



## **FTA-PP-03: DEFERRED RETIREMENT OPTION PROGRAM EXTENSION**

### **COMMITTEE RECOMMENDATION: ADOPT**

**PROPOSED POLICY:** SUPPORT expanding the Deferred Retirement Option Program (DROP) to allow all eligible FRS employees to extend their participation in DROP for up to 36 months beyond their initial 60-month eligibility period. This would match the DROP participation extension now permitted for eligible law enforcement officers.

**BACKGROUND:** The pandemic-era trend known as the Great Resignation continues to affect the labor market, leading some workers to quit their jobs at near record levels. This has hurt Volusia County's ability to attract and maintain qualified employees. Florida House Bill 5007 was signed into law earlier this year allowing law enforcement officers who meet the criteria in section 121.0515(3)(a), Florida Statutes to participate in DROP for up to 36 calendar months beyond their initial 60-month eligibility period as provided in section 121.091(13)(b)1.c., Florida Statutes. The law enforcement officer must remain in an eligible law enforcement officer position while working the entire period of extended DROP participation.

**ANALYSIS:** As of Aug. 10, 2022, Volusia County has 96 employees participating in DROP. These long-term employees have the knowledge, experience, and wisdom so necessary for an organization to be successful. They provide much needed continuity, serve as role models to other staff members and project a positive image to the community. Allowing these employees to extend their DROP participation if they desire will ultimately strengthen our organization and allow the County to better withstand the current labor shortage.

**FISCAL IMPACT:** Indeterminate at this time

### **FAC STAFF NOTES:**

- FAC 2022 Policy Conference
  - FTA-PP-03 was recommended for adoption by the committee.
  - Previously FTA-PP-05
- Statutes:
  - [S. 121.091\(13\)](#), F.S. provides the statutory framework for the Deferred Option Retirement Plan (DROP) program.
    - The program allows eligible Florida Retirement System (FRS) employees to defer receipt of retirement benefits while continuing employment with his/her FRS employer.
    - The benefits that would ordinarily be paid out upon the employee reaching their normal retirement date instead accrue, with compounded



interest, in the Florida Retirement System for the duration of DROP participation.

- Most eligible members may elect to participate in the DROP program for no more than 60 months
- Certain eligible classes may participate in DROP for up to an additional 36 months beyond the initial 60-month period:
  - Instructional personnel for the Florida School for the Deaf and the Blind
  - Instructional personnel for grades K-12
  - Instructional personnel employed by a developmental research school
  - Law enforcement officers who are members of the Special Risk Class under the criteria set forth in [s. 121.0515\(3\)\(a\)](#), F.S.
- Bills:
  - [Ch. 2022-159](#), L.O.F. (previously HB 5007 – *State-Administered Retirement Systems* by the House Appropriations Committee) amended s. 121.091, F.S. to include the aforementioned Special Risk Class of law enforcement officers among the eligible FRS membership classes to receive an optional 36 month additional DROP period
    - The measure also raised the statutorily prescribed employer contribution rates into the FRS, in part, to fund the modifications to the DROP program.
    - **Note:** Future expansions of the DROP eligibility period may result in additional contribution rate increases into the FRS.
- FAC Guiding Principles:
  - FTA 6.
    - The Florida Association of Counties supports policies related to retirement, workers' compensation and other administrative systems be based on sound and accurate data analyzed with consideration for state and local fiscal impact, fairness and accessibility for state and local employees, as well as, predictability and stability relative to market forces for the long-term effective management of state and local financial plans.

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**ASSIGNED COMMITTEE:** FTA

**BOARD SUPPORT:** Yes



**UNFUNDED MANDATE: No**

**PROTECTIVE OF HOME RULE: N/A**