

LWDB Compensation Disclosure FAQ

Chapter 2021-164, Laws of Florida (House Bill 1507), an act relating to workforce related programs and services, passed the 2021 Legislature. Among other actions, Section 8 of the bill created a new subsection (13) to Section 445.007, Florida Statutes, that requires substantial compensation disclosures for specified employees of each Local Workforce Development Board. This modified the requirements of Executive Order 20-44, which had been incorporated into the Grantee/Subgrantee Agreement.

Q1. Will the Grantee/Subgrantee Agreement be updated to incorporate the changes made by House Bill 1507?

Yes. The requirements of House Bill 1507 will be incorporated into the next iteration of the Grantee Subgrantee Agreement.

Q2. Is the compensation disclosure to be made on a calendar year or fiscal year basis?

The compensation disclosure is based on your Local Workforce Development Board's fiscal year.

Q3. When is the compensation disclosure due to DEO? Can the Department grant a waiver?

The compensation disclosure is due to DEO within 30 days after a Board's fiscal year end. For a Board with a June 30 fiscal year end, the due date is by July 30. For a board with a September 30 fiscal year end, the due date is by October 30. The law does not give the Department the discretion to grant a waiver of this due date.

Q4. What is meant by "present value of vested benefits including but not limited to retirement, accrued leave and paid time off?"

This category is designed to record any vested benefits, i.e., those to which the employee is entitled, for which the Board has not yet been required to fund. It serves as an indicator of future Board cash outlays for the employees listed.

For most boards, the main activity here will be for accrued leave and paid time off. The amount to be reported is basically equivalent to the compensated absences liability calculated for financial statement purposes.

A Board may have an arrangement under which a separate legal entity is the employer of record and charges are made for leave earned, not just leave taken. If the charges for leave earned are turned over to the employer of record such that the Board will not have an additional leave payout when the employee terminates, then no amount need be reported as vested benefits. (The charges for leave earned will be reported in the Cashed-In Leave category, which will be renamed Cashed-In or Funded Leave.)

The same treatment will be accorded to a Board that charges for leave earned but maintains the funds in a segregated Board-controlled account. If this account is adjusted only at year end rather than each payroll (“net”), keep in mind that the amount reported on the Cashed-In or Funded Leave line must be the dollar value of the leave earned by the reported individuals for the year (“gross”).

If the Board participates in a traditional retirement system (including the Florida Retirement System pension plan) in which the Board makes contributions as required by the plan agreement to a plan trustee, these payments are reported in the Retirement Benefits (Pension Plan Accruals and Contributions) category, not the Present Value of Vested Benefits category. Other retirement arrangements may need to be reported in the Present Value of Vested Benefits category.

Special Case: If making contributions to the Florida Retirement System investment plan, only report the amount from the employer deposited into the employee’s account, not the total amount of the employer required contribution as Retirement Benefits (Pension Plan Accruals and Contributions). The additional amount is a cost to the Board, but not a benefit to the employee.

Any other benefit to be paid to an employee (whether or not taxable to the employee and whether or not required to be reported on IRS Form W-2 or IRS Form 990) listed on the compensation disclosure that is not reported elsewhere on the compensation disclosure must be reported in the Present Value of Vested Benefits category.

Q5. Which employees must be included on the compensation disclosure?

House Bill 1507 requires the following categories of employees to be included:

- executives,
- officers,
- directors,
- trustees,
- key employees, and
- the highest compensated employees, as defined for purposes of the Internal Revenue Service Form 990, Return of Organization Exempt from Income Tax.

In general, anyone in executive leadership must be included. Executive leadership is defined as the chief executive officer/executive director of the board and those reporting directly to that position (excluding administrative assistants and clerical staff). The compensation disclosure will likely include more positions that would be listed on IRS Form 990.

Q6. Are any forms of compensation omitted from the disclosure?

Yes, a board’s share of federal and state payroll taxes, such as FICA and reemployment, are omitted.

Q7. Are the amounts on the disclosure determined on the cash or accrual basis?

Amounts may be reported using either basis of accounting as long as it is disclosed and consistently applied.