

Committee on Budget

HB 5005 — Retirement

by Appropriations Committee and Rep. Grimsley (SB 2006 by Budget Committee)

This bill provides for the following.

- Reduces the employer contribution rates into the Community College System Optional Retirement Program.
- Reduces the employer contribution rates into the Senior Management Service Optional Annuity Program.
- Reduces the employer contribution rates into the State University System Optional Retirement Program.
- Adjusts the employer-paid contribution rates for normal cost and unfunded actuarial liability for the Florida Retirement System (FRS), based on the 2011 Actuarial Valuation, as adjusted by the changes to the Investment Plan allocations.
- Reduce the allocation rates for all retirement classes being deposited into Investment Plan member accounts.

The Division of Retirement conducted an actuarial study to determine the impact from changes to the allocations to individual members Investment Plan accounts to the “blended” normal cost for the FRS, as determined in the July 1, 2011 Valuation Study. The net impacts of the adjustments to the “blended” normal cost of the FRS made by the bill upon state funded entities are as follows:

Entities Funded by the State	General Revenue Fund	Trust Funds	Total
State	\$11.17 million	\$11.17 million	\$22.34 million
School Boards	\$46.73 million		\$46.73 million
State University System	\$4.48 million		\$4.48 million
Community Colleges	\$3.47 million		\$3.47 million
Total	\$62.38 million	\$11.17 million	\$77.02 million

The reduction in employer-paid contributions to the State University Optional Retirement Program, the Community College Optional Retirement Program and the Senior Management Service Optional Annuity Program produce the following savings to the entities indicated:

Entities Funded by the State	General Revenue Fund	Trust Funds	Total
State	(\$0.07 million)	(\$0.07 million)	(\$0.15 million)
State University System	(\$37.57 million)		(\$37.57 million)
Community Colleges	(\$2.57 million)		(\$2.57 million)
Total	(\$40.21 million)	(\$0.07 million)	(\$40.29 million)

If approved by the Governor, these provisions take effect July 1, 2012.

Vote: Senate 34-2; House 82-35