

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 995 State Retirement Commission
SPONSOR(S): Mealor
TIED BILLS: None **IDEN./SIM. BILLS:** CS/SB 616

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>State Administration</u>	_____	<u>Williamson</u>	<u>Everhart</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The State Retirement Commission (commission) is created within the Department of Management Services (DMS). The commission is composed of three members, each with a different occupational background. The members are appointed to four year terms and receive a stipend in addition to per diem and travel expenses.

The commission may meet in panels of no less than three members for the purpose of hearing appeals on the merits for applications for disability retirement, reexamination of retired members receiving disability benefits, applications for special risk membership, and reexamination of special risk members in the Florida Retirement System. For all other purposes, a quorum consists of four members. Because the commission only consists of three members, a quorum of four is impossible to attain.

This bill corrects the quorum issue by increasing the membership of the commission from three to five, requiring a quorum of two members for panel meetings for purposes of hearing appeals, and requiring a quorum of three members for all other purposes.

This bill will have an approximate negative fiscal impact of \$10,000 on the Florida Retirement System Trust Fund. See "FISCAL IMPACT ON STATE GOVERNMENT" for further details. This bill does not affect local governments; therefore there is no fiscal impact.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0995.sa.doc
DATE: March 4, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

This bill increases government by increasing the membership of the State Retirement Commission. The Governor’s membership appointments will increase from three to five.

B. EFFECT OF PROPOSED CHANGES:

Background

The State Retirement Commission (commission) is created within the Department of Management Services (DMS).¹ The commission is composed of three members appointed by the Governor and confirmed by the Senate:

- One member who is retired under a state-supported retirement system;
- One member who is an active member of a state-supported retirement system; and
- One member who is neither a retiree, beneficiary, nor member of a state-supported retirement system administered by DMS.

Each member is required to have a different occupational background, and is required to have been a Florida citizen for at least three years prior to appointment. The members serve four year terms² and receive a stipend³ in addition to per diem and travel expenses.⁴

The commission may meet in panels of no less than three members for the purpose of hearing appeals on the merits for applications for disability retirement, reexamination of retired members receiving disability benefits, applications for special risk membership, and reexamination of special risk members in the Florida Retirement System.⁵ For all other purposes, a quorum consists of four members.⁶ Because the commission only consists of three members, a quorum of four is impossible to attain.

Effect of Bill

This bill increases the membership of the commission from three to five members. Two members must be retired under a state-supported retirement system administered by DMS, two members must be active members of a state-supported retirement system, and one member must not be a retiree, beneficiary, or member of a state-supported retirement system administered by DMS.

¹ Section 121.22(1), F.S.

² Section 20.052(4)(c), F.S., provides that members must be appointed for four year staggered terms unless expressly provided otherwise in the State Constitution.

³ Members are paid a stipend of \$100 for each day spent on the work of the commission. Section 121.24(6), F.S.

⁴ Section 121.24(6), F.S., provides that members are paid per diem and travel expenses as provided in s. 112.061, F.S.

⁵ Sections 121.23 and 121.24(a), F.S.

⁶ Section 121.24(1)(a), F.S.

This bill requires a quorum of two members for panel meetings for purposes of hearing appeals. For all other purposes, three members constitute a quorum.

C. SECTION DIRECTORY:

Section 1 amends s. 121.22(1), F.S., increasing the membership of the State Retirement Commission from three to five.

Section 2 amends s. 121.24(1), F.S., amending the commission quorum requirement.

Section 3 provides an effective date of July 1, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None. This bill does not create, modify, or eliminate a state revenue source.

2. Expenditures:

Each commission member is paid a \$100 stipend for each full day of commission work, in addition to per diem and travel expenses as provided in s. 112.061, F.S. The commission meetings take place in different parts of the state and are held approximately 10 times per year. The average cost is \$500 per commissioner per meeting. Therefore, the estimated annual cost to the Florida Retirement System Trust Fund is \$10,000 for two additional commissioners.⁷

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None. This bill does not create, modify, or eliminate a local revenue source.

2. Expenditures:

None. This bill does not affect local governments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None. This bill does not regulate the conduct of persons in the private sector.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not affect municipal or county government.

2. Other:

None.

⁷ Email from DMS, March 4, 2004.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

This bill provides an effective date of July 1, 2004. Given the current conflict in statute and the difficulties it poses for the commission to meet, it would appear that the commission would benefit if the bill was made effective upon becoming a law.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

Not applicable.