

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 3010
 SPONSOR: Senator Constantine
 SUBJECT: Teachers' Retirement System
 DATE: April 5, 2004 REVISED: 04/14/04 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Fav/1 amendment</u>
2.	_____	_____	<u>AGG</u>	_____
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill permits retired members of the closed Teachers' Retirement System to be reemployed on an annual contractual basis after a retirement period of one calendar month without further suspension of benefits for the first year.

This bill substantially amends section 238.181, F. S.

II. Present Situation:

The Florida Retirement System (FRS) was created in 1970 through a merger of three separate public pension plans: the Teachers' Retirement System (TRS), the Highway Patrol Pension Fund, and the State and County Officers and Employees' Retirement System. Existing members of the TRS were afforded six opportunities to exchange their membership in that plan with the successor FRS. Through the first quarter of 2004 there were about 600 TRS members employed who had chosen to remain in that closed plan, about 150 in active status with the remainder in the Deferred Retirement Option Plan.

The 2003 Legislature enacted ch. 2003-260, Laws of Florida, to permit the reemployment of retired instructional personnel in district school boards after one month of retirement. Current law provides that a member of the FRS who is reemployed in a covered position shall have the first twelve months' of benefits suspended. The actuarial equivalent of this benefit suspension is part of the calculation upon which the overall FRS rate structure is based. This provision was added to ch. 121, F.S., to partially offset the imbalance experienced in the attrition and replenishment of instructional personnel in the district school system. Through the first part of 2004 a total of 401 retirees availed themselves of this reemployment provision in the district school system.

III. Effect of Proposed Changes:

Section 1. The bill amends s. 238.181, F.S., to permit retroactive to July 1, 2003, the reemployment after one month of retirement of a member retired from the TRS in an instructional capacity with a district school board member of the FRS. As renewed employees, the provisions of s. 121.122, F.S., apply. These provide that renewed service may be claimed only in the Regular Class and in the Senior Management Service Class.

Section 2. The bill provides for the financial indemnification of any employee who resumed employment as instructional personnel and who retired from the TRS. It provides a statement that the employee will receive a full refund of the pension benefits that were erroneously denied and that the participating employer will receive a full refund of excess payroll contributions. The section also states that the costs for this provision were assumed within the funding structure provided for in ch. 2003-260, Laws of Florida.

Section 3. The bill is effective upon becoming a law and operates retroactively to July 1, 2003.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

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:

The bill makes whole those former TRS retirees who resumed covered FRS employment as instructional personnel and who suffered a suspension of pension benefits from the second through the twelfth month of retirement.

C. Government Sector Impact:

The FRS pension financial consequence of this bill was already funded in 2003. Division "E" is the only remaining part of TRS. That division has a combined payroll contribution rate of 17.60 percent, inclusive of the Health Insurance Subsidy (HIS) of 1.11 percent and an employee co-payment of 6.25 percent. There are no Social Security

benefits payable under Division “E” unlike the FRS whose benefits are supplemental to this federal program.

The employer payroll costs assessed the Regular Class of the FRS for the remainder of this fiscal year is 6.18 percent plus the HIS amount of 1.11 percent.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Governmental Oversight and Productivity:

Includes instructional personnel employed by state university laboratory schools and the Florida School for the Deaf and Blind in the three-year extended participation in the Deferred Retirement Option Program.

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