



LegisLetter

FLORIDA STATE UNIVERSITY GOVERNMENTAL RELATIONS

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Pension Reform

Last week legislators introduced new bills addressing state employee retirement and set aside those that they were previously proposed. Following is a summary of last weeks bills:

HB 1405, Retirement by Representative Ritch Workman (R – Melbourne), makes several changes to the FRS. These proposed changes, however, do not apply to those persons who have already retired from FRS employment. Benefits already earned are not impacted by the proposed changes in this bill. The bill changes the name of the FRS defined benefit program to the **Florida Retirement System Pension Plan** (pension plan). It also changes the name of the defined contribution program from the Public Employee Optional Retirement Program to the **Florida Retirement System Investment Plan** (investment plan). Effective July 1, 2011, the bill:

- **Requires a 3 percent employee contribution for members of all classes of the FRS pension plan and investment plan.**
- Closes the Deferred Retirement Option Program to new participants.
- Increases the retirement age and years of service for new members of the Special Risk Class and the Special Risk Administrative Support Class as follows:
 - Increases the age from 55 to 60 years of age; and
 - Increases the years of creditable service from 25 to 30 years.
- It also increases the retirement age and years of service for new members in all other classes as follows:
 - Increases the age from 62 to 65 years of age; and
 - Increases the years of creditable service from 30 to 33 years.

The bill passed out of the Appropriations Committee last week and will be heard by the full House on Wednesday.

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This past week, House and Senate budget committees rolled out – and approved – starkly different proposals for the coming year’s budget, setting the stage for a contentious battle in the weeks ahead.

The Senate committee’s \$70 billion budget relies on sweeping changes to state employee pensions, and eliminates more than 5,000 state jobs. It also relies on privatizing state entities to realize reductions, and includes deep cuts to health-related programs.

By contrast, the House committee’s plan, which is \$3.3 billion less than the Senate’s proposal, taps into more than \$300 million from the state’s road-building trust fund. However, like the Senate, the House would also eliminate more than 5,000 state positions.

As for higher education, the House would eliminate funds for biomedical research and slash financial aid programs. However, that body would allow for a 5% base tuition hike, while the Senate expects universities to raise tuition through the differential process.

Both chambers would also force state workers to pay 3 percent of their salaries toward their pensions (**see related update**).

State lawmakers said this past week has been one of the most difficult of the past decade, insisting they had to craft budgets with “painful choices” and “tough medicine” in order to fill a projected \$3.75 billion budget shortfall. This week’s debate is sure to further turn up the heat as the full chambers move toward approving their respective plans.

Among other legislation, the House completed its proposal to overhaul Medicaid last week when it passed **HB 7107**, along mostly partisan lines. The Senate, meanwhile, is still working on a much different plan. The House proposal would shift all of the state’s Medicaid patients into managed care over the next five years, and place caps on non-economic damages in lawsuits against Medicaid providers, the latter through a separate measure, **HB 7109**.

As the budget process continues to ramp up, individual committees are winding down, with the last of committee work scheduled to be wrapped up by mid-April. In the meantime, though, several bills of interest continue to move along. Please **see the Spotlight on Bills section** of this newsletter for those that pertain to higher education.

Final preparations will be made this week for our FSU Day festivities next week at the Capitol. Please see the related story for participation information.

As always, legislative activities can be seen live on the Florida Channel, local cable channel 4, or online at www.wfsu.org. As always, please feel free to contact me with questions, comments and concerns. I can be reached at **(850) 644-4453** or **kdaly@fsu.edu**.

Kathleen

FSU Day at the Capitol

FSU Day at the Capitol has become a popular tradition during the legislative session and a wonderful opportunity to bring Florida State University to our friends in the Legislature. With this event, we emphasize the University's long and proud heritage and bring attention to the extraordinary accomplishments of students and faculty. This year, **FSU Day at the Capitol is scheduled for Tuesday, April 12, 2011.**

Please join us for a day filled with informative displays in the plaza level, second and third floor rotundas from 10:00 a.m. to 2:00 p.m., as well as appearances by FSU celebrities, performances by the Pep Band, cheerleaders and the Flying High Circus during the lunch hour in the courtyard beginning at 11:30 a.m. Refreshments will be available for all to enjoy. Please contact Toni Moore at 644-3847 if your department has not yet signed up for a display.

In addition to our festivities on the 12th, this year we are adding a kick-off reception the evening of April 11th on the 22nd floor of the Capitol. The reception is 5:30 p.m. to 7:30 p.m. We invite you to come by and meet our legislators.

Mark your calendars now! We look forward to seeing you in your Garnet and Gold on April 11 and 12.

Pension Reform... continued from page 1

The Senate bill, **SB 7094 by the Budget Committee**, proposes the following changes to the Florida Retirement System (FRS):

- Changes the name of the FRS defined benefit program to the **Florida Retirement System Pension Plan** (pension plan), and changes the name of the FRS defined contribution program from the Public Employee Optional Retirement Program to the **Florida Retirement System Investment Plan** (investment plan).
- Eliminates accumulated annual leave payments and overtime from "compensation" and "average final compensation" on or after July 1, 2011.
- Increases the normal retirement age for Special Risk Class members enrolled on or after July 1, 2011 to that of other classes if they choose to enroll in the pension plan.
- Effective July 1, 2011, closes the pension plan to new enrollees and requires compulsory enrollment in the investment plan, except that those who qualify for Special Risk Class membership may still enroll in the pension plan. Specifies that employees eligible to enroll in one of the three optional retirement programs may elect to do so in lieu of compulsory enrollment in the investment plan.
- Closes the Deferred Retirement Option Program (DROP) to new participants, effective July 1, 2011.
- Allows reenrollment after retirement in the investment plan.

- Changes vesting for members enrolled in the investment plan on or after July 1, 2011. Such members will vest in graded increments over a five-year period.
- **Changes the FRS from a noncontributory system to a contributory system and requires each active member of the FRS to contribute 3 percent of pre-tax gross salary to fund retirement benefits, effective July 1, 2011.**
- Eliminates the cost-of-living adjustment (COLA) for service earned on or after July 1, 2011.

The bill also includes the following provisions.

- Establishes conforming and implementing provisions related to the substantive changes to the FRS.
- Establishes the required employer payroll contribution rates for each membership class and subclass of the FRS retirement plan for the fiscal year beginning July 1, 2011.
- **Requires each active member of the Senior Management Service Optional Annuity Program, the State University System Optional Retirement Program, and the Community College Optional Retirement Program to contribute the same percentage of gross salary to fund retirement benefits as those contributed by FRS employees, effective July 1, 2011.**
- Allows the Department of Management Services Bureau of Local Government Retirement Funding (bureau) to use principal moneys deposited in the Police and Firefighters' Premium Tax Trust

Fund to fund the bureau's operations when the interest and investment income earned on those moneys is insufficient.

- Links National Guard retiree pension benefit increases to the FRS COLA.
- Provides that during the 90-day period beginning on the effective date of the bill, a FRS employer may contribute to the retirement account of a current employee who is retired from the FRS the amount that would have been contributed had the employee been allowed to reenroll in the FRS during the 2010-2011 fiscal year.

The bill was submitted as a committee bill by the Budget Committee last week, and will next be heard by the full Senate.

SESSION SCHEDULE

SENATE SESSION

Wednesday, April 6, 2011
10:00 a.m. to 6:00 p.m.

Thursday, April 7, 2011
10:00 a.m. to 6:00 p.m.

HOUSE SESSION

Wednesday, April 6, 2011
12:00 noon to 7:00 p.m.

Thursday, April 7, 2011
12:00 noon to 7:00 p.m.

Spotlight on Bills

HB 5005, Deregulation of Professions and Occupations by Representative Esteban Bovo (R – Hialeah)

repeals the regulations of multiple professions, businesses and occupations including:

- Athlete Agents – The bill repeals all regulations and licensure requirements related to athlete agents.
- Interior Designers – Current law prohibits unlicensed designers from performing interior design services, unless they met the grandfathering provision that was included to allow designers who had qualified to use the title “registered interior designer” to be licensed upon taking a board-approved examination, including the NCIDQ. Sections 14 through 31 of the bill repeal all licensure and regulatory requirements for interior designers.

The bill reported out of the Appropriations Committee last week and is waiting to be heard by the full House. A comparable bill in the Senate, **SB 1824 by Senator Alan Hays (R – Umatilla)** will be heard in the Transportation Committee tomorrow. But this bill does not de-regulate interior designers and does not even mention athlete agents.

HB 599, Uniform Prudent Management of Institutional Funds by Representative Kathleen Passidomo (R - Naples)

creates the Uniform Prudent Management of Institutional Funds Act, the bill was amended last week in the Commerce and Tourism Committee to adopt the 2006 Uniform Prudent Management of Institutional Funds Act (act), and repeal the current Uniform Management of Institutional Funds Act contained in s. 1010.10, F.S., for educational endowments. The bill was amended with a technical amendment last week and reported favorably in the Civil Justice Subcommittee. An identical bill in the Senate, **SB 952 Uniform Prudent Management of Institutional Funds Act, by Senator Garrett Richter (R - Naples)**, is scheduled to be heard in the Higher Education Committee today.

SB 1194, Postsecondary Education by Senator Steve Oelrich (R – Gainesville, FSU Alum), makes changes to several sections of the Florida

Statutes relating to postsecondary education.

Specifically, the bill:

- Removes obsolete references to the College Level Academic Skills Test;
- Makes college readiness testing uniform;
- Codifies the Articulation Coordinating Committee;
- Removes a barrier to postsecondary education for individuals with intellectual disabilities by allowing them to use reasonable substitutions for admission to postsecondary programs;
- Authorizes the Department of Education to certify community service hours for home education students’ Bright Futures Scholarship requirements;
- Deletes requirements for the State Board of Education to approve community college budgets; and
- Abrogates the repeal of the 21st Century Technology, Research, and Scholarship Act.

The bill reported favorably in the Children, Family and Elder Affairs Committee last week and is now in the Budget Committee. A comparable bill in the House, **HB 4155 by Representative Kelli Stargel (R – Lakeland)**, reported favorably out of the K – 20 Competitiveness Subcommittee and will be heard in the Education Committee tomorrow.

HB 733, Tax on Sales, Use, and Other Transactions by Representative Elizabeth Porter (R – Lake City, FSU Alum), establishes a 3 day sales tax exempt period on certain items from August 12, 2011, through August 14, 2011. During the sales tax holiday, clothing, footwear, wallets, bags, and textbooks that cost \$75 or less, and school supplies that cost \$15 or less are exempt from the state sales

tax and county discretionary sales surtaxes (commonly called “local option sales taxes”).

The bill specifies that the exemption during the period does not apply to sales within a theme park, entertainment complex, public lodging establishment, or airport.

Based on similar proposals reviewed by the 2011 Revenue Estimating Conference, legislative staff estimates that this bill would have a negative, nonrecurring impact of \$34.7 million to General Revenue and \$7.6 million to local governments in Fiscal-Year 2011-12. The bill reported favorably in the Finance and Tax Committee. A comparable bill in the Senate, **SB 508 by Senator Ellyn Bogdanoff (R – Ft. Lauderdale)** has been referred to the Education Pre-K – 12, Budget, and Rules committees.

HB 255, Parental Involvement and Accountability in the Public Schools by Representative Kelli Stargel (R Lakeland)

specifies the purpose to provide information & tools to parents of preK-12 students and to set standards for parental accountability. The bill specifies causes for student underachievement and provides principles on which parental involvement is based and strategies to improve student achievement. Additionally, the bill requires shared information between teachers, schools, and parents and, requires preK-3 teachers to assign parental involvement grade on student report cards. The bill requires that an appeals process be developed. The bill was work-shopped in the K-20 Competitiveness Subcommittee last week but a vote was not taken. A comparable bill in the Senate, **SB 1680 by Senator Rhonda Storms (R – Brandon)** has been referred to the Education Pre-K – 12 and Budget committees.



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