



Florida Police Benevolent Association, Inc.
CAPITOL REPORT

For the Week Ending February 5, 2010



Matt Puckett
*Deputy Executive
Director*

Florida Retirement System still under the Senate Microscope

For the third meeting in a row, the Senate Government Oversight and Accountability Committee heard public testimony about the funding status and benefits offered to employees participating in the Florida Retirement System (FRS). During this discussion, committee members and members of the audience received a [presentation](#) from Mrs. Sarah Beth Snuggs, Director of the Division of Retirement, detailing Florida's benefit package with comparisons to other states mainly in the Southeastern United States.

Florida is in the middle of the pack in terms of general benefits, but for the purposes of some Senate budget hawks, Florida is the leader in one important category: Funded Status. Florida's System led the group with the highest overall percentage in Funded Status, which is a comfortable perch to occupy. Regardless of the other categories, the fact that Florida has a fiscally sound system near fully Funded Status even after the terrible market adjustment of 2009 should ease the concerns of Legislators overseeing the FRS this year. This ranking highlighted Mrs. Snuggs presentation and may have alleviated some of the tension certain members of the committee had after the previous meeting.

One characteristic of the Florida System is that it can maintain a high Funded Status without employee contributions. Every other state, but Tennessee, had employee contributions. Florida is constitutionally required to ensure changes to the benefits are accounted for in the contribution rates prior to implementation so that deficits are avoided over the long term. Few other southeastern states exercise this type of fiscal accountability. As a result, many states are underfunded and the employees are paying the price.

Florida's system is financially healthy despite the market setbacks. However, the committee members still have to recommend contribution rates for the upcoming fiscal year and, as a result of the market setbacks, these rates will increase perhaps as much as 7% for the Special Risk Class. There are growing concerns, as you will read in the next article, that to keep the rates in check, the Legislature will need to enact benefit reductions to the system.

OPPAGA Report Recommends FRS Class Restructure to Cut Costs

The FRS may measure well against other states in the southeast, but a number of Legislators are still very concerned with costs of Florida's system. The Office of Program Policy Analysis and Government Accountability (OPPAGA) is the research arm of the Florida Legislature and this year OPPAGA was tasked to analyze the class structure of the FRS with emphasis on ways to reduce costs. If the presentation discussed in the last article offered everyone some comfort, this report may turn your stomach in knots.

The [OPPAGA report](#) gave a historical view of how the FRS got to the point it is at today. It compared Florida's benefit structure and class structure to other states and the federal government. Then it got to the point of the analysis, how can the Legislature restructure the classes to cut costs. Our focus will center on the topic of class restructuring.

OPPAGA provided the Legislature with four restructuring options:



PBA's Senior Lobbyist Ed Hoffman reading through the OPPAGA report prior to a committee meeting.

- Option 1) Consolidate the classes based on the employees ability to work a 30 year career;
- Option 2) Limit Special Risk to Law Enforcement, Firefighters, and Correctional Officers;
- Option 3) Reduce accrual rates for employees;
- Option 4) Require employee contributions.

Since our membership is composed of Special Risk Class Members, the following summaries will demonstrate how each option would affect the Special Risk Class.

Option 1) The recommendation is to make the FRS a two class system by requiring everyone who is expected to work a 30 year career a member of the Regular Class; and everyone who by the nature of their work may become a danger to the public, themselves, and their coworkers after 25 years of service, a member of Special Risk. Of note within this recommendation is that some

current members of Special Risk may be required to work 30 years, which would move them into the Regular Class. Another glaring change to class structure in this option is the accrual rate for Special Risk would drop down to 2% from the current 3%. So the new calculating formula would be a general 25 yrs x 2%, equaling 50% of your best five years of salary (a 25% REDUCTION to your current benefit).

Option 2) The recommendation is to purge the Special Risk Class membership back down to the original membership employees who are career Law Enforcement Officers, Firefighters, or Correctional Officers. Obviously, if you are not classified, even loosely, into one of these three categories, the recommendation is to move you into Regular Class. For the remaining members, the accrual rate would remain at 3% with 25 years of service. A major concern would be the potential that Correctional Probation Officers would not be included in Special Risk.

Option 3) The recommendation is to reduce Special Risk from a 3% accrual per year of service to a 2% accrual per year. As discussed in Option 1), the new calculating formula would be a general 25 yrs x 2%, equaling 50% of your best five years of salary (a 25% REDUCTION to your current benefit). This option does not include a purge to Special Risk, but it would reduce all other classes' accrual rates to the Regular Class rate of 1.6% which is essentially a purge.

Option 4) The recommendation is to require all employees to contribute to the pension like the original FRS of 1970. This option would not purge classes or reduce benefits, but the employee contribution would essentially operate like a pay reduction.

The Florida PBA has spent everyday of the interim committee weeks meeting with Legislators discussing all of these subjects and more. We are concerned that some reductions to benefits may be implemented during this session. Our goal is to keep all of the benefits included with Special Risk Class Membership in place.

More Discussion on State's Health Insurance Deficit

As was mentioned in our last Capitol Report (Jan 22, 2010), the state is facing up to a \$500 million deficit in the 2011-2012 health insurance fund unless changes are made to fill the hole.

Nothing much has changed since then except it appears members of the Select Exempt Class may very well begin to pay the premiums for health insurance coverage.

We will keep you informed as this issue develops.

PBA's DROP Extension Bill Unanimously Passed the Senate Committee

SB 612 by Senator Carey Baker received unanimous support from the Senate Criminal Justice Committee on Wednesday, February 3rd. The Senate Committee was the only committee to hear the bill in last year's session and we are appreciative to Senator Paula Dockery for allowing SB 612 on the agenda again this year prior to receiving the results of the actuarial study.

For the last two years, the lack of a study has scuttled the bill's chances. This year's bill study is scheduled to be completed by February 26th.



Senator Carey Baker (3rd from Left) with PBA Lobbyists after Criminal Justice meeting.

As Senator Baker noted in his remarks to the committee, this legislation is allowing law enforcement, correctional, or correctional probation officers at the rank of captain and below to extend DROP participation for an additional 36 months beyond the current 60 months limit. Just like the

teachers who already receive the extension, this measure is being sought to keep agencies, struggling to retain and recruit officers, from losing well qualified officers to DROP termination.

Please click on the link below to watch PBA Lobbyist Jim Spearing speak briefly to the Criminal Justice Committee on the association's behalf.

[PBA Lobbyist Jim Spearing's Public Testimony on SB 612](#)

The next stop for SB 612 is the Senate Community Affairs Committee.

PBA Supports Legislation to Further Protect Correctional Officers

SB 960 by Senator Paula Dockery will implement a series of changes to the law in the area of corrections. Two of these changes were heavily supported by the Florida PBA during the public testimony phase of the bill hearing on Wednesday, February 3rd in the Senate Criminal Justice Committee.

PBA Executive Director David Murrell applauded Walt McNeil, Secretary of the Department of Corrections and Senator Dockery for changing the law to



PBA Executive Director David Murrell testifying during the Senate Criminal Justice Committee.

require that private correctional employees be punished like state correctional officers would be if an officer engages in consensual sexual conduct with an inmate. Currently, private institutions are not covered in those circumstances. Mr. Murrell also commended the legislation for

including the despicable behavior such as “gunning,” lascivious genital exposure, or other lewd sexual acts by inmates in the presence of a Correctional employee, as violation of the law and punishable as a third degree felony for lewd and lascivious behavior.

This legislation is long overdue and PBA is proud to stand with Secretary McNeil in support of its passage.

Until next week, please be safe out there.