OFFICIAL FILE COPY
CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

MEMORANDUM

Agenda Item No. 11(A)(4)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: October 21, 2014

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution urging the Florida Legislature to coordinate with Florida Retirement System employers in addition to the State of Florida in setting employer contribution rates
Resolution No. R-941-14

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Chairwoman Rebeca Sosa.

R. A. Cuevas, Jr.
County Attorney

RAC/smm

/

MEMORANDUM
(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: October 21, 2014

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 11(A)(4)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Ordinance creating a new board requires detailed County Mayor's report for public hearing**

✓ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(4)
10-21-14

RESOLUTION NO. R-941-14

RESOLUTION URGING THE FLORIDA LEGISLATURE TO COORDINATE WITH FLORIDA RETIREMENT SYSTEM EMPLOYERS IN ADDITION TO THE STATE OF FLORIDA IN SETTING EMPLOYER CONTRIBUTION RATES

WHEREAS, the Florida Retirement System (FRS) is the fifth largest state retirement system in the United States; and

WHEREAS, the FRS is a multi-employer, contributory plan that as of June 2013 provided retirement benefits to 621,774 active members, 346,678 retired members and beneficiaries, and 38,724 members of the Deferred Retirement Option Program (DROP); and

WHEREAS, members of the FRS have two plan options available for participation, including the defined benefit plan, commonly known as the pension plan, and the defined contribution plan, commonly known as the investment plan; and

WHEREAS, membership in the FRS is divided into five membership classes, including the Regular Class, with 542,971 members (87.33 percent), Special Risk Class, with 68,800 members (11.07 percent), Special Risk Administrative Support, with 58 members (0.01 percent), Elected Officer Class, with 2,246 members (0.36 percent), and Senior Management Services Class, with 7,660 members (1.23 percent); and

WHEREAS, as of the most recent data available in 2013, the average benefit paid to retirees that were in the FRS Regular Class pension plan was $16,973 per year, and the average benefit paid to retirees that were in the FRS Special Risk Class pension plan was $35,755 per year; and

WHEREAS, FRS is the primary retirement plan not only for employees of the State of Florida, but also for employees of all 67 Florida counties, all 67 Florida district school boards, 28 Florida state colleges and Florida universities; and

WHEREAS, the FRS also serves as the primary retirement plan for employees of 185 Florida municipalities and 251 Florida independent special districts that have made an irrevocable election to participate in the FRS; and

WHEREAS, of the 621,774 active participants, state employees make up only 126,390, or approximately 20 percent of the total; and

WHEREAS, the other 80 percent is comprised of employees of school boards, counties, and state colleges, among other employers; and

WHEREAS, school board and county employees each make up a larger percentage of total active FRS participants than state employees, with school board employees making up 49 percent of the total and county employees making up 22.5 percent; and

WHEREAS, after the State of Florida, the Miami-Dade Public Schools is the largest FRS employer followed by Miami-Dade County; and

WHEREAS, each FRS employer is responsible for contributing a percentage of each employee's monthly salary to the FRS to fund the program; and

WHEREAS, employees in both the FRS pension plan and FRS investment plan are required to contribute three percent (3%) of their salary to funding the program; and

WHEREAS, each FRS class is funded separately based upon the costs attributable to the members of the class; and

WHEREAS, the employer contribution rate is a "blended contribution rate" set by statute each year by the Florida Legislature based on an annual actuarial valuation; and

WHEREAS, the rate consists of a blending of the actuarially-determined contribution rates necessary to fund both the pension plan's normal cost and the allocations being made to investment plan accounts; and

WHEREAS, the purpose of this blending is to equalize the employer contribution rates regardless of whether an employee participates in the pension plan or the investment plan; and

WHEREAS, during the 2014 session, the Florida Legislature enacted Chapter 2014-54, Laws of Florida (HB 5005), which set the FRS contribution rates for State Fiscal Year 2014-15, which runs from July 1, 2014 to June 30, 2015; and

WHEREAS, it is estimated that the contribution rates set in Chapter 2014-54 had an additional $1.4 million fiscal impact on Miami-Dade County for the last quarter of County Fiscal Year 2013-14 (July 2014 - September 2014) and an additional $6.3 million impact for County Fiscal Year 2014-15 (October 2014 - September 2015); and

WHEREAS, the contribution rates set in Chapter 2014-54 also have had a proportional fiscal impact upon other FRS employers; and

WHEREAS, given the substantial fiscal impact that the annual legislation setting FRS contribution rates has not only on the State of Florida, but also on counties and other FRS employers, this Board would like to urge the Florida Legislature to coordinate with other Florida Retirement System employers in setting employer contribution rates,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Urges the Florida Legislature to coordinate with Florida Retirement System employers in addition to the State of Florida in setting employer contribution rates.

Section 2. Directs the Clerk of the Board to transmit a certified copy of this resolution to the Governor, Senate President, House Speaker, the Chair and Members of the Miami Dade County State Legislative Delegation and the State Retirement Director within the Florida Department of Management Services.

Section 3. Directs the County's state lobbyists to advocate for the issue identified in section 1 above, and directs the Office of Intergovernmental Affairs to include this item in the 2015 State Legislative package when it is presented to the Board.

The Prime Sponsor of the foregoing resolution is Chairwoman Rebeca Sosa. It was offered by Commissioner **Lynda Bell**, who moved its adoption. The motion was seconded by Commissioner **Xavier L. Suarez** and upon being put to a vote, the vote was as follows:

Rebeca Sosa, Chairwoman			**aye**
Lynda Bell, Vice Chair			**aye**
Bruno A. Barreiro	**absent**	Esteban L. Bovo, Jr.	**aye**
Jose "Pepe" Diaz	**aye**	Audrey M. Edmonson	**aye**
Sally A. Heyman	**aye**	Barbara J. Jordan	**aye**
Jean Monestime	**aye**	Dennis C. Moss	**aye**
Sen. Javier D. Souto	**aye**	Xavier L. Suarez	**aye**
Juan C. Zapata	**absent**		

The Chairperson thereupon declared the resolution duly passed and adopted this 21st day of October, 2014. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: Christopher Agrippa
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency. JMM

Jess M. McCarty