

Retirement Bills -- Summary of 2010 Legislative Activity

HB 5701 by Rep. Rivera, R-112, Miami, a bill eliminating the Health Insurance Subsidy (HIS) for FRS retirees **passed** the House of Representatives. In a House Floor vote this afternoon, HB 5701 first failed on a vote of 57 yeas and 59 nays. But the House Leadership immediately pushed through a motion to reconsider this vote under which HB 5701 failed to pass. After winning the Motion to Reconsider, the House voted again on HB 5701 and with this vote passed HB 5701 on a vote of 63 yeas and 56 nays.

Legislators who changed their vote from “no” to “yes” on the second vote on HB 5701 are Homan (R-60, Tampa), Kelly (R-24, Ocala), Kreegel (R-72, Punta Gorda), McBurney (R-16, Jacksonville), and Trudy Williams (R-75, Ft. Myers). Legislators who did not vote at all on the 1st vote on HB 5701, but voted “yes” on the second vote are Adams (R-33, Oviedo), Eisnaugle (R-40, Orlando), and Kelly (R-24, Ocala).

The bill is being sent immediately to the Senate for Senate consideration and a Senate floor vote. This bill would have eliminated a benefit that all retirees under the FRS receive; consisting of a \$5 per month subsidy for every year they worked. The subsidy is capped to 30 years, which equals up to \$150 per month subsidy toward their monthly insurance coverage.

Contact your Senators and urge them to vote “no” on HB 5701. To find your Senators, go to www.flsenate.gov and look for “Find Your Legislators” at the bottom of the menu on the left side of the web site.

HB 1319 by Rep. Grady, R-76, Naples, remains stalled in the House Committee on Governmental Affairs Policy. The bill has never received a hearing in the Committee and the Committee has now concluded its hearings for the 2010 Legislative Session. However, there are still significant threats to pensions. The possibility remains that 1319 (or pieces of it) might be amended onto another piece of legislation. Keep those phone calls and emails going into Legislators offices urging them to oppose HB 1319 and any attempts to amend it onto other legislation.

This Bill does all the following:

- 1. Employees entering DROP will pay 1% of gross salary to FRS**
- 2. Changes final salary calculation from best 5 years to total career service.**
- 3. Overtime and other types of compensation cannot be included in the pension calculation**
- 4. Can retire with 33 years of service instead of 30.**
- 5. Retirement age changed from 62 to 65 years.**
- 6. FRS accrual rate is changed from 1.6% to 1.44% per year of service.**

7. Employees retiring on or after July 1, 2010 may not exceed 80% of their average final compensation, one its 100%.

HB 1543 by Rep. Zapata, R-119, Miami, has been withdrawn from further consideration during this 2010 Legislative Session.

SB 2022 by Senator J.D. Alexander, R-17, Lake Wales, passed a Senate floor vote on Wednesday, March 31, 2010, despite public testimony against the bill from FEA, AFSCME, the Police Benevolent Association, and the Firefighters when Senator Alexander held hearings on the bill on March 25, 2010. SB 2022 re-establishes an employee contribution – which has not existed since July 1, 1974. Although this bill does not propose reductions to FRS retirement benefits, it does propose that beginning July 1, 2010, public employees participating in the FRS plan AND the optional retirement plan begin making employee contributions to the respective plan. Employees participating in FRS retirement will be hit with a contribution rate of 0.25 % of their gross annual compensation (payroll deduction). If passed into law, the contribution rates would be set by law in the annual rate bill. *This bill will probably be sent to the House for consideration and a House floor vote. Contact your Legislators and urge them to vote “no”.*

SB 1902 by Senator Mike Bennett, R-21, Bradenton, is scheduled for hearing in the Senate Committee on Community Affairs on April 7, 2010. This bill addresses issues applicable to the Special Risk class of participants in FRS (i.e., police, firefighters, and emergency responders). However, the bill also includes provisions that could be construed as applicable to other FRS participant classes. These provisions limit the benefits payable to a member of a retirement system or plan who has not attained ten years of service by July 1, 2010, to not exceed 70 percent of his or her highest annual base pay, excluding overtime and other additional compensation. This section limits the benefits to 90 percent in situations where the member’s employer does not participate in the federal Social Security Act.

FEA remains vigilant in opposing FRS changes

We are operating in a very fluid situation on the retirement bills proposed during the 2010 Legislative Session. Although the 30 retirement bills introduced in this 2010 Legislative Session has whittled down to 2 or 3 active ones, we must remain vigilant in our opposition to changes in FRS retirement benefits. The extraordinary response from FEA members voicing their opposition to any reduction in FRS retirement benefits has slowed or stalled all but two or three of these bills. However, the legislative process operates in a way that makes it possible for any part, or all, of a stalled bill to be amended onto some other piece of legislation. This is why we must continue to voice our opposition, despite the lack of specifics regarding which bill number may be moved to committee or floor vote or amended onto other legislation. We must not allow FEA members to become discouraged or confused by Legislators who respond by saying these bills are dead, or that we have our facts wrong. There

remain legislators who hope to slide through changes and reductions in retirement benefits by playing word games with those opposing these changes and by disguising these changes under cover of non-retirement legislation that is still active.

FEA Statement of Position on All Retirement Bill

FEA remains OPPOSED to any changes to the Florida Retirement System that would result in reduced benefits or out-of-pocket costs for public employees and retirees. FEA remains opposed to any changes to, or the elimination of, the Deferred Retirement Option Program (DROP). FEA is opposed to any attempt to reduce or eliminate the Health Insurance Subsidy (HIS). FEA is opposed to out-of-pocket costs - an employee's contribution - for a participating membership in the defined benefit plan. And, FEA is opposed to retreating from a true Cost of Living Adjustment (COLA)

While the FRS system experienced a short term loss in the recent market down turn, we know that the system is invested for the long term and is a financially sound, expertly run retirement system. The Legislature is focusing on the Florida Retirement System (FRS) and all employee benefits to raise revenues to address the state's budget shortfall. These bills have been filed to slow or eliminate the long-term costs of employee benefit programs to the state.

Your help is still needed by keeping the pressure on your legislators about these issues and by calling or writing to let them know that they must defend and protect the public employee participants in the Florida Retirement System.

Luis Perez
President HSEF
Hillsborough School Employee Federation
(813)231-2030 Phone
(813)234-3825 Fax
E Mail Luisp@hsef.com
HSEF Route 6