

The machine keeps churning away in Tallahassee. Below you will find the latest information on the attacks to the teacher retirement system.

Nick Whitman, CTA Executive Director

Public Employee Retirement and FRS Issues

These bills are being moved onto a fast track for passage in the 2010 Florida Legislative Session. One of these bills is scheduled to be voted on in the House Governmental Affairs Policy Committee next week -- HB 1319, by Rep Grady. We are hearing that an amendment is being drafted that will make the bill effective immediately (instead of the bill's current effective date of 7/01/2011).

HB 1319 makes the following changes:

- Employees hired on or after 7/01/2011, and employees entering DROP on or after 7/01/2011, will be required to pay 1% of gross salary as contribution to FRS
- The definition of average final salary calculation is changed from the highest five years to the average of total career service and salary
- Overtime and other types of compensation (such as leave payouts) may not be included in pension calculations
- Public employees enrolled in the Regular Class of FRS could retire after 33 years instead of the current 30 years (effective 7/01/2011)
- For public employees enrolled in the Regular Class of FRS, the retirement age would rise to 65 years from the current 62 years
- For public employees enrolled in the Regular Class of FRS, the FRS accrual rate is lowered to 1.44% from the current 1.6% (effective 9/30/2011)
- Vesting (eligibility for retirement) changes as follows (effective 7/01/2011):
 - From 6 years and age 62, to 6 years and age 65
 - From 30 years at any age, to 33 years at any age
- Employees retiring on or after July 1, 2010 may not exceed 80% of their average final compensation (current law: may not exceed 100%)

The sponsors of these bills claim that revising FRS and public employee retirement benefits would save the state money during this time of declining revenues and the need to fund a \$3 billion budget deficit. Sponsors of this legislation believe that changes to the Florida Retirement System (FRS) could reduce costs to Florida's budget.

HB 1319 would result in out-of-pocket costs for public education employees who would suffer reduction of their actual retirement benefit the retiree receives. Further, HB 1319 would result in out-of-pocket costs for public education employees who would be required to make increased payroll deductions towards their retirement plan.