

SB 7108 Recommended FRS Employer Rate Changes

Senate Bill 7108, a proposed Florida Retirement System (FRS) employer rate bill has been introduced and is scheduled to be heard in Senate Governmental Oversight and Accountability Committee on February 3. The rate increases for the employee classes below are the same as those proposed in the Governor's FRS rate bill. However SB 7018 also includes a change in the rate for the Health Insurance Subsidy (HIS) that reduces the rate from 1.66% to 1,50 %. That will further reduce the fiscal impact to school districts. The recommended rates are derived from the most recent actuarial studies of the FRS. The rates for the classifications that comprise most district employees are displayed in the tables below. The Base Rate is the rate for each employee class. The Unfunded Actuarial Liability (UAL) rate addresses the unfunded future shortfall for eventual retirees from that employee class.

FRS Employee Class	Adopted Base Rate 2020-21	Adopted UAL Rate 2020-21	Proposed Base Rate 2021-22	Proposed UAL Rate 2021-22	Combined Rates: 2021-22
Regular Class	4.84%	3.44%	4.91%	4.19%	9.10%
Special Risk Class	15.13%	7.60%	15.27%	8.90%	24.17%
County Elected Officials	10.07%	37.39%	10.28%	39.42%	49.70%
Sr. Management	6.39%	19.18%	6.49%	20.80%	27.29%
DROP	7.03%	8.29%	7.23%	9.45%	16.68%

FRS Employee Class	Proposed HIS Rate	Education and Administration	Total Proposed Rate 2021-22	Total Rate Inc. HIS and A&E 2021-22	Total Rate 2020-21	Rate Change 2021-2022
Regular Class	1.50%	.06%	9.10%	10.66%	10.00%	0.66%
Special Risk Class	1.50%	.06%	24.17%	25.73%	24.45%	1.28%
County Elected Officials	1.50%	.06%	49.70%	51.26%	49.18%	2.08%
Sr. Management	1.50%	.06%	27.29%	28.85%	27.29%	1.56%
DROP	1.50%	.00%	16.68%	18.18%	16.98%	1.20%

A fiscal impact statement and staff analysis was not available with the proposal. However, the 2020-2021 FRS employer rate increase was projected to cost school districts about \$232.7 million. The percentage of increase projected for 2021-2022 is less than 50% of the percentage increase in 2020-2021. If that approximates the percentage of last year's financial impact, districts may experience a cost increase of about \$100 million. The Governor's proposed budget provided an increase in total potential FEFP funds of about \$285,466,656. Of that amount increases in required expenses total about \$102,844,538. Therefore, it appears that there may be enough new uncommitted FEFP revenue to pay for the cost of the projected FRS employer rates.