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system to new employees and move them into a 401(k)-style investment plan.

Apr. 22, 2014

House Republicans merged two pension bills Monday in a late effort to salvage House Speaker Will Weatherford's long-sought effort to close the Florida Retirement System to new employees and move them into a 401(k)-style investment plan.

“This is like marrying a pit bull and a chihuahua and trying to make them a breed — and it's not going to work,” said Rep. Dewayne Taylor, D-Daytona Beach.

The Easter Sunday compromise was approved by the House State Affairs Committee in a 10-6 vote.

“What I see is like a jelly doughnut that everybody likes, and you stick a poison pill in it. On the outside, it looks good.”

The panel had earlier approved a bill by Rep. Jim Boyd, R-Bradenton, that closed the Florida Retirement System to newly hired workers after July 1, 2015. It would also require elected officers and senior management employees to sign up for the optional investment plan, rather than the “defined benefit” monthly payouts, and would raise the pension vesting period from eight years to 10 years.

That flopped in the Senate so Boyd, the committee chairman, created a committee substitute that combined his bill (HB 7173) with another one (HB 7179) by Rep. Matt Caldwell, R-Lehigh Acres. The Caldwell bill changes how local governments can use revenue from insurance premium taxes for police and firefighter pensions. It was worked out in negotiations among police and fire unions, local governments and state legislators.

The merger of state and local pension overhauls was distributed during Easter weekend and Democrats claimed the committee only met to cobble them together so

the agreed-upon local bill could save the controversial Florida Retirement System

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changes.

Weatherford last year got the House to pass a bill that simply required all newly hired employees to go into the investment plan, effectively phasing out the Florida Retirement System over a couple of decades and saving the state most of the \$500 million the Legislature appropriates every year to keep the pension plan's unfunded liability going.

The Florida Retirement System has an 86 percent funding level, comparing assets to liabilities, but actuaries generally consider anything over 80 percent healthy.

"We're not cutting benefits," Boyd told the committee. "We're giving employees choice, we're giving employees flexibility. This is anything but a backroom deal."

Rep. Kevin Rader, D-Boca Raton, said a 92-page bill picking up a 32-page amendment in the final two weeks of the session, when late compromises are often sprung as all-or-nothing deals, certainly looked like the Republicans were trying to sweeten Boyd's Florida Retirement System bill by melding it with Caldwell's local pension changes.

"When a bill gets long, something must be wrong," Rader said, citing a legislative adage he said he'd learned around the Capitol. "We had a good bill that was most likely going to pass. ... It stinks, I think it really stinks."

Democrats tried to hold the combined bill in committee with a parliamentary move but the Republicans out-voted them by an identical 10-6 roll call to release it for debate on the House floor. Sen. James Grant, R-Tampa, temporarily chairing the committee while Boyd's bill was up, took a 10-minute recess while Democrats and GOP members huddled separately to go over the rule book.

Then he reconvened the meeting and took a motion by Rep. Jason Brodeur, R-Sanford, to immediately certify the bill to the House — again, by a party-line vote.

In the Senate, Simpson said he is not ready to go along with the merging of the

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reduction from 3 percent to 2 percent in the employee payroll contribution for those who don't sign up for the pension plan. The pending legislation would also change the automatic "default" provision for employees who don't make a pension choice; instead of defaulting to the traditional pension plan, they would be put in the investment plan.

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