

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB GEAC 07-27 Retirement
SPONSOR(S): Government Efficiency & Accountability Council
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Government Efficiency & Accountability Council		Belcher	Cooper
1) _____	_____	_____	_____
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Section 121.031, F.S., provides for an annual actuarial study of the Florida Retirement System and for a report of the results to the Legislature by December 31 each year. Thereafter, the Legislature establishes uniform contribution rates in law annually. Participating employers in the Florida Retirement System must make monthly contributions to fund the system.

The bill establishes the required employer payroll contribution rates for each membership class and subclass of the defined benefit plan of the Florida Retirement System retirement plan for the fiscal year beginning July 1, 2007.

The bill amends s.121.71, Florida Statutes.

The bill provides an effective date of July 1, 2007.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Not applicable.

B. EFFECT OF PROPOSED CHANGES:

The bill amends s. 121.71, F.S., to set the employer payroll contribution rates for the defined benefit plan of the Florida Retirement System and continues in Fiscal Year 2007-08 the current rates in place for Fiscal Year 2006-07.

C. SECTION DIRECTORY:

Section 1. Amends s. 121.71, F.S., to set the employer payroll contribution rates for the defined benefit plan of the Florida Retirement System and continues in Fiscal Year 2007-08 the current rates in place for Fiscal Year 2006-2007.

FRS Actual and Proposed Contribution Rates For Fiscal Years 2007 and 2008

Retirement Class	PCB/GEAC07-27 FY 07-08 (%)	Normal Cost Rates FY 07-08 Based on 2006 Valuation	Actual Rate in Effect FY 06-07 (%)
Regular	8.69	9.55	8.69
Special Risk	19.76	21.92	19.76
Special Risk, Admin.	11.39	11.86	11.39
Elected State Officers	13.32	14.66	13.32
Elected, Judges	18.40	20.42	18.40
Elected, County Off.	15.37	17.03	15.37
Senior Management	11.96	12.95	11.96
DROP	9.80	10.89	9.80

Section 2. Provides that the bill takes effect July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

3. Other:

Article X, Section 14, State Constitution, and Part VII of ch. 112, F.S., separately require all public sector pension plans to prefund all promised pension benefits in a sound actuarial manner to avoid the intergenerational transfer of unfunded risk.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement provided.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES