

4.0: BENEFITS FINDINGS

The following chapter provides an overview of Florida's state benefits offered to FDOT employees, and determines the monetary value of state benefits for FDOT employees. Internal and external interview and survey results regarding benefits are also discussed.

4.1 STATE BENEFITS OFFERINGS

In every U.S. state, benefits are offered to state employees to help recruit and retain a quality workforce. State benefits have been offered to employees for years, but the type and amount of coverage and related costs to the employer and employee vary from state to state and within the options available in each state benefits package.

According to Florida's Department of Management Services' 2013-2014 Annual Workforce Report, benefits are defined as:

[...] the quantifiable amount spent by the State of Florida on annual and sick leave, paid holidays, retirement and retiree health insurance subsidy, group health and term life insurance as well as Social Security and Medicare matching paid by the State of Florida. In addition, disability insurance is provided for employees in the Selected Exempt and Senior Management Services.

Health Benefits

The State of Florida offers a number of health benefits to eligible state employees. **Exhibit 4-1** provides an overview of the health benefits offered to Florida state employees and the terms for eligibility.

EXHIBIT 4-1: FLORIDA’S STATE BENEFITS PROGRAM OVERVIEW, 2015

Benefits	Options	Who’s Eligible ¹
Health	<ol style="list-style-type: none"> 1. Standard PPO 2. Standard HMO 3. Health Investor PPO 4. Health Investor HMO 	Employees, Retirees, COBRA, Surviving Spouse, Laid-off Career Service Employees
Life	<ol style="list-style-type: none"> 1. Basic 2. Optional 	Employees, Retirees (basic), Laid-off Career Service Employees (basic)
Dental	<ol style="list-style-type: none"> 1. Prepaid 2. Dental PPO 3. Indemnity with PPO 4. Indemnity 	Employees and all others if eligible to continue through COBRA
Vision	Exam Plus	Employees and all others if eligible to continue through COBRA
Other Supplemental Plans	<ol style="list-style-type: none"> 1. Accident 2. Cancer 3. Disability 4. Hospital Intensive Care 5. Hospitalization 	Employees and others may convert to an individual policy upon termination of employment.
Tax-Favored Accounts	<ol style="list-style-type: none"> 1. Flexible Spending Accounts: <ul style="list-style-type: none"> • Medical Reimbursement • Limited Purpose Medical Reimbursement • Dependent Care Reimbursement 2. Health Savings Account 	<p>Employees (OPS/variable-hour employees who meet eligibility requirements are only eligible for the dependent care reimbursement account)</p> <p>Employees</p>

Source: Benefits Guide for State of Florida Employees and Retirees, 2015 Plan Year, Florida Department of Management Services website.

¹Benefit options vary depending on your employment status and whether you meet required eligibility criteria and pay monthly premiums on time. Some benefits are available for only for a limited time.

FDOT (the employer) pays the majority of the cost of benefits listed under *Health and Basic Life* (\$25,000 all pay plans), and for *Tax Favored Accounts - Health Savings Account* (employee’s contribution is a \$15 monthly co-pay). Further, the employer pays 100 percent of the cost of *Disability* insurance for Senior Management Service (SMS)/Selected Exempt Service (SES) employees. The remainder of the benefits are offerings provided by the State that the employee may choose to pay for under the group coverage.

Florida’s state benefits offered to eligible employees may also extend to the employee’s family members. **Exhibit 4-2** shows the coverage offered for each state benefit by Florida’s state benefits program.

EXHIBIT 4-2: STATE BENEFITS PROGRAM OFFERINGS COVERAGE, 2015 YEAR PLAN

	Employee	Employee + Spouse	Employee + Children	Family
Health	✓			✓
Life	✓			
Dental	✓	✓	✓	✓
Vision	✓	✓	✓	✓
Accident	✓	✓	✓	✓
Disability	✓			
Cancer ¹	✓		✓	✓
Hospital Intensive Care	✓		✓	✓
Hospitalization	✓			✓

Source: Benefits Guide for State of Florida Employees and Retirees, 2015 Plan Year, Florida Department of Management Services website.

¹Benefit options vary depending on your employment status and whether you meet required eligibility criteria and pay monthly premiums on time. Some benefits are available for only for a limited time.

Retirement Benefits

The State of Florida also offers retirement benefits to eligible state employees. The Florida Retirement System (FRS) program was created on December 1st, 1970, to offer eligible state employees retirement, disability, and survivor benefits. Social Security coverage is required for all members. In the FRS program, there are five primary retirement classes:

- **Regular Class.** This class consists of FRS members who do not qualify for membership in the Special Risk, Special Risk Administrative Support, Elected Officers’, or Senior Management Service Classes.

- **Special Risk Class.** This class consists of FRS members who are employed in positions such as Law Enforcement Officers, Firefighters, Fire Prevention and Firefighter Training positions, Aerial Firefighting Surveillance Pilots for the Department of Agriculture and Consumer Services, Correctional Officers, Paramedics, and other similar positions, and meet the qualifying criteria according to Florida law and rules.
- **Special Risk Administrative Support Class.** This class consists of certain former Special Risk Class members who are transferred or reassigned to a non-special risk law enforcement, firefighting, correctional, or emergency services administrative support position at a Florida Retirement System special risk employing agency, and who meet the criteria set forth in Florida law.
- **Elected Officers' Class.** This class consists of members who hold specified elective offices in either state or local government, such as Governor, Lieutenant Governor, Cabinet Officer, Legislator, Supreme Court Justice, District Court of Appeals Judge, Circuit Judge, County Court Judge, or other similar positions.
- **Senior Management Service Class.** This class consists of, among other leadership positions, members of the Senior Management Service in the State Personnel System.

For the purposes of this study's review, FDOT employees fall into either the Regular Class (Career Service and Selected Exempt Service) or Senior Management Service Class (Senior Management Service).

The State also provides employees the option to enter a retirement program that is qualified as an "Investment Plan." It is a 401(k) – type plan and provides for vesting after only one year, compared to the FRS plan of eight years. Rather than have funds invested by the State Board of Administration as is the case with the FRS Pension Plan, the Investment Plan provides for employee choice in fund investment. The most significant difference in the two plans occurs at time of retirement. The traditional FRS Pension plan provides for a defined benefit (once vested) based upon a salary and service formula. The Investment Plan provides for a payment plan based upon individual account balance.

Effective July 1st, 2002, the Florida Legislature established a uniform contribution rate system for the FRS program, covering both the Pension Plan and Investment Plan. On July 1st, 2011, the State required both employees and employers of the FRS program to make contributions to establish service credit for work performed in a regularly established position.

Exhibit 4-3 shows the required uniform contribution rates for Fiscal Year 2014-2015 for employees and employers in the FRS program.

EXHIBIT 4-3: FLORIDA RETIREMENT SYSTEM CONTRIBUTION RATES BY CLASS

CLASS	EMPLOYEE CONTRIBUTION RATE*	EMPLOYER CONTRIBUTION RATE*	TOTAL CONTRIBUTION RATE
Regular	3.00%	7.37%	10.37%
Special Risk	3.00%	19.82%	22.82%
Special Risk Administrative Support	3.00%	42.07%	45.07%
Elected Officers			
Judges	3.00%	33.17%	36.17%
Governor, Lt. Governor, Cabinet, Legislators, State Attorneys, and Public Defenders	3.00%	46.26%	49.26%
Elected County, City, and Special District Officials	3.00%	43.24%	46.24%
Senior Management Service	3.00%	21.14%	24.14%
Deferred Retirement Option Program	N/A	12.28%	12.28%

Source: Summary Plan Description: Florida Retirement System Pension Plan, Florida Retirement System website, 2014. Note: Deferred Retirement Option Program (DROP) participants do not pay the 3 percent contribution rate.

*These rates include the 1.26 percent contribution for the Retiree Health Insurance Subsidy, the fee of 0.04 percent for administration of the FRS Investment Plan and provision of educational tools for both plans, and unfunded actuarial liability rates.

Any FRS member who terminates employment with an FRS employer may receive a refund of any retirement contributions personally made to the system (and lose the associated retirement credit for both their FRS and Health Insurance Subsidy benefits), or may leave these personal contributions in the system and keep all creditable service earned through the date of termination.

FRS members become eligible for normal retirement or unreduced retirement based on their age and/or service when they meet one of the minimum requirements shown in **Exhibit 4-4**. Early retirement or reduced retirement may be taken after a member is vested and is within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year remaining from a member’s retirement age to normal retirement age.

EXHIBIT 4-4: RETIREMENT REQUIREMENTS BEFORE AND AFTER 2011 LEGISLATION

Normal Retirement Requirements for members initially enrolled before July 1, 2011	
Regular Class, Elected Officers’ Class, and Senior Management Service Class	Vested with six years of service and age 62; or The age after 62 that the member becomes vested; or 30 years of service, regardless of age.
Normal Retirement Requirements for members initially enrolled on or after July 1, 2011	
Regular Class, Elected Officers’ Class, and Senior Management Service Class	Vested with eight years of service and age 65; or The age after 65 that the member becomes vested; or 33 years of service, regardless of age.

Source: Summary Plan Description: Florida Retirement System Pension Plan, Florida Retirement System website, 2014.

Service retirement benefits are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1st, 2011, the average final compensation is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1st, 2011, the average final compensation is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.