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Several Options Are Available for Modifying the Florida Retirement System's Class Structure to Reduce System Costs

at a glance

The Florida Retirement System has evolved since its creation, which has increased state and local government costs. The Legislature could consider several options for modifying the system's retirement class structure to reduce system costs, including consolidating employee retirement classes, restricting class membership, modifying benefits for some classes, and requiring employees to contribute to the retirement system. These options would generally shift FRS back to the model that existed when the system was established in 1970, move the system closer to the model used by most other states, and recognize the longer life expectancy of current employees. By doing so, the options would reduce benefits for affected employees. Therefore, when considering these options, the Legislature should consider the overall system of employee compensation and how changing the Pension Plan and the Investment Plan would affect that system.

Scope

As directed by the Legislature, this is the second of a series of reports that reviews components of the Florida Retirement System (FRS). This report focuses on the system's retirement class structure and answers four questions.

1. What membership class structure did the Legislature establish when it created the FRS?

2. How has the FRS class structure evolved over time and what are the effects of these changes?
3. What class structures do other state and federal government retirement programs use?
4. How could the Legislature revise the FRS to reduce costs?

Background

The Legislature established the Florida Retirement System (FRS) in 1970 to serve a wide variety of government employees. The system provides retirement, disability, and death benefits to retirees or their designated beneficiaries, and offers a wide range of information services to non-retired members. Plan members may participate in a traditional defined benefit pension plan (the FRS Pension Plan) or a defined contribution plan (the FRS Investment Plan).¹

Membership in the FRS is compulsory for all full-time and part-time employees working in a regularly established position for a state agency, county government, district school board, state

¹ The FRS Pension Plan provides vested members a defined monthly benefit upon retirement. Retirement benefits are computed based on age and/or years of service, average final compensation, and service credit. The FRS Investment Plan has no guaranteed retirement benefit. Employer contributions are directed to the employee's account and distributed to various investment funds based on the employee's chosen allocation of the contribution. Employee benefits are based on the performance of investment funds, and benefits cease when account balances are depleted, regardless of retiree age or circumstances.

university, community college, or participating city or special district. Elected officials and certain local government managers may elect not to participate in the system. Individuals who work for a government agency in a temporary or independent contractor position are not eligible for FRS membership.

Two state agencies administer the FRS - the Department of Management Services' Division of Retirement and the State Board of Administration (SBA). The division handles the administrative portion of the FRS, including enrolling employers and employees; receiving employer contributions; calculating retirement benefits; and disbursing retirement checks. The SBA is responsible for administering the Investment Plan and investing FRS monies to help ensure that the retirement plans have sufficient assets to fund current and future retiree pensions.

Currently, the FRS consists of five retirement classes.

- **Regular Class:** Includes all employees not assigned to any other class. It is the largest class with 582,568 members in 2009. Its members have the lowest average annual compensation at \$38,915.
- **Special Risk Class:** Includes employees who are law enforcement officers, firefighters, correctional officers, emergency medical technicians, paramedics, and others who meet membership criteria (see Appendix A for a detailed description of membership criteria). The class had 75,640 members in 2009 with an average annual compensation of \$53,220.
- **Special Risk Administrative Support Class:** Includes former Special Risk Class members who are reassigned to support positions that are not classified as special risk (e.g., an instructor or career development specialist). It is the smallest class with 76 members in 2009 with an average annual compensation of \$44,974.
- **Senior Management Service Class:** Includes employees who fill management positions assigned by law to the Senior Management Service Class or authorized by law as eligible

for Senior Management Service Class designation. This class had 7,725 members in 2009 with an average annual compensation of \$80,290.

- **Elected Officers' Class:** Includes elected state and county officers, and municipal or special district officers whose governing body has chosen that its elected officers participate in the class. The class is divided into three groups — judges; legislators, Governor, Lieutenant Governor, Cabinet members, state attorneys, and public defenders; and county elected officials. The class had 2,304 members in 2009 with an average annual compensation of \$78,089.

Employers pay all required contributions to fund the FRS. The contribution, which varies by class, is based on a percentage of an employee's salary, as shown in Exhibit 1.

Exhibit 1 Fiscal Year 2009-10 Employer Contribution Rates Differ Significantly Across Retirement Classes

Employee Class	2009-10 Uniform Employer Contribution ¹
Regular	8.69%
Special Risk	19.76%
Special Risk Administrative Support	11.39%
Senior Management Service	11.96%
Elected Officers:	
Judges	18.40%
Legislators, Governor, Cabinet Members, State Attorneys, Public Defenders	13.32%
County	15.37%

¹ The uniform contribution rate is the rate necessary to fund the benefit obligations of the FRS Pension Plan and Investment Plan.

Source: Section 121.71, *Florida Statutes*.

The basic formula for calculating a member's unreduced annual retirement benefit under the FRS Pension Plan is the same for all classes:

$$\text{Years of Service} \times \text{Accrual Rate} \times \text{Average Final Compensation} = \text{Annual Pension Benefit}$$

Average final compensation is the average of an employee's five highest fiscal years of compensation. The accrual rate, which varies by class, is the percentage of the average final compensation that is awarded for each year

of service. (Appendix B shows the normal retirement age, required years of service, and accrual rates for each class.) As shown in Exhibit 2, Regular Class members who retired between 1970 and 2009 received an average initial annual retirement payment of \$11,174, while Senior Management Service Class members had the highest average initial annual payment of \$33,593.

Exhibit 2

Average Annual Initial Retirement Payment to Employees in Various Membership Classes Retiring Between 1970 and 2009 Ranged from \$11,174 to \$33,593

Class	Number of Members Retiring ¹	Average Years of Service	Average Initial Annual Retirement Payment
Regular	253,872	20.94	\$11,174
Special Risk	23,896	20.40	\$22,885
Special Risk Administrative Support	164	25.34	\$23,133
Senior Management	2,007	24.18	\$33,593
Elected Officers	2,048	20.83	\$31,090

¹ Does not include active DROP participants.

Source: Division of Retirement.

Questions and Answers —

What membership class structure did the Legislature establish when it created the FRS?

When the Legislature created the Florida Retirement System in 1970, it established a contributory system that consisted of two membership classes—the Special Risk Class and the Regular Class. Special Risk Class membership included law enforcement officers, corrections officers, and firefighters. All other FRS members were assigned to the Regular Class. Special Risk Class members and employers each contributed 6% of gross compensation to the pension fund (for a total of 12%), and Regular Class members and employers each contributed 4% (for a total of 8%). Members of both classes were required to complete 10 years of service to vest (i.e., qualify for a retirement benefit). Vested special risk

members were eligible for normal retirement at age 55 or at any age after completing 25 continuous years of special risk service.² Vested Regular Class members were eligible for normal retirement at age 62 or at any age after completing 35 continuous years of service.³

In creating the Special Risk Class, the Legislature recognized that the duties performed by class members were arduous and physically demanding and that class members may not be able to work until age 62 and perform their duties without endangering themselves, their co-workers, or the public. Anticipating that special risk members would likely retire at a younger age and with fewer years of service, the Legislature chose to award this class more retirement credit (i.e., accrual rate) to ensure that they did not suffer ‘economic deprivation’ when compared to Regular Class members. Thus, the accrual rate for Special Risk Class members was set at 2% for each year of service, while the accrual rate for Regular Class members was set at 1.6% per year of service.⁴ Using this approach, members of both classes would receive approximately 50% of their final average salary after completing a normal career.

How has the FRS class structure evolved over time, and what are the effects of these changes?

Between 1970 and 2009, the Florida Retirement System changed considerably. These changes have resulted in significant differences between and within membership classes and increased FRS costs.

Since the FRS was created, the class structure has changed substantially. In 1972, two years after creating the FRS, the Legislature established the Elected State Officers’ Class and merged it with

² Vested members who retired before their normal retirement dates would have their benefits reduced by five-twelfths of 1% for each month by which their early retirement dates preceded their normal retirement dates.

³ Chapter 77-466, *Laws of Florida*, made vested Regular Class members eligible for normal retirement at 30 years.

⁴ The Regular Class accrual rate increases to a maximum of 1.68% when a vested employee completes 33 years of service or reaches age 65.

the Judicial Retirement System.⁵ Membership was compulsory for any Governor, Lieutenant Governor, cabinet officer, legislator, Supreme Court justice, district court of appeal judge, circuit judge, or public service commissioner on or after July 1, 1972, who was not already a member of an existing system or FRS class when elected or appointed to office. In 1974, county court judges were added to this class. Elected class members and their employers each initially contributed 8% of the members' gross compensation to the pension fund; the accrual rate for non-judicial members was 3% while the accrual rate for judges and justices was 3.3% of their average final salaries. Placing these elected officials in this class had the effect of increasing FRS system costs by approximately \$142 million between 1973 and 2009.

In 1975, the Legislature converted both the Regular Class and Special Risk Class to non-contributory status, with employers assuming full responsibility for funding the retirement system. Similarly, between 1979 and 1981 the Elected Officers' Class was converted to non-contributory status. The Division of Retirement reported that the Legislature eliminated automatic pay raises and longevity increases for state employees to offset the cost of converting the FRS to a non-contributory system.⁶

The Regular Class remained relatively unchanged until 2001 when the Legislature reduced the vesting requirement for all classes to six years.^{7,8} The vesting requirement prior to 2001 varied from 7 to 10 years, depending on membership class.⁹ The change will have a total fiscal impact of

approximately \$4.6 billion when amortized over 30 years.¹⁰

While the Regular Class has remained relatively unchanged, the Special Risk Class has been modified several times to increase benefits and expand membership criteria, with an associated estimated cost of more than \$2 billion. The most significant changes occurred in 2000 when retirees with special risk service between 1978 and 1992 who retired prior to July 1, 2000 were provided a one-time 12% benefit increase. This change will have a fiscal impact of more than \$1 billion when amortized over 30 years. During 2000, Special Risk Class accrual rates were increased from 2% to 3% for all years between 1978 and 1993 for all members retiring on or after July 1, 2000; the Legislature funded this \$696.8 million change from an actuarial surplus in the FRS trust fund over a three-year period. Also, in 2000, the minimum special risk in-line of duty disability benefit was increased from 42% to 65% of average final compensation (the minimum in-line-of-duty disability benefit for all other classes remained at 42%). This change generated a recurring annual cost of approximately \$2.9 million. Other significant Special Risk Class changes are detailed in Appendix C.

In 1982, the Special Risk Administrative Support Class was created to allow special risk members who were reassigned to administrative support positions to accrue pension benefits at the Regular Class rate, but retain the right to retire at age 55 after completing at least 10 years of creditable special risk service.¹¹

In 1987, the Legislature created the Senior Management Service Class for state employees who served in executive-level positions.¹² To

⁵ The Elected State and County Officers' Class was renamed the Elected Officers' Class in 1998 by Ch. 98-413, *Laws of Florida*.

⁶ The decision to eliminate automatic pay raises applied only to state employees and did not affect the pay provisions of other FRS employers, such as county governments and school boards.

⁷ Vesting refers to the age and length of service requirement to be eligible for a retirement benefit.

⁸ The national average to vest in a state retirement plan is 6.16 years.

⁹ The Senior Management Service Class vesting requirement was 7 years; the Elected Officers' Class vesting requirement was 8 years; and the Regular Class and the Special Risk Class vesting requirement was 10 years.

¹⁰ Milliman and Robertson, Inc. May 2000 analysis of House Bill 2393 and 2003 *FRS Experience Study*.

¹¹ Establishing this class increased the Florida Retirement System's actuarial accrued liability by \$4.2 million. Contribution rates were increased to amortize this cost over 30 years.

¹² The State Personnel System is composed of state employees in the Career Service, Selected Exempt Service, and Senior Management pay plans. FRS members employed by state universities, the Judicial Administration System, the State Court System, the Legislature, the Florida Lottery, the Governor's Office, the School for the Deaf and the Blind, and the Florida National Guard are not members of the State Personnel System.

control class size, the Legislature initially limited membership to no more than 500 members. Since then, the Senior Management Service Class has increased to more than 8,300 members due to several expansions of its membership criteria.

- **1990** – Local senior managers, including community college presidents, school district superintendents, city and county managers, and selected legislative managers were added to the class.
- **1991** – State University System managers and State Board of Administration managers were added.
- **1994, 1999, 2001, 2002** – Judicial branch employees were added to the class.¹³

Since 1987, the cost to create and expand the Senior Management Service Class has totaled approximately \$157 million.

Changes to the FRS system have resulted in significant differences between and within classes. In 1978, the Legislature changed the normal career requirements for Regular Class members from 35 years of continuous service to 30 years of service, but did not change the 25-year normal career requirement for Special Risk Class members. The legislative intent for the difference in the career lengths was the physically demanding duties performed by Special Risk Class members (e.g., law enforcement officers, firefighters, and corrections officers) rather than the inherent risks associated with the duties.

In addition, the Legislature has extended Special Risk Class membership to some former Regular Class members who do not perform as physically demanding duties but have other risk factors associated with their jobs (e.g., polygraph examiners, fingerprint technicians, and workers employed by medical examiners). However, this expansion has been piecemeal and has not included other FRS members who work in environments with similar risks. For example, the Department of Corrections' registered nurses are classified as being in the Special Risk Class while

the department's licensed practical nurses are Regular Class members. Similarly, Department of Health medical personnel who work in the county jails are not Special Risk Class members, nor are unit treatment rehabilitation specialists who work directly with patients in forensic facilities.

What class structures do other state and federal government retirement programs use?

Similar to Florida, other states and the federal government have established multiple retirement classes. For example, all states have a class equivalent to Florida's Regular Class. However, most states (44) and the federal government require employees in the regular class to contribute a portion of their pay to the retirement system. The median employee contribution rate for all states and the federal government is 5.00%, ranging from .8% for federal employees to 11.25% for Nevada employees (Florida is non-contributory). The median regular class accrual rate for a 30-year career for all states and the federal government is 2.00% compared to 1.6% in Florida.¹⁴

The federal government and all other states also have a class equivalent to Florida's Special Risk Class. However, in many states this class is restricted to law enforcement and corrections officers and firefighters. The federal government and 42 states require special risk employees to contribute a portion of their salaries to the retirement plan (median contribution for all members of 7.5%), ranging from 1% to 19%, and the median accrual rate for all members who serve at least 25 years is 2.5%. Ten states, including Florida, have a special risk accrual rate that averages 3% or more for a 25-year career. However, unlike Florida, each of these states requires employees to contribute to the pension system.

Few other states offer a pension class similar to Florida's Senior Management Service Class, and those that do restrict it to relatively few employees. For example, the federal government,

¹³ Changes in the judicial employee class occurred over eight years and included the addition of 14 employee groups, including public defenders and state attorneys in each of the 20 judicial districts.

¹⁴ This figure includes defined benefit and hybrid plans, but does not include Alaska, Michigan, and Nebraska, which offer defined contribution and cash balance plans to their regular class members.

the Georgia Employees' Retirement System, the New York State and Local Employees' Retirement System, and the Texas Employees' Retirement System do not have a unique class for senior managers. Pennsylvania and California have such classes but membership is very restricted—Pennsylvania has only 380 members in its Senior Management Service, while California has only 1,448 Career Executive Assignment positions. In comparison, Florida had 8,353 persons in the Florida Retirement System's Senior Management Service Class in 2008.¹⁵

Like Florida, the federal government and other states have separate retirement classes for elected officials, with these programs varying significantly by government entity. For example, members of the Pennsylvania Assembly and Texas Legislature are required to contribute to their retirement system, while Florida and New York legislators do not make such contributions. Retirement accrual values also vary substantially among states. Members of the Georgia Assembly are awarded \$36 per month for each year of service while members of the California Assembly are only eligible for Social Security benefits. Exhibit 3 displays the contribution rates and accrual rates for elected officials in the federal government and selected states.

Exhibit 3
Elected Officer Employee Contribution and Accrual Rates Vary Significantly by Government Entity

Retirement System	Employee Contribution	Non-Judicial Accrual Rate
Florida State and Local Elected Officials	0%	3%
U.S. Congress	1.3%	1.7% (first 20 years) and 1% (each year after 20 years)
California Assembly	0%	Social Security only
Georgia Assembly	4%	\$36 per year of service
New York Legislature	0%	2.5%
Pennsylvania Assembly	7.5%	3%
Texas Legislature	8%	2.3%

Source: Retirement system handbooks for selected states and the federal government.

¹⁵ Includes DROP participants.

How could the Legislature revise the FRS to reduce costs?

The Legislature could consider several options to modify the Florida Retirement System Investment Plan and Pension Plan structures to reduce system costs. These options include consolidating employee retirement classes (Option 1); limiting the Special Risk Class to only law enforcement, firefighter, and correctional officers (Option 2); modifying accrual values for employee classes (Option 3); and requiring FRS members to contribute to the system (Option 4). These options would generally shift FRS back to the model that existed when the system was established in 1970, move the system closer to the model used by most other states, and recognize the longer life expectancy of current employees. By doing so, the options would reduce benefits for affected employees. Therefore, when contemplating these options, the Legislature should consider the overall system of employee compensation and how changes to the Pension Plan and the Investment Plan would affect that system.

Option 1: Consolidate employee retirement classes based on ability to work a normal 30-year career. Under this option, the Legislature would amend the law to consolidate the current five retirement classes into two classes. It would essentially return FRS to the structure that existed in 1970 when the Legislature established the system. Implementing this option could reduce annual employer costs by approximately \$359 million.¹⁶

Class 1 would be identical to the current Regular Class and would include all FRS members who could be expected to reach normal retirement age (e.g., 30 years of service at any age or 6 years of service at age 62). The base accrual rate for the class would be 1.6% - 1.68%.

Class 2 would include all members whose duties preclude them from working more than 25 years or beyond age 55 without endangering themselves, the public, or their coworkers (i.e.,

¹⁶ OPPAGA analysis of data provided by the Division of Retirement.

law enforcement officers, firefighters, and corrections officers). Current Special Risk Class members who would be expected to work a normal 30-year career would not be eligible for Class 2 membership. This class would be eligible for retirement after completing 25 years of Class 2 service or completing 6 years of Class 2 service at age 55. The accrual rate for the class would be 2%.¹⁷

The advantages of this option are that

- it would yield significant cost savings;
- all employees could retire at the end of a normal career with approximately 50% of their final average compensation; and
- since a reduced accrual rate will generate a reduced pension benefit, employees may choose to defer retirement, allowing employers to retain trained employees for a longer period.

This option would reduce benefits for employees in the Special Risk, Elected Official, and Senior Management Service Classes who currently earn higher pension credits; these employees would have to work longer to earn the same retirement benefit.

Option 2: Limit the Special Risk Class to law enforcement, firefighters, and correctional officers. Under this option, the Legislature would limit the Special Risk Class to law enforcement, firefighters, and corrections officers, the original employee groups covered by the class when the FRS was established in 1970. This option recognizes the physical demands faced by these employees and provides for their earlier retirement, but excludes other employees who may face greater risks than typical employees (e.g., medical personnel who work in correctional facilities).

The potential savings from this option depends on how many employees would be transferred from the Special Risk Class to the Regular class. If 20% of the Special Risk Class members transferred to the Regular Class and the remaining members

continued to accrue pension benefits at 3% per year, the annual savings would be approximately \$83 million.¹⁸ Persons transferred out of the Special Risk Class would no longer receive retirement compensation for their higher employment risks and would be required to work longer to receive the same benefits provided by the current system.

Option 3: Reduce accrual rates for employee classes. By implementing this option, the Legislature would establish comparable pension benefits for all FRS members, regardless of class, similar to that offered by most other states. Specifically, the Legislature could reduce the Special Risk Class accrual value to 2% and all other class accrual values to the current Regular Class base accrual rate of 1.6% - 1.68%. Implementing this option would reduce annual employer contributions by \$327.5 million.¹⁹ Exhibit 4 shows the cost reduction by class.

Affected employees would need to work longer to earn the same retirement income due to the reduced accrual value of their pension benefit.

Exhibit 4 Reducing Accrual Values Would Reduce Annual Employer Costs

Class	Annual Savings (in millions)
Special Risk	\$295.61
Senior Management	16.57
Elected Officers	15.33
Judicial	6.92
Legislators/Attorneys/Cabinet	.94
County	7.47
Total	\$327.51

Source: OPPAGA analysis of Division of Retirement data.

Option 4: Require employees to contribute a percentage of their salary to the retirement system. Under this option, the Legislature would convert the FRS to an employee contributory system as is used in most states and existed in Florida when the system was created in 1970. Requiring all members to contribute 1% of their salaries to the system would generate \$275 million annually and would also produce a reduction in

¹⁷ The in-line-of duty disability retirement benefits would be 42% for both classes.

¹⁸ OPPAGA analysis of data provided by the Division of Retirement.

¹⁹ Ibid.

employer contributions.²⁰ Employer contributions will not be reduced on a dollar-for-dollar basis because employees who leave the FRS before vesting are entitled to withdraw their contributions and funds must be available to support this option. An actuarial study would be required to estimate the effect of implementing the option on employer contributions. Exhibit 5 shows the contribution amount, by class, if employees were required to contribute 1%, 3%, or 5% of their salaries.

The major disadvantage of this option is that it would reduce employee compensation unless salary rates were increased to match the level of required pension contributions, which would negate employer savings. To minimize such effects, employee contributions could be phased in over time. Moreover, if this option were implemented, the Division of Retirement would require additional personnel to provide the services associated with calculating and distributing refunds.

²⁰ *Ibid.*

Exhibit 5 Requiring Employees to Contribute to the Retirement System Would Reduce Employer Contributions¹

Class	1% Employee Contribution (in millions)	3% Employee Contribution (in millions)	5% Employee Contribution (in millions)
Regular	\$226.71	\$680.13	\$1,133.54
Special Risk	40.26	120.77	201.28
Special Risk Administrative	0.03	0.10	0.171
Senior Management	6.20	18.61	31.01
Elected Officers	1.80	5.40	9.00
Total	\$275	\$825	\$1,375

¹ Employer contributions are not reduced on a dollar-for-dollar basis.

Source: OPPAGA analysis.

Agency Response

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the secretary of the Department of Management Services for review and response. The Secretary did not provide a written response to this report.

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Appendix A

Special Risk Class Has Many Membership Criteria

Membership in the Florida Retirement System Special Risk Class is dependent upon a number of criteria. The table below describes those criteria for all positions eligible for Special Risk Class designation, including law enforcement officers, firefighters, correctional officers, and others.

Table A-1
Criteria Members of the Special Risk Class Must Meet

Members of the Special Risk Class Must Meet the Criteria Shown Below
<p>1. Employment in one of the positions below</p> <p><i>a. Law Enforcement Officer</i></p> <ul style="list-style-type: none"> ▪ A sheriff or elected police chief ▪ A law enforcement officer whose duties require the pursuit, apprehension, and arrest of law violators or suspected law violators ▪ An active member of a bomb disposal unit whose primary responsibility is the location, handling, and disposal of explosive devices ▪ A command officer or supervisor of Special Risk Class members whose duties require the pursuit, apprehension, and arrest of law violators or suspected law violators, or the location, handling, and disposal of explosive devices <p><i>b. Firefighter</i></p> <ul style="list-style-type: none"> ▪ A firefighter whose duties and responsibilities include on-the-scene fighting of fires, fire prevention or firefighter training responsibilities, or aerial firefighting surveillance as a fixed-wing pilot employed by the Department of Agriculture and Consumer Services' Division of Forestry ▪ A firefighter whose duties and responsibilities include direct supervision of firefighting units, fire prevention, or firefighter training ▪ A command officer or supervisor of Special Risk Class members whose duties include on-the-scene fighting of fires, fire prevention, or firefighter training <p><i>c. Correctional Officer and Probation Officer</i></p> <ul style="list-style-type: none"> ▪ A correctional officer whose primary duty and responsibility is the custody and physical restraint, when necessary, of prisoners or inmates within a prison, jail, or other criminal correction or detention facility, or while on work detail or while being transported outside the facility ▪ A superintendent or assistant superintendent of a correction or detention facility that maintains custody of prisoners or inmates and employs correctional officers. The superintendent is the person directly in charge of the day-to-day operations of a specific correction or detention facility. The assistant superintendent is the person whose responsibilities include direct line authority from the superintendent over all subordinate employees for the day-to-day operations of the facility. If no one employee in a corrections facility has such responsibility, then for retirement purposes there is no assistant superintendent of that facility. ▪ A community-based correctional probation officer whose primary duties and responsibilities are the supervised custody, surveillance, control, investigation, and counseling of assigned inmates, probationers, parolees, or community controllees within the community ▪ A youth custody officer employed by the Department of Juvenile Justice whose primary duties and responsibilities include the supervised custody, surveillance, control, investigation, apprehension, arrest, and counseling of assigned juveniles within the community ▪ A command officer or supervisor of Special Risk Class members whose primary duty and responsibility is the custody and physical restraint, when necessary, of prisoners or inmates within a prison, jail, or other criminal correction or detention facility (or while on work detail or while being transported outside the facility); or the supervised custody, surveillance, control, investigation, and counseling of assigned inmates, probationers, parolees, or community controllees within the community

Members of the Special Risk Class Must Meet the Criteria Shown Below

d. Emergency Medical Technician or Paramedic

- An emergency medical technician or paramedic whose primary duty and responsibility includes on-the-scene emergency medical care and who is employed with a licensed Advance Life Support or Basic Life Support employer
- The direct supervisor of emergency medical technicians or paramedics, or the supervisor or command officer of one or more members who have such supervisory responsibility

e. Certain Professional Health Care Employee in State Correctional or Forensic Facilities or Institutions

- Certain state health care professionals within the Department of Corrections or the Department of Children and Family Services who spend at least 75% of their time performing duties which involve contact with patients or inmates in a correctional or forensic facility or institution; and who are employed in certain specific employment classifications listed in s. 121.0515(2)(f), *Florida Statutes*.

f. Forensic Professionals

- A member employed in certain forensic positions with the Department of Law Enforcement in the crime laboratory, or certain forensic positions with the Division of State Fire Marshal in the forensic laboratory, or certain forensic employees of local government law enforcement agencies or medical examiner's offices who meet the criteria in the retirement laws and rules to qualify for this class.
- A member employed in a forensic position with a local government law enforcement agency or medical examiner's office in order to meet the criteria for Special Risk Class membership must spend 65% of his or her time performing duties that involve the collection, examination, preservation, documentation, preparation, or analysis of human tissues or fluids or physical evidence having potential biological, chemical, or radiological hazard or contamination, or use chemicals, processes, or materials that may have carcinogenic or health damaging properties in the analysis of said evidence, or the member must be the direct supervisor of one or more individuals having such responsibility.

2. Certification or a requirement to be certified as described below:

a. Law Enforcement Officers, Correctional Officers, Community-Based Correctional Probation Officers and Youth Custody Officers

- Certified by the Criminal Justice Standards and Training Commission in compliance with s. 943.1395, *Florida Statutes* (except a sheriff or elected police chief).

b. Firefighters

- Certified by the Firefighters Standards and Training Council in compliance with s. 633.35, *Florida Statutes*.

3. Certification as described below:

a. Emergency Medical Technicians and Paramedics

- Certified by the Department of Health in compliance with s. 401.27, *Florida Statutes*.

Source: *A Retirement Guide for the Special Risk Class*, Florida Division of Retirement, 2009.

Appendix B

Retirement Years of Service and Accrual Rates Vary Significantly by Class

The Florida Retirement System's five retirement classes have varying years of service requirements and accrual rates. For each class, the table below describes the years of service (or age) needed to achieve "normal retirement." The table also shows the annual accrual rates for each class.

Table B-1

Normal Retirement and Annual Accrual Rates Vary Significantly by FRS Retirement Class

Class	Normal Retirement	Annual Accrual Rate
Regular	30 years of service or age 62 with 6 years of service	1.6% with 30 years of service or age 62 1.63% with 31 years of service or age 63 1.65% with 32 years of service or age 64 1.68% with 33 years of service or age 65
Special Risk	25 years of special risk service, age 55 with 6 years of service, or age 52 with 25 years of service including military service	3% for each year of service
Special Risk Admin Support ¹	25 years of service, age 55 with 6 years of special risk service, or age 52 with 25 years of service including military service	1.6% with 25 years of service or age 55 1.63% with 26 years of service or age 56 1.65% with 27 years of service or age 57 1.68% with 28 years of service or age 58
Senior Management Service	30 years of service or age 62 with 6 years of service	2% per year of service.
Elected Officers	30 years of service or age 62 with six years of service	
Judges & Justices		3.33% per year of service
All Others		3% per year of service

¹ Must have six years of special risk-related service credit.

Source: Division of Retirement.

Appendix C

Expansions to the Special Risk Class Have Generated Costs in Excess of \$2 Billion Since 1970

The Legislature has modified the benefits and membership criteria for the Florida Retirement System Special Risk Class numerous times since its creation in 1970. The exhibit below describes the significant statutory amendments and includes the fiscal impact of the changes when such data is available.

Table C-1

The Legislature Has Modified the Benefits and Membership Criteria for the FRS Special Risk Retirement Class Numerous Times

Year	Change	Fiscal Impact
1974	Special risk accrual rate increased from 2% to 3%	Cost: \$39.48 million for 4-year period
1978	Special risk accrual rate decreased from 3% to 2%	Savings: \$9.6 million the first year; recurring
1989	Special risk accrual rate increased from 2% to 3% over five years	Cost: \$309.2 million over five years; recurring
1999	Special Risk Class expanded to include emergency medical technicians or paramedics	Cost: \$6.02 million the first year; recurring
2000	Special risk minimum in-line-of-duty disability benefits increased from 42% to 65%	Cost: \$2.9 million for the first year, total of \$11.8 million through June 2003; recurring
2000	One-time 12% benefit increase for retirees with special risk service between October 1, 1978 and December 31, 1992 who retired prior to July 1, 2000	Cost: \$1.025 billion amortized over 30 years
2000	Special Risk Class expanded to include community-based correctional probation officers	Cost: \$36.6 million for first two and one-half years; recurring
2000	Special Risk Class expanded to include certain forensic workers employed by the Department of Corrections or the Department of Children and Family Services	Cost: \$8 million for first two and one-half years; recurring
2000	Special risk retirement credit upgraded for all years between 1978 and 1993 for all members retiring on or after July 1, 2000	Cost: \$697 million from the Trust Fund surplus
2001	Special Risk Class expanded to include fire prevention and training supervisors and fixed-wing pilot firefighters performing aerial surveillance with the Division of Forestry in the Department of Agriculture	Cost: Unknown cost because the number of employees affected by the expansion is unknown. However, employer contributions increased 123% for each employee, recurring
2005	Special Risk Class expanded to include specified forensic workers employed by law enforcement agencies or medical examiners' office	Cost: \$1.4 million for the Florida Department of Law Enforcement in the first year. Unknown cost for other state and local FRS employers since the number of employees affected is unknown.
2008	Special Risk Class criteria changed for forensic workers in the Department of Law Enforcement or Division of State Fire Marshal	Savings: \$514,657 the first year, recurring

Sources: Milliman and Robertson, Inc., Division of Retirement, legislative staff, and OPPAGA analyses.