

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.)

Prepared By: Community Affairs Committee

BILL: SB 1822

INTRODUCER: Senator Saunders

SUBJECT: Florida Retirement System

DATE: March 9, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Vickers	Yeatman	CA	Favorable
2.	_____	_____	GO	_____
3.	_____	_____	WM	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides that federally-licensed pilots employed by state and local agencies whose duties include piloting for mosquito control purposes are included within the Special Risk Class of the Florida Retirement System (FRS).

This bill substantially amends sections 121.021 and 121.0515 of the Florida Statutes.

II. Present Situation:

Florida Retirement System - The FRS was created in December 1970 to consolidate then-existing state-administered retirement systems for state and county officers and employees, teachers, judges, and Florida Highway Patrol officers. Today, the FRS is the fourth largest public retirement system in the United States, covering 648,379 active employees, 237,730 annuitants (retirees and their surviving beneficiaries), and 31,457 participants of the Deferred Retirement Option Program (DROP).

All state and county employees are compulsory members of the FRS, and as of June 30, 2005 about 151 Florida cities¹ were covering firefighters, police, and/or general employees under the FRS. On that date, there were also 186 independent special districts² with members in the FRS. As of June 30, 2005, state employees (including university employees) represent 21.59 percent of the FRS membership. Remaining members are employed by local agencies, including all

¹ In January 1, 1996, many cities and special districts were authorized by law to "opt out" of the FRS for new employees. Many chose to do so, and since that time, some have elected to rejoin the FRS. As of June 30, 2004, among the 141 cities participating in the FRS, there are 48 cities that have chosen to withdraw from the system and do not cover new members under the FRS.

² This number includes 15 independent special districts closed to new FRS members since January 1996.

counties (23.2%), district school boards (48.7%), and community colleges (2.8%), as well as cities and special districts (3.7%) that have opted to join the FRS.

The active membership of the FRS is divided into five membership classes: The Regular Class consists of 570,888 members (88.0% of the membership); the Special Risk Class includes 68,466 members (10.59%), the Special Risk Administrative Support Class has 80 members (0.01%), the Elected Officers' Class has 2,122 members (0.3%), and the Senior Management Service Class has 6,823 members (1.1%). Each class is separately funded based upon the costs attributable to the members of that class.

Eligibility for normal, unreduced retirement occurs at the completion of 30 years of service or age 62, whichever is earlier, or 25 years of service and age 55 for the two special risk classes. Members must satisfy minimum service periods to qualify, or vest, for benefits. Effective July 1, 2001, three separate vesting periods were collapsed into one uniform 6-year period. Early retirement can occur at any age subsequent to vesting but is accompanied by an annual penalty of 5 percent per year measured from age 62.

Benefit administration is the responsibility of the Division of Retirement in the Department of Management Services. Investment activities are conducted by a constitutional agency, the State Board of Administration headed by the Governor, Comptroller, and Treasurer in their collegial capacity and the Trustees of the Florida Retirement System Trust Fund. Article X, s. 14 of the State Constitution and ch. 121 and Part VII of ch. 112, F.S., govern the operation of the system and its requirement that benefits must be prefunded in a sound actuarial manner.

Special Risk Class - Section 121.021(15), F.S., defines "special risk member." Section 121.0515, F.S., establishes Legislative intent for the Special Risk Class. This provision notes that:

. . . it is the intent and purpose of the Legislature to recognize that persons employed in certain categories of law enforcement, firefighting, criminal detention, and emergency medical care positions are required as one of the essential functions of their positions to perform work that is physically demanding or arduous, or work that requires extraordinary agility and mental acuity, and that such persons, because of diminishing physical and mental faculties, may find that they are not able, without risk to the health and safety of themselves, the public, or their coworkers, to continue performing such duties and thus enjoy the full career and retirement benefits enjoyed by persons employed in other positions and that, if they find it necessary, due to the physical and mental limitations of their age, to retire at an earlier age and usually with less service, they will suffer an economic deprivation therefrom. Therefore, as a means of recognizing the peculiar and special problems of this class of employees, it is the intent and purpose of the Legislature to establish a class of retirement membership that awards more retirement credit per year of service than that awarded to other employees; however, nothing contained herein shall require ineligibility for special risk membership upon reaching age 55.

Subsection (2) of that section establishes criteria for membership in the Special Risk Class.

Numerous positions are designated Special Risk Class, including, but not limited to, law enforcement officers, firefighters, correctional officers, emergency medical technicians or paramedics, and community-based correctional probation officers. Currently, two categories of pilots are included within the Special Risk Class. Pilots of fixed-wing aircraft employed by the Division of Forestry within the Department of Agriculture and Consumer Services who are engaged in aerial firefighting are included within Special Risk. In addition, sworn law enforcement officers who are pilots and are engaged in aerial law enforcement are included within Special Risk.

Mosquito Control Pilots – Currently, there are 32 full-time pilots and 7 part-time pilots employed by 14 Mosquito Control Districts in Florida. In addition, the Department of Agriculture and Consumer Services employs 1 mosquito control pilot. According to representatives of the Mosquito Control Association, pilots engaged in aerial mosquito spraying face considerable dangers. Pilots generally operate at night, at low altitudes, and at relatively slow speeds.

III. Effect of Proposed Changes:

Section 1 amends s. 121.021, F.S., to provide that the term “special risk member” includes any member employed as a Federal Aviation Administration-licensed pilot by a municipality, county, special district, or state agency authorized to provide mosquito control services whose duties include piloting for purposes of mosquito control as established in the newly created s. 121.0515(2)(i), F.S.

Section 2 amends s. 121.0515, F.S., (“Special risk membership”) to provide that a member must be employed as a Federal Aviation Administration-licensed pilot by a municipality, county, special district or state agency authorized to provide mosquito control services. This section further specifies that the member’s duties must include piloting aircraft for the purpose of mosquito control treatment. The bill exempts administrative support personnel from this definition.

Section 3 provides a statement of important state interest.

Section 4 provides an effective date of October 1, 2006.

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:

None.

C. Government Sector Impact:

If mosquito control pilot positions were added to the Special Risk Class, the employers of these members would pay the 17.34 % of pay required for this class instead of the 6.20% contribution rate for the Regular Class. The actual costs to each employer will depend upon the specific salaries of the employees involved. Given the relatively limited number of pilots (39) engaged in aerial mosquito spraying, the cost to state and local governments would be minimal.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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