

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 21, 1998 Revised: _____

Subject: Florida Retirement System; Special Risk for Assistant State Attorneys, Assistant Statewide Prosecutors, and Assistant Public Defenders

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable/CS</u>
2.	<u>Keating</u>	<u>Smith</u>	<u>WM</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The committee substitute adds assistant state attorneys, assistant statewide prosecutors, and assistant public defenders to the list of individuals eligible for enhanced pension benefits in the Senior Management Class of the Florida Retirement System [FRS].

The bill also authorizes the state courts to pay Select Exempt benefits to all judicial assistants within the State Courts System.

This committee substitute substantially amends section 121.0515, Florida Statutes.

II. Present Situation:

The FRS is a tax-qualified, non-participating, defined benefit pension plan composed of some 590,000 active state, county, municipal, and special district employees, and 160,000 annuitants, distributed among 800 different public employers. Though a relatively young system, having been created in the early 1970s through the combination of four separate pension systems, it has now become the fourth largest public pension system in the United States, and fifth overall, with plan assets in excess of \$80 billion. About three-quarters of the FRS members are employed by units of local government, principally district school boards, with the remaining 25% as employees of state agencies. The Division of Retirement provides benefit administration while the State Board of Administration undertakes asset management of the FRS investment portfolio.

FRS has six different classes of membership with varying vesting and service requirements prior to eligibility for receipt of normal retirement benefits. More than ninety percent of the membership

of FRS are in the Regular Plan and are covered by its ten-year vesting and thirty-year service requirement. Each year of service is valued at 1.6%, the accrual factor which, when multiplied by years of service and average final compensation, produces a nominal pension benefit. Additional separate classes provide coverage for senior managers, public safety personnel, administrative support personnel in public safety organizations, elected officers, and justices and judges.

The Division of Retirement makes eligibility determinations for units of local government while the Department of Management Services makes that determination for State of Florida employees.

Part V of Chapter 110, provides for the Selected Exempt Service System. The Selected Exempt Service is a separate system of personnel administration for select exempt positions which include those positions which are exempt from the Career Service System. The pay plan and benefits package provides for greater pay and benefits overall than are provided for the Career Service System and less pay and benefits than for the Senior Management Service. Employees in the Select Exempt Service shall serve at the pleasure of the agency head and shall be subject to suspension, dismissal, reduction in pay, demotion, transfer or other personnel action at the discretion of the agency head.

III. Effect of Proposed Changes:

The bill adds assistant state attorneys, assistant statewide prosecutors, and assistant public defenders to the Senior Management Service Class within the Florida Retirement System as designated occupational members effective January 1, 1999.

The bill also authorizes the state courts to pay Select Exempt benefits to all judicial assistants within the State Courts System.

The bill takes effect October 1, 1998.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

All personnel costs associated with the state courts system are the obligation of the State of Florida. County governments provide only those office support functions specified in s. 27.34, F.S., for state attorneys and s. 27.5302, F.S., for public defenders.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Justice Administrative Commission estimates the costs of providing Senior Management System retirement benefits for 12 months for the assistant state attorneys to be \$5,246,148 and \$3,463,327 for assistant public defenders. The budget impact for fiscal year 1998-99 for both assistant state attorneys and assistant public defenders is \$4,354,738. The additional cost for inclusion of the assistant statewide prosecutors is not currently available. The number of affected individuals in this latter category is less than a dozen and the cumulative additional costs are not believed to be significantly different.

The Governor's Recommended Budget provided funds for the employer assumption of benefit costs in the upgrading of these positions to Select Exempt Service. Specific Appropriation 621 in the Conference Report on HB 4201 provides \$1,030,619 for Select Exempt Service benefits for only Assistant State Attorneys and Assistant Public Defenders.

The fiscal impact of providing Select Exempt Service benefits to all judicial assistants within the State Courts System is estimated to cost \$905,106 for 6 months and \$1,810,212 for 12 months.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
