37-1174-03 See HB 991

A bill to be entitled 1 2 An act relating to nurses; amending s. 121.091, F.S.; increasing the period of time during 3 4 which members of the Florida Retirement System 5 who are employed as registered nurses may 6 participate in the DROP; providing a statement 7 of proper and legitimate state purpose; providing an appropriation to the Department of 8 9 Health; requiring private match of appropriated 10 funds; providing for grants to hospitals for nurse recruitment and retention; providing for 11 12 rules; providing eligibility criteria; amending s. 464.009, F.S.; requiring applicants for 13 nursing licensure by endorsement to demonstrate 14 the ability to communicate in the English 15 language; amending s. 1009.66, F.S.; providing 16 17 that applicant awards under the Nursing Student Loan Forgiveness Program shall be on a 18 19 first-come, first-served basis; providing an 20 effective date. 21 22 Be It Enacted by the Legislature of the State of Florida: 23 24 Section 1. Subsection (13) of section 121.091, Florida 25 Statutes, is amended to read: 121.091 Benefits payable under the system. -- Benefits 26 27 may not be paid under this section unless the member has 28 terminated employment as provided in s. 121.021(39)(a) or 29 begun participation in the Deferred Retirement Option Program 30 as provided in subsection (13), and a proper application has

been filed in the manner prescribed by the department. The

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department may cancel an application for retirement benefits when the member or beneficiary fails to timely provide the information and documents required by this chapter and the department's rules. The department shall adopt rules establishing procedures for application for retirement benefits and for the cancellation of such application when the required information or documents are not received.

- (13) DEFERRED RETIREMENT OPTION PROGRAM. -- In general, and subject to the provisions of this section, the Deferred Retirement Option Program, hereinafter referred to as the DROP, is a program under which an eligible member of the Florida Retirement System may elect to participate, deferring receipt of retirement benefits while continuing employment with his or her Florida Retirement System employer. The deferred monthly benefits shall accrue in the System Trust Fund on behalf of the participant, plus interest compounded monthly, for the specified period of the DROP participation, as provided in paragraph (c). Upon termination of employment, the participant shall receive the total DROP benefits and begin to receive the previously determined normal retirement benefits. Participation in the DROP does not guarantee employment for the specified period of DROP.
- (a) Eligibility of member to participate in the DROP.--All active Florida Retirement System members in a regularly established position, and all active members of either the Teachers' Retirement System established in chapter 238 or the State and County Officers' and Employees' Retirement System established in chapter 122 which systems are consolidated within the Florida Retirement System under s. 121.011, are eligible to elect participation in the DROP 31 provided that:

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- 1. The member is not a renewed member of the Florida Retirement System under s. 121.122, or a member of the State Community College System Optional Retirement Program under s. 121.051, the Senior Management Service Optional Annuity Program under s. 121.055, or the optional retirement program for the State University System under s. 121.35.
- Except as provided in subparagraph 6., election to participate is made within 12 months immediately following the date on which the member first reaches normal retirement date, or, for a member who reaches normal retirement date based on service before he or she reaches age 62, or age 55 for Special Risk Class members, election to participate may be deferred to the 12 months immediately following the date the member attains 57, or age 52 for Special Risk Class members. For a member who first reached normal retirement date or the deferred eligibility date described above prior to the effective date of this section, election to participate shall be made within 12 months after the effective date of this section. A member who fails to make an election within such 12-month limitation period shall forfeit all rights to participate in the DROP. The member shall advise his or her employer and the division in writing of the date on which the DROP shall begin. Such beginning date may be subsequent to the 12-month election period, but must be within the 60-month or, with respect to members who are registered nurses licensed under part I of chapter 464 whose continuing employment in an active status is deemed essential by their employer, the 96-month limitation period as provided in subparagraph (b)1. When establishing eligibility of the member to participate in the DROP for the 60-month or, with respect to members who are registered nurses licensed under part I of chapter 464 whose

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continuing employment in an active status is deemed essential by their employer, the 96-month maximum participation period, the member may elect to include or exclude any optional service credit purchased by the member from the total service used to establish the normal retirement date. A member with dual normal retirement dates shall be eligible to elect to participate in DROP within 12 months after attaining normal retirement date in either class.

- The employer of a member electing to participate in the DROP, or employers if dually employed, shall acknowledge in writing to the division the date the member's participation in the DROP begins and the date the member's employment and DROP participation will terminate.
- Simultaneous employment of a participant by additional Florida Retirement System employers subsequent to the commencement of participation in the DROP shall be permissible provided such employers acknowledge in writing a DROP termination date no later than the participant's existing termination date or the 60-month limitation period as provided in subparagraph (b)1.
- A DROP participant may change employers while participating in the DROP, subject to the following:
- A change of employment must take place without a break in service so that the member receives salary for each month of continuous DROP participation. If a member receives no salary during a month, DROP participation shall cease unless the employer verifies a continuation of the employment relationship for such participant pursuant to s. 121.021(39)(b).

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- Such participant and new employer shall notify the division on forms required by the division as to the identity of the new employer.
- The new employer shall acknowledge, in writing, the participant's DROP termination date, which may be extended but not beyond the original 60-month or, with respect to members who are registered nurses licensed under part I of chapter 464 whose continuing employment in an active status is deemed essential by their employer, the 96-month period provided in subparagraph (b)1., shall acknowledge liability for any additional retirement contributions and interest required if the participant fails to timely terminate employment, and shall be subject to the adjustment required in sub-subparagraph (c)5.d.
- 6. Effective July 1, 2001, for instructional personnel as defined in s. 1012.01(2), election to participate in the DROP shall be made at any time following the date on which the member first reaches normal retirement date. The member shall advise his or her employer and the division in writing of the date on which the Deferred Retirement Option Program shall begin. When establishing eligibility of the member to participate in the DROP for the 60-month or, with respect to members who are registered nurses licensed under part I of chapter 464 whose continuing employment in an active status is deemed essential by their employer, the 96-month maximum participation period, as provided in subparagraph (b)1., the member may elect to include or exclude any optional service credit purchased by the member from the total service used to establish the normal retirement date. A member with dual normal retirement dates shall be eliqible to elect to 31 participate in either class.

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30 31 (b) Participation in the DROP. --

1. An eligible member may elect to participate in the DROP for a period not to exceed a maximum of 60 calendar months or, with respect to members who are registered nurses licensed under part I of chapter 464 whose continuing employment in an active status is deemed essential by their employer, 96 calendar months immediately following the date on which the member first reaches his or her normal retirement date or the date to which he or she is eliqible to defer his or her election to participate as provided in subparagraph (a)2. However, a member who has reached normal retirement date prior to the effective date of the DROP shall be eligible to participate in the DROP for a period of time not to exceed 60 calendar months or, with respect to members who are registered nurses licensed under part I of chapter 464 whose continuing employment in an active status is deemed essential by their employer, 96 calendar months immediately following the effective date of the DROP, except a member of the Special Risk Class who has reached normal retirement date prior to the effective date of the DROP and whose total accrued value exceeds 75 percent of average final compensation as of his or her effective date of retirement shall be eligible to participate in the DROP for no more than 36 calendar months immediately following the effective date of the DROP.

- 2. Upon deciding to participate in the DROP, the member shall submit, on forms required by the division:
  - a. A written election to participate in the DROP;
- b. Selection of the DROP participation and termination dates, which satisfy the limitations stated in paragraph (a) and subparagraph 1. Such termination date shall be in a binding letter of resignation with the employer, establishing

 a deferred termination date. The member may change the termination date within the limitations of subparagraph 1., but only with the written approval of his or her employer;

- c. A properly completed DROP application for service retirement as provided in this section; and
  - d. Any other information required by the division.
- 3. The DROP participant shall be a retiree under the Florida Retirement System for all purposes, except for paragraph (5)(f) and subsection (9) and ss. 112.3173, 112.363, 121.053, and 121.122. However, participation in the DROP does not alter the participant's employment status and such employee shall not be deemed retired from employment until his or her deferred resignation is effective and termination occurs as provided in s. 121.021(39).
- 4. Elected officers shall be eligible to participate in the DROP subject to the following:
- a. An elected officer who reaches normal retirement date during a term of office may defer the election to participate in the DROP until the next succeeding term in that office. Such elected officer who exercises this option may participate in the DROP for up to 60 calendar months or a period of no longer than such succeeding term of office, whichever is less.
- b. An elected or a nonelected participant may run for a term of office while participating in DROP and, if elected, extend the DROP termination date accordingly, except, however, if such additional term of office exceeds the 60-month or, with respect to members who are registered nurses licensed under part I of chapter 464 whose continuing employment in an active status is deemed essential by their employer, the 96-month limitation established in subparagraph 1., and the

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officer does not resign from office within such 60-month limitation, the retirement and the participant's DROP shall be null and void as provided in sub-subparagraph (c)5.d.

- c. An elected officer who is dually employed and elects to participate in DROP shall be required to satisfy the definition of termination within the 60-month limitation period as provided in subparagraph 1. for the nonelected position and may continue employment as an elected officer as provided in s. 121.053. The elected officer will be enrolled as a renewed member in the Elected Officers' Class or the Regular Class, as provided in ss. 121.053 and 121.22, on the first day of the month after termination of employment in the nonelected position and termination of DROP. Distribution of the DROP benefits shall be made as provided in paragraph (c).
  - (c) Benefits payable under the DROP. --
- 1. Effective with the date of DROP participation, the member's initial normal monthly benefit, including creditable service, optional form of payment, and average final compensation, and the effective date of retirement shall be fixed. The beneficiary established under the Florida Retirement System shall be the beneficiary eligible to receive any DROP benefits payable if the DROP participant dies prior to the completion of the period of DROP participation. In the event a joint annuitant predeceases the member, the member may name a beneficiary to receive accumulated DROP benefits payable. Such retirement benefit, the annual cost of living adjustments provided in s. 121.101, and interest shall accrue monthly in the System Trust Fund. Such interest shall accrue at an effective annual rate of 6.5 percent compounded monthly, on the prior month's accumulated ending balance, up to the 31 month of termination or death.

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- Each employee who elects to participate in the DROP shall be allowed to elect to receive a lump-sum payment for accrued annual leave earned in accordance with agency policy upon beginning participation in the DROP. Such accumulated leave payment certified to the division upon commencement of DROP shall be included in the calculation of the member's average final compensation. The employee electing such lump-sum payment upon beginning participation in DROP will not be eligible to receive a second lump-sum payment upon termination, except to the extent the employee has earned additional annual leave which combined with the original payment does not exceed the maximum lump-sum payment allowed by the employing agency's policy or rules. Such early lump-sum payment shall be based on the hourly wage of the employee at the time he or she begins participation in the DROP. If the member elects to wait and receive such lump-sum payment upon termination of DROP and termination of employment with the employer, any accumulated leave payment made at that time cannot be included in the member's retirement benefit, which was determined and fixed by law when the employee elected to participate in the DROP.
- The effective date of DROP participation and the effective date of retirement of a DROP participant shall be the first day of the month selected by the member to begin participation in the DROP, provided such date is properly established, with the written confirmation of the employer, and the approval of the division, on forms required by the division.
- Normal retirement benefits and interest thereon shall continue to accrue in the DROP until the established 31 | termination date of the DROP, or until the participant

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terminates employment or dies prior to such date. Although individual DROP accounts shall not be established, a separate accounting of each participant's accrued benefits under the DROP shall be calculated and provided to participants.

- 5. At the conclusion of the participant's DROP, the division shall distribute the participant's total accumulated DROP benefits, subject to the following provisions:
- The division shall receive verification by the participant's employer or employers that such participant has terminated employment as provided in s. 121.021(39)(b).
- The terminated DROP participant or, if deceased, such participant's named beneficiary, shall elect on forms provided by the division to receive payment of the DROP benefits in accordance with one of the options listed below. For a participant or beneficiary who fails to elect a method of payment within 60 days of termination of the DROP, the division will pay a lump sum as provided in sub-sub-subparagraph (I).
- (I) Lump sum. -- All accrued DROP benefits, plus interest, less withholding taxes remitted to the Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.
- (II) Direct rollover.--All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eliqible rollover distribution to the surviving spouse of a deceased participant, an eliqible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the 31 Internal Revenue Code.

benefits shall be paid to the DROP participant or surviving spouse, less withholding taxes remitted to the Internal Revenue Service, and the remaining DROP benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in s. 402(c)(8)(B) of the Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in s. 402(c)(9) of the Internal Revenue Code. The proportions shall be specified by the DROP participant or surviving beneficiary.

- c. The form of payment selected by the DROP participant or surviving beneficiary complies with the minimum distribution requirements of the Internal Revenue Code.
- d. A DROP participant who fails to terminate employment as defined in s. 121.021(39)(b) shall be deemed not to be retired, and the DROP election shall be null and void. Florida Retirement System membership shall be reestablished retroactively to the date of the commencement of the DROP, and each employer with whom the participant continues employment shall be required to pay to the System Trust Fund the difference between the DROP contributions paid in paragraph (i) and the contributions required for the applicable Florida Retirement System class of membership during the period the member participated in the DROP, plus 6.5 percent interest compounded annually.
- 6. The accrued benefits of any DROP participant, and any contributions accumulated under such program, shall not be subject to assignment, execution, attachment, or to any legal

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process whatsoever, except for qualified domestic relations orders by a court of competent jurisdiction, income deduction orders as provided in s. 61.1301, and federal income tax levies.

- DROP participants shall not be eligible for disability retirement benefits as provided in subsection (4).
  - (d) Death benefits under the DROP. --
- 1. Upon the death of a DROP participant, the named beneficiary shall be entitled to apply for and receive the accrued benefits in the DROP as provided in sub-subparagraph (c)5.b.
- The normal retirement benefit accrued to the DROP during the month of a participant's death shall be the final monthly benefit credited for such DROP participant.
- 3. Eligibility to participate in the DROP terminates upon death of the participant. If the participant dies on or after the effective date of enrollment in the DROP, but prior to the first monthly benefit being credited to the DROP, Florida Retirement System benefits shall be paid in accordance with subparagraph (7)(c)1. or subparagraph 2.
- 4. A DROP participants' survivors shall not be eligible to receive Florida Retirement System death benefits as provided in paragraph (7)(d).
- (e) Cost-of-living adjustment. -- On each July 1, the participants' normal retirement benefit shall be increased as provided in s. 121.101.
- (f) Retiree health insurance subsidy.--DROP participants are not eliqible to apply for the retiree health insurance subsidy payments as provided in s. 112.363 until such participants have terminated employment and participation 31 in the DROP.

- (g) Renewed membership.--DROP participants shall not be eligible for renewed membership in the Florida Retirement System under ss. 121.053 and 121.122 until termination of employment is effectuated as provided in s. 121.021(39)(b).
- (h) Employment limitation after DROP participation.—Upon satisfying the definition of termination of employment as provided in s. 121.021(39)(b), DROP participants shall be subject to such reemployment limitations as other retirees. Reemployment restrictions applicable to retirees as provided in subsection (9) shall not apply to DROP participants until their employment and participation in the DROP are terminated.
  - (i) Contributions. --
- 1. All employers paying the salary of a DROP participant filling a regularly established position shall contribute 8.0 percent of such participant's gross compensation for the period of July 1, 2002, through June 30, 2003, and 11.56 percent of such compensation thereafter, which shall constitute the entire employer DROP contribution with respect to such participant. Such contributions, payable to the System Trust Fund in the same manner as required in s. 121.071, shall be made as appropriate for each pay period and are in addition to contributions required for social security and the Retiree Health Insurance Subsidy Trust Fund. Such employer, social security, and health insurance subsidy contributions are not included in the DROP.
- 2. The employer shall, in addition to subparagraph 1., also withhold one-half of the entire social security contribution required for the participant. Contributions for social security by each participant and each employer, in the amount required for social security coverage as now or

hereafter provided by the federal Social Security Act, shall be in addition to contributions specified in subparagraph 1.

- 3. All employers paying the salary of a DROP participant filling a regularly established position shall contribute the percent of such participant's gross compensation required in s. 121.071(4), which shall constitute the employer's health insurance subsidy contribution with respect to such participant. Such contributions shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.
- (j) Forfeiture of retirement benefits.--Nothing in this section shall be construed to remove DROP participants from the scope of s. 8(d), Art. II of the State Constitution, s. 112.3173, and paragraph (5)(f). DROP participants who commit a specified felony offense while employed will be subject to forfeiture of all retirement benefits, including DROP benefits, pursuant to those provisions of law.
- (k) Administration of program.—The division shall make such rules as are necessary for the effective and efficient administration of this subsection. The division shall not be required to advise members of the federal tax consequences of an election related to the DROP but may advise members to seek independent advice.

Section 2. The Legislature finds that a proper and legitimate state purpose is served when employees and retirees of the state and of its political subdivisions, and the dependents, survivors, and beneficiaries of such employees and retirees, are extended the basic protections afforded by governmental retirement systems that provide fair and adequate benefits and that are managed, administered, and funded in an actuarially sound manner, as required by section 14, Article X

grants pro rata.

amended to read:

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of the State Constitution and part VII of chapter 112, Florida Statutes. Therefore, the Legislature hereby determines and 2 3 declares that the provisions of this act fulfill an important 4 state interest. 5 Section 3. (1) The sum of \$1 million is appropriated from the General Revenue Fund to the Department of Health. 6 Moneys in this appropriation shall be used by that department 7 8 to make grants to local not-for-profit hospitals for nurse 9 retention and out-of-state recruitment activities during the 10 2003-2004 fiscal year. These moneys are subject to a 11 one-for-one match from sources other than the government of this state or one of its political subdivisions. Moneys not 12 matched by September 30, 2003, revert to the General Revenue 13 14 Fund. The Department of Health shall accept requests for 15 (2) grants under this act beginning July 1, 2003. The department 16 shall determine grant amounts beginning October 1, 2003, once 17 18 the amount of the appropriation in subsection (1) which has 19 been matched by additional moneys is determined and the department can determine the amount of grant moneys available. 20 The department shall by rule adopt criteria for 21 grant awards. In addition to other criteria, the department 22 shall require that a hospital have experienced an average 23 24 vacancy rate among nursing positions during the preceding 12 25 months of 20 percent or more. If the amount available for distribution is less than the aggregate amount of requests 26 27 that meet the department's criteria, the department shall make 28

Section 4. Section 464.009, Florida Statutes, is

464.009 Licensure by endorsement.--

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(1)(a) The department shall issue the appropriate license by endorsement to practice professional or practical nursing to an applicant who, upon applying to the department and remitting a fee set by the board not to exceed \$100, demonstrates to the board that he or she:

1. (a) Holds a valid license to practice professional or practical nursing in another state or territory of the United States, provided that, when the applicant secured his or her original license, the requirements for licensure were substantially equivalent to or more stringent than those existing in Florida at that time;

2.(b) Meets the qualifications for licensure in s. 464.008 and has successfully completed a state, regional, or national examination which is substantially equivalent to or more stringent than the examination given by the department; or

3.(c) Has actively practiced nursing in another state, jurisdiction, or territory of the United States for 2 of the preceding 3 years without having his or her license acted against by the licensing authority of any jurisdiction. Applicants who become licensed pursuant to this subparagraph paragraph must complete within 6 months after licensure a Florida laws and rules course that is approved by the board. Once the department has received the results of the national criminal history check and has determined that the applicant has no criminal history, the appropriate license by endorsement shall be issued to the applicant. This subparagraph paragraph is repealed July 1, 2004, unless reenacted by the Legislature.

(b) (b) (2) Such examinations and requirements from other 31 states and territories of the United States shall be presumed

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to be substantially equivalent to or more stringent than those in this state. Such presumption shall not arise until January 1, 1980. However, the board may, by rule, specify states and territories the examinations and requirements of which shall not be presumed to be substantially equivalent to those of this state.

- (2) In addition to the requirements of subsection (1), the applicant must:
- (a) Have the ability to communicate in the English language, which may be determined by an examination given by the department.

(b)(3) The applicant must Submit to the department a set of fingerprints on a form and under procedures specified by the department, along with a payment in an amount equal to the costs incurred by the Department of Health for the criminal background check of the applicant. The Department of Health shall submit the fingerprints provided by the applicant to the Florida Department of Law Enforcement for a statewide criminal history check, and the Florida Department of Law Enforcement shall forward the fingerprints to the Federal Bureau of Investigation for a national criminal history check of the applicant. The Department of Health shall review the results of the criminal history check, issue a license to an applicant who has met all of the other requirements for licensure and has no criminal history, and shall refer all applicants with criminal histories back to the board for determination as to whether a license should be issued and under what conditions.

(3) (4) The department shall not issue a license by endorsement to any applicant who is under investigation in another state, jurisdiction, or territory of the United States

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for an act which would constitute a violation of this part or chapter 456 until such time as the investigation is complete, at which time the provisions of s. 464.018 shall apply.

(4) (4) (5) The department shall develop an electronic applicant notification process and provide electronic notification when the application has been received and when background screenings have been completed, and shall issue a license within 30 days after completion of all required data collection and verification. This 30-day period to issue a license shall be tolled if the applicant must appear before the board due to information provided on the application or obtained through screening and data collection and verification procedures.

Section 5. Paragraph (a) of subsection (7) of section 1009.66, Florida Statutes, as amended by section 3 of chapter 2002-400, Laws of Florida, and section 71 of chapter 2002-402, Laws of Florida, is amended to read:

1009.66 Nursing Student Loan Forgiveness Program. --

(7)(a) Funds contained in the Nursing Student Loan Forgiveness Trust Fund which are to be used for loan forgiveness for those nurses employed by hospitals, birth centers, and nursing homes must be matched on a dollar-for-dollar basis by contributions from the employing institutions, except that this provision shall not apply to state-operated medical and health care facilities, public schools, county health departments, federally sponsored community health centers, teaching hospitals as defined in s. 408.07, family practice teaching hospitals as defined in s. 395.805, or specialty hospitals for children as used in s. 409.9119. An estimate of the annual trust fund dollars shall 31 be made at the beginning of the fiscal year based on historic

expenditures from the trust fund. Applicant requests shall be reviewed on a quarterly basis, and applicant awards shall be based on a first-come, first-served basis the following priority of employer until all such estimated trust funds are awarded: state-operated medical and health care facilities; public schools; county health departments; federally sponsored community health centers; teaching hospitals as defined in s. 408.07; family practice teaching hospitals as defined in s. 395.805; specialty hospitals for children as used in s. 409.9119; and other hospitals, birth centers, and nursing homes. Section 6. This act shall take effect July 1, 2003.