

1 A bill to be entitled
 2 An act relating to the actuarial soundness of
 3 retirement systems; amending s. 112.63, F.S.;
 4 providing the frequency of actuarial reports for
 5 retirement systems and plans placed on the pension
 6 watch list; creating s. 218.505, F.S.; defining the
 7 term "funded ratio"; creating a pension watch list for
 8 retirement and pension plans failing to achieve a
 9 specified funded ratio; providing strategic
 10 requirements for local governmental entities on the
 11 pension watch list; providing when certain local
 12 governmental entities must implement their strategies;
 13 prohibiting plans on the pension watch list from
 14 increasing plan benefit levels; requiring plans on the
 15 pension watch list to use certain tax revenues for
 16 certain purposes until the funded ratio for the plan
 17 reaches a certain percentage; providing for the
 18 removal of plans from the pension watch list; amending
 19 s. 447.4095, F.S.; providing that the sponsor of a
 20 local governmental entity with a defined benefit
 21 pension plan meeting specified requirements shall be
 22 deemed to be in a financial urgency; providing an
 23 effective date.

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 25 Be It Enacted by the Legislature of the State of Florida:

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 27 Section 1. Subsection (2) of section 112.63, Florida
 28 Statutes, is amended to read:

29 112.63 Actuarial reports and statements of actuarial
30 impact; review.—

31 (2) The frequency of actuarial reports must be at least
32 every 3 years commencing from the last actuarial report of the
33 plan or system or October 1, 1980, if no actuarial report has
34 been issued within the 3-year period prior to October 1, 1979.
35 However, the frequency of actuarial reports for a local
36 governmental entity on the pension watch list under s. 218.505
37 must be at least every 2 years commencing from the last
38 actuarial report of the plan. The results of each actuarial
39 report shall be filed with the plan administrator within 60 days
40 after ~~of~~ certification. Thereafter, the results of each
41 actuarial report shall be made available for inspection upon
42 request. Additionally, each retirement system or plan covered by
43 this act which is not administered directly by the Department of
44 Management Services shall furnish a copy of each actuarial
45 report to the Department of Management Services within 60 days
46 after receipt from the actuary. The requirements of this section
47 are supplemental to actuarial valuations necessary to comply
48 with the requirements of s. 218.39.

49 Section 2. Section 218.505, Florida Statutes, is created
50 to read:

51 218.505 Pension watch list.—

52 (1) As used in this section, the term "funded ratio" means
53 the actuarial assets divided by the unfunded actuarial accrued
54 liability as of October 1 of each year using the entry age
55 method.

56 (2) If a local governmental entity with a defined benefit
57 pension plan, including a defined benefit pension plan operated
58 under chapter 175 or chapter 185, has a funded ratio of 80
59 percent or less, the local governmental entity must notify the
60 Department of Management Services of the plan and its funded
61 ratio and the department shall place the local governmental
62 entity and the plan on a pension watch list.

63 (3) (a) Within 90 days after providing the notice required
64 under subsection (2) for its plan to be placed on the pension
65 watch list, the governing body of the affected local
66 governmental entity, in consultation with the directly affected
67 employees or their representatives, must develop a strategy for
68 the plan to achieve a funded ratio of greater than 80 percent.
69 The strategy may include, but is not limited to, decreasing plan
70 benefit levels or requiring or increasing employee contributions
71 to the plan.

72 (b) If the governing body of the local governmental entity
73 and the directly affected employees or their representatives are
74 unable to agree on a strategy within the 90-day period as
75 provided in this subsection, the governing body of the local
76 governmental entity or the directly affected employees or their
77 representatives, or both parties acting jointly, may appoint or
78 secure the appointment of a mediator to assist in the resolution
79 of the impasse. Mediation proceedings must be conducted in
80 accordance with chapter 44 and rules and procedures developed by
81 the Supreme Court.

82 (c) If the parties fail to submit a reasonable strategy
83 within 180 days after being placed on the pension watch list,

84 the local governmental entity must immediately notify the
85 Department of Management Services and the plan sponsor shall be
86 deemed by the chief executive officer to be in a financial
87 urgency as described in s. 447.4095.

88 (4) For noncollectively bargained agreements, the local
89 governmental entity must immediately implement the strategy
90 required under subsection (3). For collectively bargained
91 agreements, the local governmental entity must implement the
92 strategy required under subsection (3) upon expiration of the
93 collectively bargained agreement entered into prior to the plan
94 being placed on the pension watch list. The local governmental
95 entity must notify the Department of Management Services of the
96 strategy upon its implementation.

97 (5) Notwithstanding any other provision of law, after a
98 local governmental entity provides the Department of Management
99 Services with the notice required under subsection (2) that
100 results in its plan being placed on the pension watch list, it
101 may not increase a plan benefit level until the funded ratio for
102 the plan is greater than 80 percent.

103 (6) (a) Notwithstanding any other provision of law, for a
104 plan operated under chapter 175 or chapter 185 that is on the
105 pension watch list and that is not collectively bargained, the
106 local governmental entity must use all tax revenues received
107 under chapter 175 or chapter 185, as applicable, to pay for the
108 current plan benefit levels or a lesser level of plan benefits
109 as may be established in the strategy developed pursuant to
110 subsection (3) until the funded ratio for the plan is greater
111 than 80 percent.

112 (b) Notwithstanding any other provision of law, for a plan
 113 operated under chapter 175 or chapter 185 that is on the pension
 114 watch list and that is collectively bargained, the local
 115 governmental entity, upon expiration of the collectively
 116 bargained agreement entered into prior to the plan being placed
 117 on the pension watch list, must use all tax revenues received
 118 under chapter 175 or chapter 185, as applicable, to pay for the
 119 current plan benefit levels or a lesser level of plan benefits
 120 as may be established in the strategy developed pursuant to
 121 subsection (3) until the funded ratio for the plan is greater
 122 than 80 percent.

123 (7) If a plan on the pension watch list achieves a funded
 124 ratio of greater than 80 percent, the local governmental entity
 125 must notify the Chief Financial Officer and, after consulting
 126 with the Department of Management Services, the Chief Financial
 127 Officer shall remove the local governmental entity and the plan
 128 from the pension watch list and this section shall no longer
 129 apply unless the plan returns to a funded ratio of 80 percent or
 130 less.

131 Section 3. Section 447.4095, Florida Statutes, is amended
 132 to read:

133 447.4095 Financial urgency.—

134 (1) In the event of a financial urgency requiring
 135 modification of an agreement, the chief executive officer or his
 136 or her representative and the bargaining agent or its
 137 representative shall meet as soon as possible to negotiate the
 138 impact of the financial urgency. If, after a reasonable period
 139 of negotiation ~~which shall not~~ to exceed 14 days, a dispute

HB 1499

2012

140 exists between the public employer and the bargaining agent, an
141 impasse shall be deemed to have occurred, and one of the parties
142 shall so declare in writing to the other party and to the
143 commission. The parties shall then proceed pursuant to ~~the~~
144 ~~provisions of~~ s. 447.403. An unfair labor practice charge may
145 ~~shall~~ not be filed during the period ~~14 days during which~~
146 negotiations are authorized and occurring under ~~pursuant to~~ this
147 subsection ~~section~~.

148 (2) If a local governmental entity with a defined benefit
149 pension plan, including a defined benefit pension plan operated
150 under chapter 175 or chapter 185, remains on the pension watch
151 list under s. 218.505 for more than 36 months, the plan sponsor
152 may be deemed by the chief executive officer to be in a
153 financial urgency.

154 Section 4. This act shall take effect July 1, 2012.