

By the Committee on Governmental Oversight and Accountability

585-02566-14

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1 A bill to be entitled
2 An act relating to state-administered retirement
3 systems; amending s. 112.363, F.S.; increasing the
4 employer contribution to the retiree health insurance
5 subsidy for members of a state-administered plan;
6 amending s. 121.052, F.S.; increasing the employer
7 contribution to the health insurance subsidy for
8 members of the Elected Officers' Class; amending s.
9 121.055, F.S.; increasing the employer contribution to
10 the health insurance subsidy for members of the Senior
11 Management Service Class; amending s. 121.071, F.S.;
12 increasing the employer contribution to the health
13 insurance subsidy for members of the Regular, Special
14 Risk, and Special Risk Administrative Support Classes;
15 amending s. 121.71, F.S.; revising the amount of
16 employer contributions for the next fiscal year;
17 amending s. 121.74, F.S.; revising terminology to
18 refer to an employer assessment to offset the costs of
19 administering the investment plan and providing
20 education services; providing findings of important
21 state interests; providing an effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:

24
25 Section 1. Paragraph (h) is added to subsection (8) of
26 section 112.363, Florida Statutes, to read:

27 112.363 Retiree health insurance subsidy.—

28 (8) CONTRIBUTIONS.—For purposes of funding the insurance
29 subsidy provided by this section:

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30 (h) Beginning July 1, 2014, the employer of each member of
 31 a state-administered plan shall contribute 1.30 percent of gross
 32 compensation each pay period.

33
 34 Such contributions shall be submitted to the Department of
 35 Management Services and deposited in the Retiree Health
 36 Insurance Subsidy Trust Fund.

37 Section 2. Paragraph (d) of subsection (7) of section
 38 121.052, Florida Statutes, is amended to read:

39 121.052 Membership class of elected officers.—

40 (7) CONTRIBUTIONS.—

41 (d) The following table states the required employer
 42 contribution on behalf of each member of the Elected Officers'
 43 Class in terms of a percentage of the member's gross
 44 compensation. Such contribution constitutes the entire health
 45 insurance subsidy contribution with respect to each such member.
 46 A change in the contribution rate is effective with the first
 47 salary paid on or after the beginning date of the change. The
 48 retiree health insurance subsidy contribution rate is as
 49 follows:

Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%

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January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30, 2013	1.11%
<u>Effective July 1, 2013, through June 30, 2014</u>	1.20%
<u>Effective July 1, 2014</u>	<u>1.30%</u>

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 3. Paragraph (d) of subsection (3) of section 121.055, Florida Statutes, is amended to read:

121.055 Senior Management Service Class.—There is hereby established a separate class of membership within the Florida Retirement System to be known as the "Senior Management Service

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71 Class," which shall become effective February 1, 1987.

72 (3)

73 (d) The following table states the required employer
 74 contribution on behalf of each member of the Senior Management
 75 Service Class in terms of a percentage of the member's gross
 76 compensation. Such contribution constitutes the entire health
 77 insurance subsidy contribution with respect to each such member.
 78 A change in the contribution rate is effective with the first
 79 salary paid on or after the beginning date of the change. The
 80 retiree health insurance subsidy contribution rate is as
 81 follows:

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Dates of Contribution Rate Changes	Contribution Rate
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83

84

October 1, 1987, through December 31, 1988	0.24%
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85

January 1, 1989, through December 31, 1993	0.48%
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86

January 1, 1994, through December 31, 1994	0.56%
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January 1, 1995, through June 30, 1998	0.66%
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89	July 1, 1998, through June 30, 2001	0.94%
90	July 1, 2001, through June 30, 2013	1.11%
91	<u>Effective July 1, 2013, through June 30, 2014</u>	1.20%
92	<u>Effective July 1, 2014</u>	<u>1.30%</u>

Such contributions and accompanying payroll data are due and payable no later than the 5th working day of the month immediately following the month during which the payroll period ended and shall be deposited by the administrator in the Retiree Health Insurance Subsidy Trust Fund.

Section 4. Subsection (4) of section 121.071, Florida Statutes, is amended to read:

121.071 Contributions.—Contributions to the system shall be made as follows:

(4) The following table states the required employer contribution on behalf of each member of the Regular Class, Special Risk Class, or Special Risk Administrative Support Class in terms of a percentage of the member's gross compensation. Such contribution constitutes the entire health insurance subsidy contribution with respect to each such member. A change in the contribution rate is effective with the first salary paid on or after the beginning date of the change. The retiree health

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111 insurance subsidy contribution rate is as follows:

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Dates of Contribution Rate Changes	Contribution Rate
October 1, 1987, through December 31, 1988	0.24%
January 1, 1989, through December 31, 1993	0.48%
January 1, 1994, through December 31, 1994	0.56%
January 1, 1995, through June 30, 1998	0.66%
July 1, 1998, through June 30, 2001	0.94%
July 1, 2001, through June 30, 2013	1.11%
Effective <u>July 1, 2013, through</u> <u>June 30, 2014</u>	1.20%
<u>Effective July 1, 2014</u>	<u>1.30%</u>

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123 Such contributions shall be deposited by the administrator in
 124 the Retiree Health Insurance Subsidy Trust Fund.

125 Section 5. Subsections (4) and (5) of section 121.71,
 126 Florida Statutes, are amended to read:

127 121.71 Uniform rates; process; calculations; levy.—

128 (4) Required employer retirement contribution rates for
 129 each membership class and subclass of the Florida Retirement
 130 System for both retirement plans are as follows:

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Membership Class	Percentage of Gross Compensation, Effective July 1, <u>2014</u> 2013
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Regular Class	3.53%
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Special Risk Class	<u>11.01%</u> 11.00%
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Special Risk Administrative Support Class	<u>4.18%</u> 4.17%
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136

Elected Officers' Class— Legislators, Governor, Lt. Governor, Cabinet Officers,	<u>6.30%</u> 6.52%
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State Attorneys,
Public Defenders

137

Elected Officers' Class--
Justices, Judges

10.10% ~~10.05%~~

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Elected Officers' Class--
County Elected Officers

8.36% ~~8.44%~~

139

Senior Management Class

4.80% ~~4.81%~~

140

DROP

4.30% ~~4.63%~~

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(5) In order to address unfunded actuarial liabilities of the system, the required employer retirement contribution rates for each membership class and subclass of the Florida Retirement System for both retirement plans are as follows:

Percentage of
Gross
Compensation,
Effective

Membership Class

July 1, 2014 ~~2013~~

147

148

Regular Class

2.54% ~~2.19%~~

149

Special Risk Class

7.51% ~~6.83%~~

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150

Special Risk

Administrative

Support Class

36.59% ~~30.56%~~

151

Elected Officers' Class-

Legislators, Governor,

Lt. Governor,

Cabinet Officers,

State Attorneys,

Public Defenders

38.66% ~~24.85%~~

152

Elected Officers' Class-

Justices, Judges

21.77% ~~17.00%~~

153

Elected Officers' Class-

County Elected Officers

33.58% ~~23.36%~~

154

Senior Management Service

Class

15.04% ~~12.27%~~

155

DROP

6.72% ~~7.01%~~

156

157 Section 6. Section 121.74, Florida Statutes, is amended to
158 read:

159 121.74 Administrative and educational expenses.-In addition
160 to contributions required to fund member accounts under ss.
161 121.71 and 121.73, effective July 1, 2010, through June 30,
162 2014, employers participating in the Florida Retirement System

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163 shall contribute an employer assessment amount equal to 0.03
164 percent of the payroll reported for each class or subclass of
165 Florida Retirement System membership. Effective July 1, 2014,
166 the employer assessment is ~~contribution rate shall be~~ 0.04
167 percent of the payroll reported for each class or subclass of
168 membership. The amount assessed ~~contributed~~ shall be transferred
169 by the Division of Retirement from the Florida Retirement System
170 Contributions Clearing Trust Fund to the State Board of
171 Administration's Administrative Trust Fund to offset the costs
172 of administering the investment plan and the costs of providing
173 educational services to members of the Florida Retirement
174 System. Approval of the trustees is required before the
175 expenditure of these funds. Payments for third-party
176 administrative or educational expenses shall be made only
177 pursuant to the terms of the approved contracts for such
178 services.

179 Section 7. The Legislature finds that a proper and
180 legitimate state purpose is served when employees, officers, and
181 retirees of the state and its political subdivisions, and the
182 dependents, survivors, and beneficiaries of such employees,
183 officers, and retirees, are extended the basic protections
184 afforded by governmental retirement systems. These persons must
185 be provided benefits that are fair and adequate and that are
186 managed, administered, and funded in an actuarially sound
187 manner, as required by s. 14, Article X of the State
188 Constitution and part VII of chapter 112, Florida Statutes.
189 Therefore, the Legislature determines and declares that this act
190 fulfills an important state interest.

191 Section 8. The Legislature finds that a proper and

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192 legitimate state purpose is served when employees, officers, and
193 retirees of the state and its political subdivisions, and the
194 dependents, survivors, and beneficiaries of such employees,
195 officers, and retirees, are extended the basic protections
196 afforded by governmental retirement systems that provide fair
197 and adequate benefits, including health insurance subsidies, and
198 that are managed, administered, and funded in a sustainable
199 manner. Therefore, the Legislature determines and declares that
200 this act fulfills an important state interest.

201 Section 9. This act shall take effect July 1, 2014.