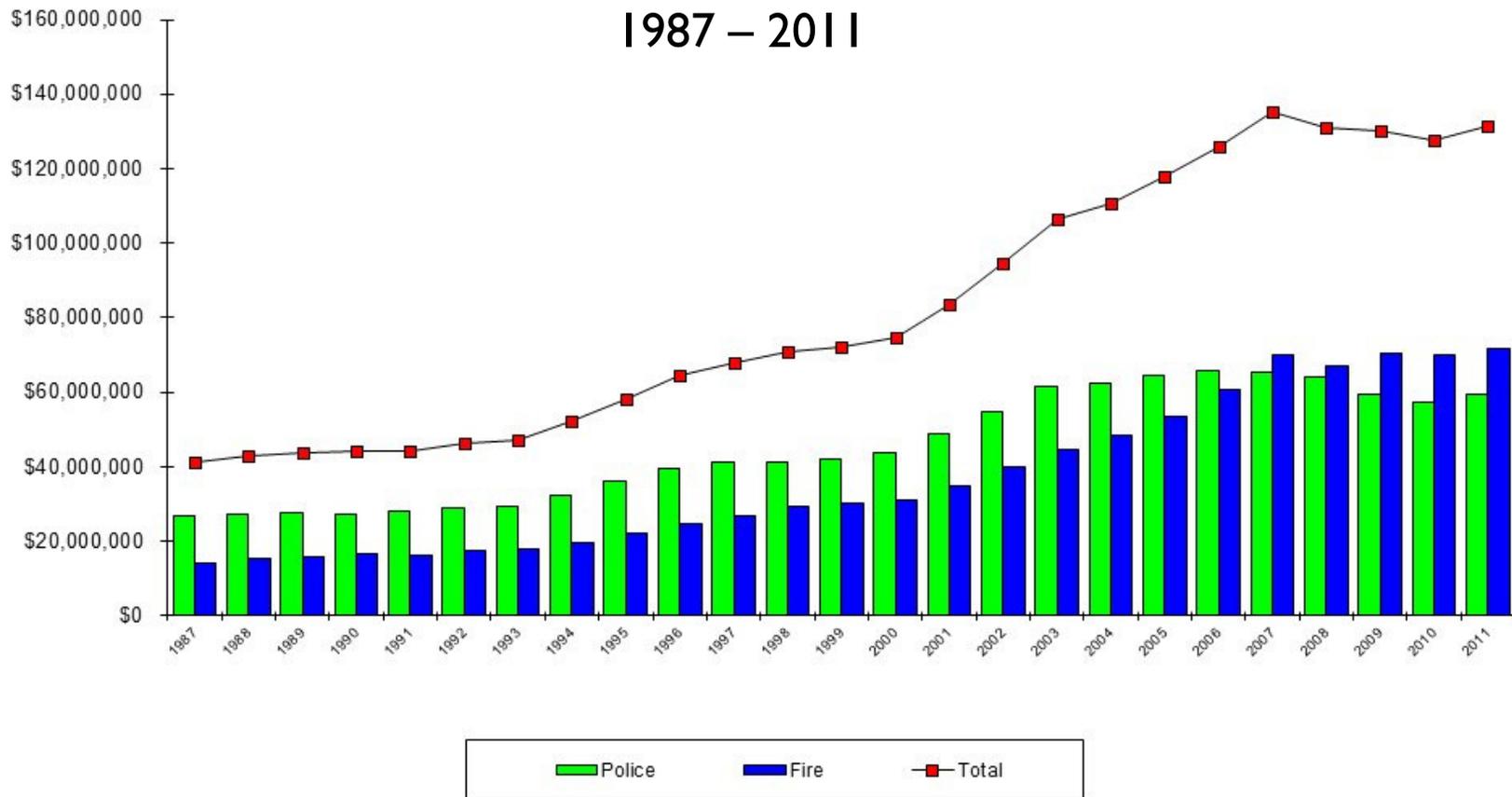


Municipal Police and Fire Pensions – Plan Administration

- Plan provisions are established by the local government's legislative body, subject to negotiation between the local government and its employees and the minimum requirements established in Chapters 175 and 185, Florida Statutes.
- Plans are solely administered on a local level by independent boards of trustees.
- The composition of the boards of trustees is stipulated in Chapters 175 and 185, Florida Statutes, to consist of five board members:
 - Two members are elected members of the plan,
 - Two members are legal city residents appointed by the city or district, and
 - One member is elected by a majority of the other four trustees.



Premium Tax Distribution History

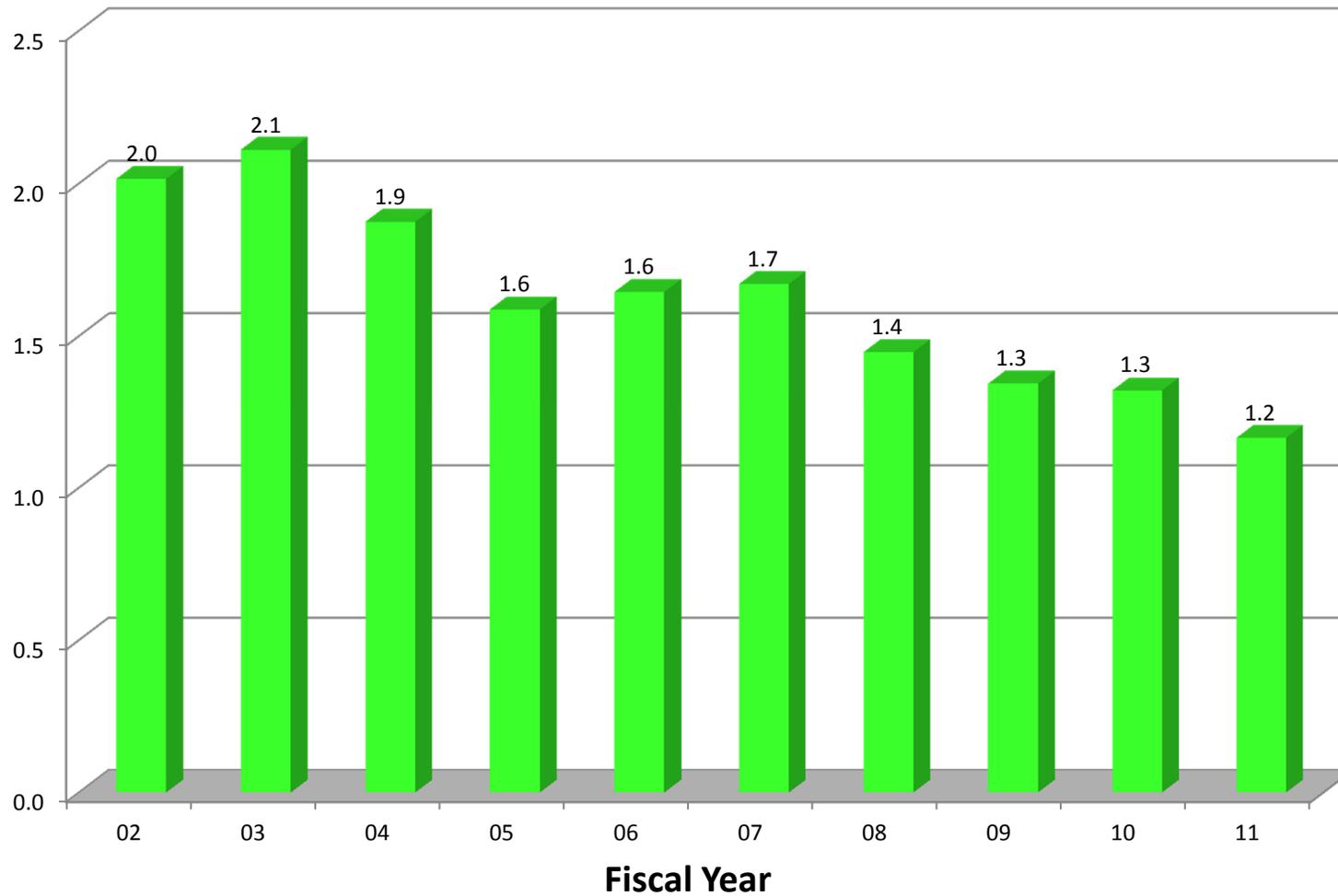


For calendar year 2011, total premium tax distributions were approximately \$131.4 million, including \$59.6 million for police and \$71.8 million for fire.



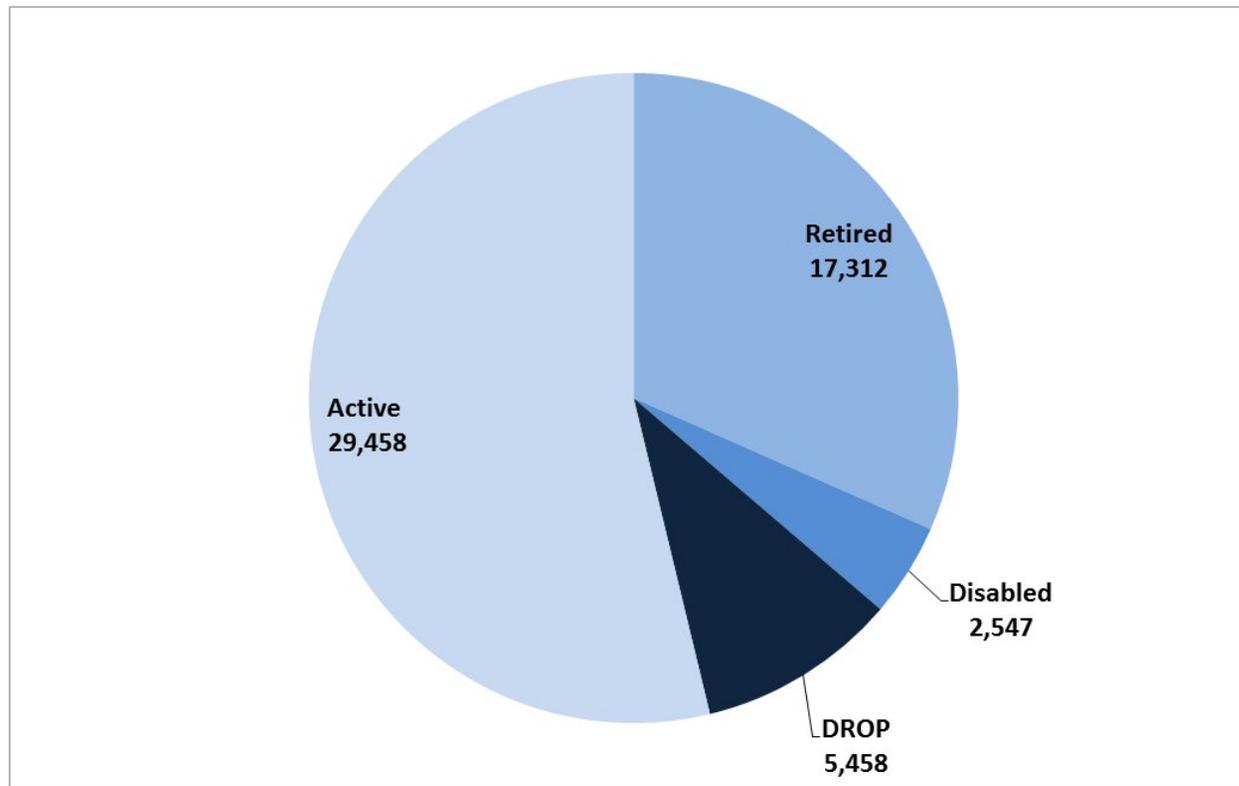
Ratio of Active Members to Retirees

2002 - 2011





Municipal Police and Fire Pensions - Plan Membership Breakdown



As of September 30, 2011, the plans include approximately 54,775 members (31,065 police & 23,710 fire). The breakdown for 2012 will not be available until the summer of 2013. Participating plans had total investments of approximately \$13.9 billion.

Brief Overview of Chapters 175 & 185



- The Florida legislature sought to create a uniform retirement system for municipal police officers and firefighters in recognition of the dual state & local function these public safety officers served.
- Local governments were offered access to state insurance premium tax revenues to help fund the pension programs.
- Participation in the program is voluntary.



Minimum Benefits versus Extra Benefits

MINIMUM BENEFITS include all the pension benefit provisions set forth in chapters 175 / 185, Florida Statutes, specifically the benefits contained in sections 175.162 and 185.16, Florida Statutes. Some examples of the basic minimum benefits include:

- Eligibility for retirement: Age 55, with 10 years of service, or Age 52, with 25 years of service
- Vesting: 10 years
- Benefit accrual rate: 2% per year of service
- Average final compensation: Average of the best 5 of last 10 years
- Normal form of benefit: Life annuity, with 10 years certain (optional forms available)
- Early retirement: Age 50, with 10 years of service
reduced 3% for each year prior to normal retirement age
- Disability benefits: Eligibility: Line of Duty (LOD) – day one, Non-LOD – 10 years
Requires total & permanent disability, inability to render service
as a firefighter or police officer
2% per year times AFC, not less than 42% LOD or 25% NLOD



Minimum Benefits versus Extra Benefits

EXTRA BENEFITS are benefits which exceed the benefits given to the plan sponsor's general employees and are in addition to the benefits provided by the plan as of March 12, 1999. Some examples of extra benefits include:

- Increased benefit accrual rate
- Shortened Average Final Compensation period
- Shorter vesting period
- Earlier eligibility for normal or early retirement
- Enhanced minimum percentages for disability benefits
- Deferred Retirement Option Plans
- Cost of Living Adjustments
- Supplemental Share plans – defined contribution supplements to the base defined benefits which are funded using state insurance premium tax revenues



Defined Benefits versus Defined Contributions

DEFINED BENEFIT (DB) plans, commonly referred to as pensions, provide a lifetime annuity to the plan member upon meeting the requirements for retirement. They are computed using a formula based on the participant's age and/or service, average final compensation and a benefit accrual rate established in the plan document. The benefits are defined in the plan document and the required annual contributions vary.

- Annual plan sponsor contributions are determined by the plan actuary, using a specific set of assumptions, intended to ensure that adequate funds are accumulated over the life of the pension to pay all the specified benefits to all plan participants.
- Typically DB plans are funded by contributions from the plan sponsor, the employee and the returns on the plan's investments. For chapter 175/185 plans, there are also contributions from the state insurance premium tax revenues collected on property and casualty insurance policies written within the city or district limits of the participating sponsor. Ultimate responsibility to ensure the actuarial soundness of the plan benefits rests with the plan sponsor.
- Defined benefits are not accrued or expressed in terms of individual account balances.
- Upon the death of the participant, benefits may be eligible to be paid to the beneficiaries of the participant, depending on the retirement option selected. If the participant selected a strict life annuity as the form of payment, then all benefit payments cease upon his or her death.



Defined Benefits versus Defined Contributions

DEFINED CONTRIBUTION (DC) plans, such as 401(k) or 401(a) plans, provide benefits based on the accumulation of contributions in individual accounts for plan members. The level of contributions is specified in the plan document instead of the level of benefits.

- Plan members contribute to their individual accounts and plan sponsors may provide some degree of matching to supplement the employee's contributions.
- The plan participant usually determines their own investment choices. The benefits available at retirement are based solely on the level of contributions and the success of plan investments over the career of the employee.
- DC plans do not create an actuarial liability for the plan sponsor and the defined level of contributions make retirement costs more predictable for budgeting purposes.
- DC plan benefits are the property of the employee and are eligible to be passed on to heirs in the event of the plan participant's death.



Funding of Chapter 175 & 185 Pension Plans

Chapter 175 / 185 pension plans are funded by:

- State insurance premium tax proceeds on property & casualty insurance premiums collected within the city or district boundaries.
- Employee contributions (minimum 5% of payroll).
- Fines and forfeitures imposed on plan members for rules violations.
- Plan sponsor contributions to fund the normal cost, plus amortization of Unfunded Liability.
- Gift, bequests or other donations.
- Investment income.
- Other sources of funding



Legislative Changes – 2011-2016, Laws of Florida

- 112.63 Required local plans to disclose present value of accrued benefits using FRS rate
- 112.66 Eliminated payment of used annual & sick leave from calculation of benefits *
Limited payment of overtime to 300 hours in the calculation of benefits *
Actuarial surpluses cannot be used for expenses outside the plan
Local government sponsors may not reduce contributions below the normal cost *
- 112.665 DMS to provide plan fact sheets on its website, summarizing actuarial data
- 175.032 / 185.02 Eliminated the payment of unused annual & sick leave from calculation of benefits
- 175.061 / 185.05 Certain Pre-1986 pension boards may amend named municipal representative
- 175.091 / 185.07 Eliminated requirement to increase benefits to increase employee contributions
- 175.351 / 185.35 Amended chapter exemption date from May 23, 1939 to May 27, 1939
- Financial rating of local law plans – DMS shall develop a plan for creating standardized ratings for classifying the financial strength of all local government defined benefit pension plans. Report was submitted January 2012.
- Task force on public employee disability presumptions – Multi agency task force was created to examine disability presumptions and submit a report detailing findings and recommendations. Report was submitted January 2012.

* Not applicable to state administered retirement systems

Legislative Changes - 2011-216, Laws of Florida



Largo letter – 300 hours of overtime

- Following the enactment of chapter 99-1, Laws of Florida, the definition of compensation for police officer pension calculations was required to include all overtime, however, the section also permitted plan sponsors to limit that amount to no less than 300 hours. This was a chapter minimum benefit for police plans.
- In chapter 2011-216, Laws of Florida, the section was amended to say that for service earned after the effective date, "... the term has the same meaning except that when calculating retirement benefits, up to 300 hours per year in overtime compensation may be included..."
- On April 4, 2012, the Department of Management Services wrote a letter to the city of Largo explaining the change in the section and approving a city ordinance that reduced overtime included in the definition of compensation for its police officers below the prior 300 hour minimum.



Financial Rating System - Overview

Chapter 2011-216, Laws of Florida, required DMS to develop a plan for creating a standardized rating for classifying the financial strength of all local government defined benefit pension plans, using certain factors enumerated in statute. The plan was submitted to the Governor, CFO, President of the Senate and Speaker of the House of Representatives in January 2012.

- To our knowledge, no such plan rating system currently exists to rate pension plans on an objective scale.
- The Department developed the plan with assistance from external stakeholders.
- The plan proposes utilizing nine ratings metrics of varying weights to score the relative health of each plan.
- It was determined that certain assumptions and methods would need to be standardized to achieve comparability of ratings.
- Certain additional disclosures needed to calculate the financial ratings must be performed by the plan actuaries, at additional cost to the plans.
- To implement a rating system, the legislature would have to enact legislation specifying all the details of the calculations and assigning the additional resources necessary to effect the implementation.

COMPARISON OF CHAPTER 175 AND 185 RETIREMENT PLAN LAWS AND PROPOSAL

ISSUE	2011 STATUTE	2012 INTERPRETATION	PROPOSAL
BENEFITS			
<i>What level of minimum pension benefits must be offered</i>	Lesser of the benefits offered in 1999 (or increments above such levels) or chapter minimum benefits.	Only those minimum benefits that can be funded by the “additional premium tax revenues” (post-1997 revenues).	The lesser of the benefits offered in 2012 or the chapter minimum benefits (freezes the pension benefits at the level of minimum benefits funded as of March 1, 2013).
<i>What other pension benefits must be offered</i>	Any benefits greater than the chapter minimum benefits that were offered as of March 12, 1999.	No requirement to continue to fund any benefit greater than the chapter minimum benefits offered as of March 12, 1999	No requirement to continue to fund any pension benefit greater than the benefit described above

ISSUE	2011 STATUTE	2012 INTERPRETATION	PROPOSAL
<i>When must a plan increase pension benefits (up to the chapter minimum benefit level)</i>	As additional premium tax revenues (over 1997 level) are received, the plan must increase to chapter minimum benefit levels.	Same as “2011 Statute.”	Not required to increase pension benefits and not permitted to use insurance premium tax revenues to increase pension benefits.
<i>When may a plan add extra benefits in <u>pension plan</u></i>	If chapter minimum benefits have been met, add “extra benefits” as “additional premium tax” revenues become available.	After the chapter minimum benefits are fully funded by the additional insurance premium tax revenues, extra benefits may be offered as “subsequent additional premium tax” revenues become available.	Same as above.

ISSUE	2011 STATUTE	2012 INTERPRETATION	PROPOSAL
USE OF PREMIUM TAX REVENUES			
<i>When may a plan add defined contribution benefits</i>	Upon approval by a majority of members, defined contribution benefits may be offered.	Upon approval by a majority of members, defined contribution benefits may be offered.	After full funding of existing benefits is achieved, new defined contribution benefits must be offered.
<i>How may pre-1997 insurance premium tax revenues be used?</i>	To fund any pension benefits existing as of 1999.	To fund any retirement benefits (minimums, extra, or other).	First to meet plan pension minimums; second, to fund “additional pension benefits”; third, if UAL exists, 50% of remaining to fund additional contributions for UAL; fourth, the amounts remaining must be used for supplemental defined contribution benefits.

ISSUE	2011 STATUTE	2012 INTERPRETATION	PROPOSAL
<p><i>How may “additional premium tax” revenues (those above the pre-1997 threshold) be used?</i></p>	<p>First, to increase incrementally to meet chapter minimum benefits and then, after minimum benefits threshold is met, for “extra benefits.”</p>	<p>To fund the first dollar of cost for chapter minimum benefits.</p>	<p>Same as above</p>
<p><i>How may “subsequent additional premium tax revenues (those above the pre-1997 threshold and not necessary to fund minimum pension benefits) be used?</i></p>	<p>Not defined.</p>	<p>Once the post-1997 insurance premium tax dollars are sufficient to fully fund the chapter minimum benefits, the subsequent additional premium tax revenues must be used to fund “extra benefits” (over chapter minimums).</p>	<p>Not defined.</p>

ISSUE	2011 STATUTE	2012 INTERPRETATION	PROPOSAL
OTHER ISSUES			
<i>Sponsor Contributions</i>	Mandatory payment of amount necessary to meet Normal Cost and amortization of UAL after application of 1997 monies, plus the costs of any benefit improvements enacted since 1999.	Mandatory payment of amount necessary to meet Normal Cost and amortization of UAL after any insurance premium tax monies used to fund pension benefits.	Mandatory payment of at least the city contribution made for the last plan year ending prior to March 2013. If no UAL exists, mandatory payment of amount necessary to meet Normal Cost of plan pension benefits.

**Proposed Legislation on a Bill Relating to Local
Government Retirement Plans**

1 A bill to be entitled
2 An act relating to firefighter and police officer
3 pension plans; amending s. 175.032, F.S.; revising
4 definitions to conform to changes made by the act;
5 amending s. 175.091, F.S.; providing for an additional
6 mandatory payment by the municipality or special fire
7 control district to the firefighters' pension trust
8 fund; amending s. 175.351, F.S., relating to
9 municipalities and special fire control districts that
10 have their own pension plans and want to participate
11 in the distribution of a tax fund; revising
12 definitions; specifying a payment that must be made by
13 the municipality or district to the defined benefit
14 plan; revising how income from the premium tax and
15 other revenues must be used; amending s. 185.02, F.S.;
16 revising definitions to conform to changes made by the
17 act; deleting a provision allowing a local law plan to
18 limit the amount of overtime payments which can be
19 used for retirement benefit calculations; amending s.
20 185.07, F.S.; providing for an additional mandatory
21 payment by the municipality to the municipal police
22 officers' retirement trust fund; amending s. 185.35,
23 F.S., relating to municipalities that have their own
24 pension plans for police officers and want to
25 participate in the distribution of a tax fund;
26 revising definitions; specifying a payment that must
27 be made by the municipality into the defined benefit
28 plan; revising how income from the premium tax and
29 other revenues must be used; providing a declaration

30 of important state interest; providing an effective
31 date.

32
33 Be It Enacted by the Legislature of the State of Florida:

34
35 Section 1. Subsections (11) and (17) of section 175.032,
36 Florida Statutes, are amended to read:

37 175.032 Definitions.—For any municipality, special fire
38 control district, chapter plan, local law municipality, local
39 law special fire control district, or local law plan under this
40 chapter, the following words and phrases have the following
41 meanings:

42 (11) "Local law plan" means a defined benefit pension plan
43 for firefighters, or for firefighters or police officers if both
44 are ~~where~~ included, as described in s. 175.351, established by
45 municipal ordinance, special district resolution, or special act
46 of the Legislature, which ~~enactment~~ sets forth all plan
47 provisions. Local law plan provisions may vary from the
48 provisions of this chapter if the, ~~provided that required~~
49 minimum benefits as defined in s. 175.351(1) and minimum
50 standards of this chapter are met. However, any such variance
51 must ~~shall~~ provide a greater benefit for firefighters. Actuarial
52 valuations of local law plans shall be conducted by an enrolled
53 actuary as provided in s. 175.261(2).

54 (17) "Supplemental plan" means a plan to which deposits are
55 made to provide extra benefits for firefighters, or for
56 firefighters and police officers if both are ~~where~~ included,
57 under this chapter. Such a plan is an element of a local law
58 plan and exists in conjunction with a defined benefit plan that

59 meets the minimum benefits as defined in s. 175.351(1) and
60 minimum standards of this chapter.

61 Section 2. Paragraphs (e), (f), and (g) of subsection (1)
62 of section 175.091, Florida Statutes, are redesignated as
63 paragraphs (f), (g), and (h), respectively, and a new paragraph
64 (e) is added to that subsection, to read:

65 175.091 Creation and maintenance of fund.—For any
66 municipality, special fire control district, chapter plan, local
67 law municipality, local law special fire control district, or
68 local law plan under this chapter:

69 (1) The firefighters' pension trust fund in each
70 municipality and in each special fire control district shall be
71 created and maintained in the following manner:

72 (e) By mandatory payment by the municipality or special
73 fire control district of the difference between the mandatory
74 payment required under paragraph (d) for the most recent plan
75 year ending before March 1, 2013, and the current plan year.
76 This paragraph may not be construed to reduce the aggregate
77 mandatory payment below the sum required under paragraph (d).

78
79 Nothing in this section shall be construed to require adjustment
80 of member contribution rates in effect on the date this act
81 becomes a law, including rates that exceed 5 percent of salary,
82 provided that such rates are at least one-half of 1 percent of
83 salary.

84 Section 3. Section 175.351, Florida Statutes, is amended to
85 read:

86 175.351 Municipalities and special fire control districts
87 that have ~~having~~ their own pension plans for firefighters.—~~For~~

88 ~~any municipality, special fire control district, local law~~
89 ~~municipality, local law special fire control district, or local~~
90 ~~law plan under this chapter,~~ In order for a municipality or
91 ~~municipalities and special fire control~~ district that has its
92 ~~districts with their own pension plan plans~~ for firefighters, or
93 for firefighters and police officers if both are included, to
94 participate in the distribution of the tax fund established
95 under pursuant to s. 175.101, the municipality or special fire
96 control district local law plans must meet the minimum benefits
97 as defined in subsection (1) and the minimum standards set forth
98 in this chapter, and comply with subsections (2), (3), and (4).

99 (1) As used in this section, the term:

100 (a) "Additional pension benefits" means those benefits
101 offered by the plan as of March 1, 2013, which exceed minimum
102 benefits, but excluding benefits offered in a supplemental plan.

103 (b) "Annual costs" means the total of the normal costs of
104 the plan and the costs associated with amortizing any unfunded
105 actuarial liability of the plan.

106 (c) "Minimum benefits" means the lesser of the benefits
107 provided in the defined benefit plan as of March 1, 2013, or the
108 benefits described in s. 175.162 as of March 1, 2013.

109 (d) "Supplemental benefits" means those benefits provided
110 in a defined contribution plan.

111 ~~(1) If a municipality has a pension plan for firefighters,~~
112 ~~or a pension plan for firefighters and police officers if~~
113 ~~included, which in the opinion of the division meets the minimum~~
114 ~~benefits and minimum standards set forth in this chapter, the~~
115 ~~board of trustees of the pension plan, as approved by a majority~~
116 ~~of firefighters of the municipality, may:~~

117 ~~(a) Place the income from the premium tax in s. 175.101 in~~
118 ~~such pension plan for the sole and exclusive use of its~~
119 ~~firefighters, or for firefighters and police officers if~~
120 ~~included, where it shall become an integral part of that pension~~
121 ~~plan and shall be used to pay extra benefits to the firefighters~~
122 ~~included in that pension plan; or~~

123 ~~(b) Place the income from the premium tax in s. 175.101 in~~
124 ~~a separate supplemental plan to pay extra benefits to~~
125 ~~firefighters, or to firefighters and police officers if~~
126 ~~included, participating in such separate supplemental plan.~~

127 (2) The municipality or special fire control district
128 shall, at a minimum, contribute into the defined benefit plan
129 the mandatory payment required under s. 175.091(1)(d) which the
130 municipality or special fire control district contributed for
131 the most recent plan year ending before March 1, 2013. The
132 amount of the mandatory payment may be reduced to the sum
133 required under s. 175.091(1)(d) if the plan has no actuarial
134 deficiency as shown in the latest actuarial valuation of the
135 plan.

136 (3)-(2) The premium tax provided by this chapter shall ~~in~~
137 ~~all cases~~ be used in its entirety to provide retirement ~~extra~~
138 benefits to firefighters, or to firefighters and police officers
139 if both are included, after using all other revenues, including
140 mandatory payments by the municipality or special fire control
141 district, employee contributions, and investment earnings
142 received by the plan, in the following order:

143 (a) The annual insurance premium revenues shall be used
144 first to meet the annual costs associated with providing the
145 minimum benefits set forth in this section.

146 (b) The annual insurance premium revenues shall be used
147 next to meet the annual costs associated with any additional
148 pension benefits.

149 (c) If the plan has an actuarial deficiency as shown in the
150 latest actuarial valuation of the plan, 50 percent of the annual
151 insurance premium revenues remaining after the uses specified in
152 paragraphs (a) and (b) shall be allocated as additional
153 contributions to fund such deficiency.

154 (d) Any annual insurance premium revenues remaining after
155 the uses specified in paragraphs (a), (b), and (c) shall be used
156 to provide supplemental benefits. However, local law plans in
157 effect on October 1, 1998, must comply with the minimum benefit
158 provisions of this chapter only to the extent that additional
159 premium tax revenues become available to incrementally fund the
160 cost of such compliance as provided in s. 175.162(2) (a). If a
161 plan is in compliance with such minimum benefit provisions, as
162 subsequent additional premium tax revenues become available,
163 they must be used to provide extra benefits. Local law plans
164 created by special act before May 27, 1939, are deemed to comply
165 with this chapter. For the purpose of this chapter, the term:

166 ~~(a) "Additional premium tax revenues" means revenues~~
167 ~~received by a municipality or special fire control district~~
168 ~~pursuant to s. 175.121 which exceed that amount received for~~
169 ~~calendar year 1997.~~

170 ~~(b) "Extra benefits" means benefits in addition to or~~
171 ~~greater than those provided to general employees of the~~
172 ~~municipality and in addition to those in existence for~~
173 ~~firefighters on March 12, 1999.~~

174 (4) Insurance premium tax revenues may not be used to fund

175 benefits provided in a defined benefit plan which were not
176 provided by the plan as of March 1, 2013.

177 (5)~~(3)~~ A retirement plan or amendment to a retirement plan
178 may not be proposed for adoption unless the proposed plan or
179 amendment contains an actuarial estimate of the costs involved.
180 Such proposed plan or proposed plan change may not be adopted
181 without the approval of the municipality, special fire control
182 district, or, where permitted, the Legislature. Copies of the
183 proposed plan or proposed plan change and the actuarial impact
184 statement of the proposed plan or proposed plan change shall be
185 furnished to the division before the last public hearing
186 thereon. Such statement must also indicate whether the proposed
187 plan or proposed plan change is in compliance with s. 14, Art. X
188 of the State Constitution and those provisions of part VII of
189 chapter 112 which are not expressly provided in this chapter.
190 Notwithstanding any other provision, only those local law plans
191 created by special act of legislation before May 27, 1939, are
192 deemed to meet the minimum benefits and minimum standards only
193 in this chapter.

194 (6)~~(4)~~ Notwithstanding any other provision, with respect to
195 any supplemental plan municipality:

196 (a) A local law plan and a supplemental plan may continue
197 to use their definition of compensation or salary in existence
198 on March 12, 1999.

199 (b) Section 175.061(1)(b) does not apply, and a local law
200 plan and a supplemental plan shall continue to be administered
201 by a board or boards of trustees numbered, constituted, and
202 selected as the board or boards were numbered, constituted, and
203 selected on December 1, 2000.

204 ~~(c) The election set forth in paragraph (1)(b) is deemed to~~
205 ~~have been made.~~

206 (7)~~(5)~~ The retirement plan setting forth the benefits and
207 the trust agreement, if any, covering the duties and
208 responsibilities of the trustees and the rules governing
209 ~~regulations~~ of the investment of funds must be in writing, and
210 copies made available to the participants and to the general
211 public.

212 Section 4. Subsections (4), (10), and (15) of section
213 185.02, Florida Statutes, are amended to read:

214 185.02 Definitions.—For any municipality, chapter plan,
215 local law municipality, or local law plan under this chapter,
216 the following words and phrases as used in this chapter shall
217 have the following meanings, unless a different meaning is
218 plainly required by the context:

219 (4) "Compensation" or "salary" means, for noncollectively
220 bargained service earned before July 1, 2011, or for service
221 earned under collective bargaining agreements in place before
222 July 1, 2011, the total cash remuneration including "overtime"
223 paid by the primary employer to a police officer for services
224 rendered, but not including any payments for extra duty or
225 special detail work performed on behalf of a second party
226 employer. ~~A local law plan may limit the amount of overtime~~
227 ~~payments which can be used for retirement benefit calculation~~
228 ~~purposes; however, such overtime limit may not be less than 300~~
229 ~~hours per officer per calendar year.~~ For noncollectively
230 bargained service earned on or after July 1, 2011, or for
231 service earned under collective bargaining agreements entered
232 into on or after July 1, 2011, the term has the same meaning

233 except that when calculating retirement benefits, up to 300
234 hours per year in overtime compensation may be included as
235 specified in the plan or collective bargaining agreement, but
236 payments for accrued unused sick or annual leave may not be
237 included.

238 (a) Any retirement trust fund or plan that meets the
239 requirements of this chapter does not, solely by virtue of this
240 subsection, reduce or diminish the monthly retirement income
241 otherwise payable to each police officer covered by the
242 retirement trust fund or plan.

243 (b) The member's compensation or salary contributed as
244 employee-elective salary reductions or deferrals to any salary
245 reduction, deferred compensation, or tax-sheltered annuity
246 program authorized under the Internal Revenue Code shall be
247 deemed to be the compensation or salary the member would receive
248 if he or she were not participating in such program and ~~shall be~~
249 treated as compensation for retirement purposes under this
250 chapter.

251 (c) For any person who first becomes a member in any plan
252 year beginning on or after January 1, 1996, compensation for
253 that plan year may not include any amounts in excess of the
254 Internal Revenue Code s. 401(a)(17) limitation, as amended by
255 the Omnibus Budget Reconciliation Act of 1993, which limitation
256 of \$150,000 shall be adjusted as required by federal law for
257 qualified government plans and ~~shall be~~ further adjusted for
258 changes in the cost of living in the manner provided by Internal
259 Revenue Code s. 401(a)(17)(B). For any person who first became a
260 member before the first plan year beginning on or after January
261 1, 1996, the limitation on compensation may not be less than the

262 maximum compensation amount that was allowed to be taken into
263 account under the plan ~~as~~ in effect on July 1, 1993, which
264 limitation shall be adjusted for changes in the cost of living
265 since 1989 in the manner provided by Internal Revenue Code s.
266 401(a)(17)(1991).

267 (10) "Local law plan" means a defined benefit pension plan
268 for police officers, or for police officers and firefighters if
269 both are, where included, as described in s. 185.35, established
270 by municipal ordinance or special act of the Legislature, which
271 ~~enactment~~ sets forth all plan provisions. Local law plan
272 provisions may vary from the provisions of this chapter if the,
273 ~~provided that required~~ minimum benefits as defined in s.
274 185.35(1) and minimum standards of this chapter are met.
275 However, any such variance must ~~shall~~ provide a greater benefit
276 for police officers. Actuarial valuations of local law plans
277 shall be conducted by an enrolled actuary as provided in s.
278 185.221(2)(b).

279 (15) "Supplemental plan" means a plan to which deposits of
280 the premium tax moneys as provided in s. 185.08 are made to
281 provide extra benefits to police officers, or police officers
282 and firefighters if both are ~~where~~ included, under this chapter.
283 Such ~~a~~ plan is an element of a local law plan and exists in
284 conjunction with a defined benefit plan that meets the minimum
285 benefits as defined in s. 185.35(1) and minimum standards of
286 this chapter.

287 Section 5. Paragraphs (e), (f), and (g) of subsection (1)
288 of section 185.07, Florida Statutes, are redesignated as
289 paragraphs (f), (g), and (h), respectively, and a new paragraph
290 (e) is added to that subsection, to read:

291 185.07 Creation and maintenance of fund.—For any
292 municipality, chapter plan, local law municipality, or local law
293 plan under this chapter:

294 (1) The municipal police officers' retirement trust fund in
295 each municipality described in s. 185.03 shall be created and
296 maintained in the following manner:

297 (e) By mandatory payment by the municipality of the
298 difference between the mandatory payment required by paragraph
299 (d) for the most recent plan year ending before March 1, 2013,
300 and the current plan year. This paragraph may not be construed
301 to reduce the aggregate mandatory payment by the municipality
302 below the sum required by paragraph (d).

303
304 Nothing in this section shall be construed to require adjustment
305 of member contribution rates in effect on the date this act
306 becomes a law, including rates that exceed 5 percent of salary,
307 provided that such rates are at least one-half of 1 percent of
308 salary.

309 Section 6. Section 185.35, Florida Statutes, is amended to
310 read:

311 185.35 Municipalities that have ~~having~~ their own pension
312 plans for police officers. ~~For any municipality, chapter plan,~~
313 ~~local law municipality, or local law plan under this chapter,~~ In
314 order for a municipality that has its ~~municipalities with their~~
315 own pension plan ~~plans~~ for police officers, or for police
316 officers and firefighters if both are included, to participate
317 in the distribution of the tax fund established pursuant to s.
318 185.08, the municipality ~~local law plans~~ must meet the minimum
319 benefits as defined in subsection (1) and the minimum standards

320 set forth in this chapter, and comply with subsections (2), (3),
321 and (4).÷

322 (1) As used in this subsection, the term:

323 (a) "Additional pension benefits" means those benefits
324 offered by the plan as of March 1, 2013, which exceed minimum
325 benefits, but excluding benefits offered in a supplemental plan.

326 (b) "Annual costs" means the total of the normal costs of
327 the plan and the costs associated with amortizing any unfunded
328 actuarial liability of the plan.

329 (c) "Minimum benefits" means the lesser of the benefits
330 provided in the defined benefit plan as of March 1, 2013, or the
331 benefits described in s. 185.16 as of March 1, 2013.

332 (d) "Supplemental benefits" means those benefits provided
333 in a defined contribution plan.

334 ~~(1) If a municipality has a pension plan for police~~
335 ~~officers, or for police officers and firefighters if included,~~
336 ~~which, in the opinion of the division, meets the minimum~~
337 ~~benefits and minimum standards set forth in this chapter, the~~
338 ~~board of trustees of the pension plan, as approved by a majority~~
339 ~~of police officers of the municipality, may:~~

340 ~~(a) Place the income from the premium tax in s. 185.08 in~~
341 ~~such pension plan for the sole and exclusive use of its police~~
342 ~~officers, or its police officers and firefighters if included,~~
343 ~~where it shall become an integral part of that pension plan and~~
344 ~~shall be used to pay extra benefits to the police officers~~
345 ~~included in that pension plan; or~~

346 ~~(b) May place the income from the premium tax in s. 185.08~~
347 ~~in a separate supplemental plan to pay extra benefits to the~~
348 ~~police officers, or police officers and firefighters if~~

349 ~~included, participating in such separate supplemental plan.~~

350 (2) The municipality shall, at a minimum, contribute into
351 the defined benefit plan the mandatory payment required under s.
352 185.07(1)(d) which the municipality contributed for the most
353 recent plan year ending before March 1, 2013. The amount of the
354 mandatory payment may be reduced to the sum required under s.
355 185.07(1)(d) if the plan has no actuarial deficiency as shown in
356 the latest actuarial valuation of the plan.

357 (3)~~(2)~~ The premium tax provided by this chapter shall ~~in~~
358 all cases be used in its entirety to provide retirement ~~extra~~
359 benefits to police officers, or to police officers and
360 firefighters if both are included, after using all other
361 revenues, including mandatory payments by the municipality,
362 employee contributions, and investment earnings received by the
363 plan, in the following order:

364 (a) The annual insurance premium revenues shall be used
365 first to meet the annual costs associated with providing the
366 minimum benefits set forth in this section.

367 (b) The annual insurance premium revenues shall be used
368 next to meet the annual costs associated with any additional
369 pension benefits.

370 (c) If the plan has an actuarial deficiency as shown in the
371 latest actuarial valuation of the plan, fifty percent of the
372 annual insurance premium revenues remaining after the uses
373 specified in paragraphs (a) and (b) shall be allocated as
374 additional contributions to fund such deficiency.

375 (d) Any annual insurance premium revenues remaining after
376 the uses specified in paragraphs (a), (b), and (c) shall be used
377 to provide supplemental benefits. However, local law plans in

378 ~~effect on October 1, 1998, must comply with the minimum benefit~~
379 ~~provisions of this chapter only to the extent that additional~~
380 ~~premium tax revenues become available to incrementally fund the~~
381 ~~cost of such compliance as provided in s. 185.16(2). If a plan~~
382 ~~is in compliance with such minimum benefit provisions, as~~
383 ~~subsequent additional tax revenues become available, they shall~~
384 ~~be used to provide extra benefits. Local law plans created by~~
385 ~~special act before May 27, 1939, shall be deemed to comply with~~
386 ~~this chapter. For the purpose of this chapter, the term:~~

387 ~~(a) "Additional premium tax revenues" means revenues~~
388 ~~received by a municipality pursuant to s. 185.10 which exceed~~
389 ~~the amount received for calendar year 1997.~~

390 ~~(b) "Extra benefits" means benefits in addition to or~~
391 ~~greater than those provided to general employees of the~~
392 ~~municipality and in addition to those in existence for police~~
393 ~~officers on March 12, 1999.~~

394 (4) Insurance premium tax revenues may not be used to fund
395 benefits provided in a defined benefit plan which were not
396 provided by the plan as of March 1, 2013.

397 (5)~~(3)~~ A retirement plan or amendment to a retirement plan
398 may not be proposed for adoption unless the proposed plan or
399 amendment contains an actuarial estimate of the costs involved.
400 Such proposed plan or proposed plan change may not be adopted
401 without the approval of the municipality or, where permitted,
402 the Legislature. Copies of the proposed plan or proposed plan
403 change and the actuarial impact statement of the proposed plan
404 or proposed plan change shall be furnished to the division
405 before the last public hearing thereon. Such statement must also
406 indicate whether the proposed plan or proposed plan change is in

407 compliance with s. 14, Art. X of the State Constitution and
408 those provisions of part VII of chapter 112 which are not
409 expressly provided in this chapter. Notwithstanding any other
410 provision, only those local law plans created by special act of
411 legislation before May 27, 1939, are deemed to meet the minimum
412 benefits and minimum standards only in this chapter.

413 (6)~~(4)~~ Notwithstanding any other provision, with respect to
414 any supplemental plan municipality:

415 (a) Section 185.02(4)(a) does not apply, and a local law
416 plan and a supplemental plan may continue to use their
417 definition of compensation or salary in existence on March 12,
418 1999.

419 (b) A local law plan and a supplemental plan must continue
420 to be administered by a board or boards of trustees numbered,
421 constituted, and selected as the board or boards were numbered,
422 constituted, and selected on December 1, 2000.

423 ~~(c) The election set forth in paragraph (1)(b) is deemed to~~
424 ~~have been made.~~

425 (7)~~(5)~~ The retirement plan setting forth the benefits and
426 the trust agreement, if any, covering the duties and
427 responsibilities of the trustees and the rules governing
428 ~~regulations~~ of the investment of funds must be in writing and
429 copies made available to the participants and to the general
430 public.

431 Section 7. The Legislature finds that a proper and
432 legitimate state purpose is served when employees and retirees
433 of the state and its political subdivisions, and the dependents,
434 survivors, and beneficiaries of such employees and retirees, are
435 extended the basic protections afforded by governmental

436 retirement systems that provide fair and adequate benefits and
437 that are managed, administered, and funded in an actuarially
438 sound manner as required by s. 14, Article X of the State
439 Constitution and part VII of chapter 112, Florida Statutes.
440 Therefore, the Legislature determines and declares that this act
441 fulfills an important state interest.

442 Section 8. This act shall take effect July 1, 2013.

CourtSmart Tag Report

Room: KN 412
Caption: Governmental Oversight and Accountability Committee

Case:

Type:
Judge:

Started: 1/17/2013 10:35:49 AM

Ends: 1/17/2013 1:28:26 PM

Length: 02:52:38

10:36:13 AM Roll Call
10:36:26 AM Opening Statements
10:37:00 AM Transparency Act Presentation
10:38:13 AM Description of the Transparency Florida Act - Joe McVaney, Staff Director
10:43:00 AM Presentation on Transparency Act websites - Joe McVaney, Staff Director
10:48:13 AM Dan Krassner - Integrity Florida
10:53:13 AM Question - Sen. Hays
11:04:13 AM Sen. Ring - questions about Transparency 2.0 clarification
11:05:13 AM Questions - Sen. Bean
11:08:13 AM Statements - Sen. Hays
11:12:13 AM Statements - Sen. Ring
11:14:13 AM Statements - Sen. Benacquisto
11:15:13 AM Statements - Sen. Bradley
11:17:13 AM Questions - Sen. Hays
11:20:13 AM Statements - Sen. Hukill
11:23:13 AM Questions - Sen. Ring
11:27:13 AM Statements - Sen. Bean
11:29:13 AM Joel Chandler - Civil Rights Activist
11:33:13 AM Questions - Sen. Ring
11:37:13 AM Questions - Sen. Hays
11:40:13 AM Opening statements regarding Pensions workshop
11:43:13 AM Carol Weissert and David Matlain with Leroy Collins Institute
11:49:13 AM Questions - Sen. Bradley
11:51:13 AM Questions - Sen. Ring
11:52:13 AM Questions - Sen. Hays
11:57:13 AM Question - Sen. Ring
12:05:13 PM Question - Sen. Bradley
12:07:13 PM Question - Sen. Hays
12:09:13 PM Statements - Sen. Ring
12:10:13 PM Questions - Sen. Montford
12:12:13 PM Questions - Sen. Hays
12:19:13 PM Questions - Sen. Hukill
12:24:13 PM Questions - Sen. Simmons
12:28:13 PM Statements - Sen. Ring
12:29:13 PM Dan Drake and Keith Brinkman - DMS Presentation regarding local pension programs
12:34:13 PM Question - Sen. Bradley
12:35:13 PM Question - Sen. Ring
12:36:13 PM Question - Sen. Simmons
12:38:13 PM Questions - Sen. Montford
12:40:13 PM Questions - Sen. Hays
12:42:13 PM Question - Sen. Bradley
12:43:13 PM Statements - Sen. Hays
12:44:13 PM Question - Sen. Simmons
12:46:13 PM Question - Sen. Ring
12:47:13 PM Questions - Sen. Simmons
12:51:13 PM Statements - Sen. Ring
12:53:13 PM Question - Sen. Ring
12:58:13 PM Questions about Chapter 99-I - Sen. Ring
1:02:33 PM Question - Sen. Bradley
1:12:33 PM Statements - Sen. Ring
1:14:33 PM Description of Proposed legislation regarding Local Pensions - Todd McKay, Attorney
1:16:33 PM Question - Sen. Hays

1:17:33 PM Kraig Conn- Florida League of Cities
1:18:33 PM Dave Netterstrom - Mayor of Cocoa Beach
1:21:10 PM Question - Sen. Montford
1:21:40 PM David Murrell - Florida Police Benevolent Association
1:24:08 PM Bobby Suarez - Florida Professional Firefighters
1:26:08 PM Questions - Sen. Simmons
1:28:26 PM Adjourn

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13

Meeting Date

Topic Budget Transparency

Bill Number (if applicable)

Name Dan Krassner

Amendment Barcode (if applicable)

Job Title Executive Director

Address 715 N. Calhoun St #4

Phone 850-321-0432

Tallahassee FL 32303

E-mail

Speaking: For Against Information

Representing Integrity Florida

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1-17-2013

Meeting Date

Topic Open Government

Bill Number (if applicable)

Name Joel Chandler

Amendment Barcode (if applicable)

Job Title Civil Rights Advocate

Address 1355 Forest Park St.

Phone (863) 660-4244

Lakeland FL 33803

E-mail FOGwatch@me.com

Speaking: For Against Information

Representing Citizens of Florida

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13

Meeting Date

Topic Municipal Pensions Bill Number _____ (if applicable)

Name CAROL S. Weissert Amendment Barcode _____ (if applicable)

Job Title Professor & Director, Le Roy Collins Institute

Address 326 Bellamy Bldg Florida State Univ Phone 850-644-7320

Street

Tallahassee

City

FL

State

32312

Zip

E-mail CWeissert@fsu.edu

Speaking: For Against Information

Representing Le Roy Collins Institute

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Jan 17th

1/17/13

Meeting Date

Topic Municipal Pensions Bill Number _____ (if applicable)

Name David Matkin Amendment Barcode _____ (if applicable)

Job Title Assistant Professor

Address 1240 Talbot Ave Phone 850-644-7398

Street

Tallahassee

City

FL

State

32300

Zip

E-mail dmatkin@fsu.edu

Speaking: For Against Information

Representing Le Roy Collins Institute

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1-17-13

Meeting Date

Topic Retirement Bill Number _____ (if applicable)
Name DAN DRAKE Amendment Barcode _____ (if applicable)
Job Title DIRECTOR OF DIVISION OF RETIREMENT
Address 1317 WINEWOOD BLVD Phone 850-487-4133
Street
TALLAHASSEE FL E-mail _____
City State Zip

Speaking: For Against Information

Representing DMS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13

Meeting Date

Topic Retirement Bill Number _____ (if applicable)
Name Keith Brinkman Amendment Barcode _____ (if applicable)
Job Title Bureau Chief - Bureau of Local Retirement
Address 1317 WineWood Blvd Phone 414-6315
Street
Tall E-mail Keith.brinkman@dms.
City State Zip FL myflorida.com

Speaking: For Against Information

Representing DMS

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1-17-13

Meeting Date

Topic 175/185 Pension Reform Bill Number Proposed
Name DAVE NETTERSTROM Amendment Barcode _____
Job Title MAYOR, COCONA BEACH FL. (if applicable)
Address 72 Country Club Rd Phone 321-604-0715
Cocoa Beach FL 32931 E-mail DAVESKITT@AOL.COM
City State Zip
Speaking: For Against Information
Representing COCONA BEACH

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/2013

Meeting Date

Topic Local Pension Workshop Bill Number N/A
Name David Murrell Amendment Barcode _____
Job Title Legislative Director (if applicable)
Address 300 East Brevard St. Phone 850-222-3329
Tallahassee FL 32301 E-mail _____
City State Zip
Speaking: For Against Information
Representing Florida Police Benevolent Association

Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13

Meeting Date

Topic MUNICIPAL RETIREMENT 175/185

Bill Number PCB (if applicable)

Name BOBBY SUAREZ

Amendment Barcode (if applicable)

Job Title VICE PRESIDENT, FLORIDA FIREFIGHTERS

Address 345 W MADISON STREET

Phone 305 984 3299

Street

TALLAHASSEE

FL

33

City

State

Zip

E-mail

Speaking: [] For [] Against [x] Information

Representing FLORIDA PROFESSIONAL FIREFIGHTERS

Appearing at request of Chair: [] Yes [x] No

Lobbyist registered with Legislature: [x] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13

Meeting Date

Topic Workshop

Bill Number Local Pension Proposed Bill (if applicable)

Name Kraig Conn

Amendment Barcode (if applicable)

Job Title Legislative Counsel

Address 301 Brrough Suite 300

Phone 222 9684

Street

Tall

FL

32301

City

State

Zip

E-mail

Speaking: [] For [x] Against [] Information

Representing Florida League of Cities

Appearing at request of Chair: [] Yes [x] No

Lobbyist registered with Legislature: [x] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13

Meeting Date

Topic Workshop

Bill Number Proposed Bill Local Pension Plans (if applicable)

Name Michael YAKES

Amendment Barcode (if applicable)

Job Title Mayor

Address 3501 53 ST SW

Phone 727-893-1012

GULFPORT FL 33707

E-mail

Speaking: [] For [x] Against [] Information

Representing City of

Appearing at request of Chair: [] Yes [x] No

Lobbyist registered with Legislature: [x] Yes [] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1-17-13

Meeting Date

Topic Local government retirement plans

Bill Number (if applicable)

Name David Penzone

Amendment Barcode (if applicable)

Job Title Consultant - City of Pensacola

Address 615 Bayshore Dr 1005

Phone 850-549-7049

PENSACOLA FL 32507

E-mail davidpenzone@gmail.com

Speaking: [x] For [] Against [] Information

Representing City of Pensacola

Appearing at request of Chair: [] Yes [x] No

Lobbyist registered with Legislature: [] Yes [x] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Local Pensions Bill Number workshop
Name Lisa Henning Amendment Barcode _____
Job Title Legislative Director (if applicable)
Address 242 Office Plaza Dr Phone 850-256-9881
Tallahassee, FL 32301 E-mail _____
City State Zip
Speaking: For Against Information
Representing Fraternal Order of Police
Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1-17-13

Meeting Date

Topic Proposed Local Pension Bill Bill Number _____
Name TIM CADDELL Amendment Barcode _____
Job Title GOVERNMENT RELATIONS ADMIN. (if applicable)
Address 5851 PARK Blvd Phone 727-541-8721
PINELLAS PARK FL 33781 E-mail TCADDELL@PINELLAS-
City State Zip PARK.COM
Speaking: For Against Information
Representing CITY OF PINELLAS PARK
Appearing at request of Chair: Yes No Lobbyist registered with Legislature: Yes No

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13
Meeting Date

Topic Workshop

Proposed Bill
Bill Number Local Pension Plans
(if applicable)

Name Colleen Dufford

Amendment Barcode _____
(if applicable)

Job Title City Commissioner

Address 527 Queens Mirror

Phone 407.699.9194

Casselberry FL 32707
City State Zip

E-mail colleendufford
@aol.com

Speaking: For Against Information

Representing City of Casselberry

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13
Meeting Date

Topic Workshop

Proposed Bill
Bill Number Local Pension Plans
(if applicable)

Name Jim Hanson

Amendment Barcode _____
(if applicable)

Job Title CITY MANAGER

Address 800 SEMINOLE RD

Phone (904) 247-5806

ATLANTIC BEACH FL 32233
City State Zip

E-mail jhanson@coab.us

Speaking: For Against Information

Representing City of ATLANTIC BEACH

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13 Meeting Date

Topic Workshop

Proposed Bill Local Pension Plans (if applicable)

Name Maria Mark

Amendment Barcode (if applicable)

Job Title Mayor Pro Tem

Address 800 Seminole Rd

Phone 904-707-3584

Atlantic Beach FL 32233 City State Zip

E-mail mmark@owab.us

Speaking: For [] Against [x] Information []

Representing City of

Appearing at request of Chair: Yes [] No [x]

Lobbyist registered with Legislature: Yes [] No []

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Jan. 17 2013 Meeting Date

Topic State Premium Tax - Municipal Pensions

Bill Number (if applicable)

Name PAUL CARAGIULO

Amendment Barcode (if applicable)

Job Title CITY COMMISSIONER - DISTRICT 2

Address 1565 FIRST STREET

Phone 941 400 5078

SARASOTA FL 34236 City State Zip

E-mail PAUL.CARAGIULO@SARASOTAGOV

Speaking: For [] Against [x] Information [x]

Representing CITY OF SARASOTA

Appearing at request of Chair: Yes [] No []

Lobbyist registered with Legislature: Yes [] No []

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Local Pensions Bill Number Workshop
Name Jeff McAdams Amendment Barcode _____
Job Title VP Fraternal Order of Police (if applicable)
Address 242 Office Plaza Dr Phone 850-656-9881
Tallahassee FL 32301 E-mail _____
City State Zip

Speaking: For Against Information

Representing Fraternal Order of Police

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13
Meeting Date

Topic MUNICIPAL PENSIONS Bill Number _____
Name CHAD LITTLE Amendment Barcode _____
Job Title ACTUARY (if applicable)
Address 4105 SAVANNAH TRAIL Phone _____
MENTI ISLAND, FL 32953 E-mail _____
City State Zip

Speaking: For Against Information

Representing Florida Public Pension Teachers Association

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE
APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

1/17/13
Meeting Date

Topic WORKSHOP

Bill Number PROPOSED BILL LOCAL PENSION PLANS
(if applicable)

Name HOWARD SCHIEFERDECKER

Amendment Barcode _____
(if applicable)

Job Title MAYOR OF MAITLAND

Address 1776 INDEPENDENCE LANE
Street

Phone (407) 702-3131

MAITLAND FLORIDA 32751
City State Zip

E-mail HAschief@aol.com

Speaking: For Against Information

Representing CITY OF MAITLAND

Appearing at request of Chair: Yes No

Lobbyist registered with Legislature: Yes No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)