

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Committee on Appropriations

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BILL: CS/SB 1054

INTRODUCER: Governmental Oversight and Accountability Committee and Senator Evers

SUBJECT: Retirement

DATE: April 8, 2015

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>McVaney</u>	<u>McVaney</u>	<u>GO</u>	<u>Fav/CS</u>
2.	<u>White</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable</u>
3.	<u>McSwain</u>	<u>Kynoch</u>	<u>AP</u>	<u>Pre-meeting</u>

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 1054 grants local government employers the authority to reassess its designation of positions in, and remove positions from, the Senior Management Service Class of the Florida Retirement System. The first period during which positions may be reassessed is July 1, 2015, through December 31, 2015, and every five years thereafter.

The fiscal impact of the bill is \$18,900 for staff overtime at the Division of Retirement (division) of the Department of Management Services, to accommodate the additional workload every five years.

The bill is effective July 1, 2015.

**II. Present Situation:**

The Senior Management Service Class (SMSC) of the Florida Retirement System (FRS) was established initially on February 1, 1987.<sup>1</sup> The SMSC consists of state and local government employees who are statutorily defined as members of the SMSC or fill full-time positions designated by the local employers as having managerial or policymaking responsibilities. As of

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<sup>1</sup> Section 121.055, F.S.

June 30, 2014, there were 7,607 active members in the SMSC,<sup>2</sup> comprising roughly 1.2 percent of the active FRS membership.

The SMSC includes the following local government positions:

- Presidents of each community college;<sup>3</sup>
- Managers of each participating municipality or county;<sup>4</sup>
- Appointed district school superintendents;<sup>5</sup>
- Executive director or staff director of any metropolitan planning organization participating in the FRS;<sup>6</sup>
- Up to 10 nonelective full-time positions to be designated by each local agency employer;<sup>7</sup> and
- For local agencies with 100 or more regularly established positions, additional nonelective full-time positions to be designated but not to exceed 1 percent of the regularly established positions within the agency.<sup>8</sup>

To be included in the SMSC, the positions designated by the local agency employer must be managerial or policymaking positions. The employee filling the position must serve at the pleasure of the local agency employer without civil service protection, and who either (a) heads an organizational unit or (b) has responsibility to effect or recommend personnel, budget, expenditure, or policy decisions in his or her areas of responsibility.

The local agency employer must publish the intent to designate positions for inclusion in the Senior Management Service Class once a week for two consecutive weeks in a newspaper of general circulation published in the county or counties affected, as provided in ch. 50, F.S. The SMSC eligibility then belongs to the position and the incumbent filling that position.

Once a position is designated as a SMSC position, it is not removed from the SMSC unless the duties and responsibilities of the position change substantially and it no longer meets the requirements for participation in this class of membership.

A local agency employer includes a board of county commissioners; an elected clerk of the circuit court, sheriff, property appraiser, tax collector, or supervisor of elections; a community college board of trustees; a district school board; the governing body of a municipality, metropolitan planning organization, or special district.<sup>9</sup>

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<sup>2</sup> Florida Dep't of Management Services, *The Florida Retirement System Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2014*, at p. 115, available online at: [https://www.rol.frs.state.fl.us/forms/2013-14\\_CAFR.pdf](https://www.rol.frs.state.fl.us/forms/2013-14_CAFR.pdf).

<sup>3</sup> Section 121.055(1)(b), F.S.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Section 121.055(1)(l), F.S.

<sup>7</sup> Section 121.055(1)(b)1.b., F.S.

<sup>8</sup> *Id.*

<sup>9</sup> Section 121.021(42)(a), F.S.

The table below shows the differences between Regular Class membership and SMSC membership in the FRS. If the position is no longer in the SMSC, it will, by default, be within the Regular Class.

	<b>Regular Class</b>	<b>SMSC</b>
Annual Service Credit	1.6 percent to 1.68 percent for each year of service	2 percent for each year of service
Investment Plan Contribution into member account	6.3 percent of salary (including the 3 percent member contribution)	7.67 percent of salary (including the 3 percent member contribution)

**III. Effect of Proposed Changes:**

This bill allows local agency employers to reassess positions previously designated as SMSC positions. The local employers may request removal of the reviewed positions from the SMSC if done within the six-month period. The change in the designated SMSC positions is effective beginning the month after the notification is received by the division. The bill establishes a SMSC redesignation window every five years.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

The bill allows local governments to review and redesignate their positions covered by the SMSC. It does not change the total number of positions that can be designated and does not require local agency employers to reassess any positions. All changes are prospective.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. **Government Sector Impact:**

Under CS/SB 1054, the six-month window in 2015 and each five years thereafter creates a temporary increase in agency workload. The time to process these requests for removal, redesignation, and other related SMSC changes by the division is estimated at 20 hours per week for the six-month processing period. The estimated cost is \$18,900 in staff overtime to accommodate this periodic increase in workload.<sup>10</sup>

VI. **Technical Deficiencies:**

None.

VII. **Related Issues:**

None.

VIII. **Statutes Affected:**

This bill substantially amends section 121.055 of the Florida Statutes.

IX. **Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Governmental Oversight and Accountability on March 10, 2015:**

Eliminates the restriction that the position be vacant at the time the position is removed from the Senior Management Service Class.

- B. **Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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<sup>10</sup> Dep't of Management Services, *Legislative Bill Analysis for SB 1054*, at 3 (Feb. 27, 2015).