

Regular Session, 2011

HOUSE BILL NO. 495

BY REPRESENTATIVE PEARSON AND SENATOR GAUTREAUX

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/FUNDING: Relative to funding of state retirement systems, provides for changes in the remitting of payments on the Unfunded Accrued Liability (UAL)

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(1) and to enact R.S. 11:102(D), relative to certain
3 state retirement systems; to provide relative to employer contributions; to provide for
4 direct appropriation of certain amortization payments; to provide for an effective
5 date; and to provide for related matters.

6 Notice of intention to introduce this Act has been published
7 as provided by Article X, Section 29(C) of the Constitution
8 of Louisiana.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:102(B)(1) is hereby amended and reenacted and R.S. 11:102(D)
11 is hereby enacted to read as follows:

12 §102. Employer contributions; determination; state systems

13 * * *

14 B.(1) Except as provided in Subsection C of this Section for the Louisiana
15 State Employees' Retirement System, except as provided in Subsection D of this
16 Section for the Teachers' Retirement System of Louisiana, and except as provided
17 in R.S. 11:102.1 and 102.2 and in Paragraph (5) of this Subsection, for each fiscal
18 year, commencing with Fiscal Year 1989-1990, for each of the public retirement
19 systems referenced in Subsection A of this Section, the legislature shall set the
20 required employer contribution rate equal to the actuarially required employer

1 contribution, as determined under Paragraph (3) of this Subsection, divided by the
2 total projected payroll of all active members of each particular system for the fiscal
3 year. Each entity funding a portion of a member's salary shall also fund the
4 employer's contribution on that portion of the member's salary at the employer
5 contribution rate specified in this Subsection.

6 * * *

7 D.(1) For the Teachers' Retirement System of Louisiana, beginning with the
8 system valuation for the fiscal year ending June 30, 2011, the valuation adopted by
9 the Public Retirement Systems' Actuarial Committee shall, in addition to the rate
10 calculated pursuant to the provisions of Subsection B of this Section, include a
11 separate calculation of each of the following:

12 (a)(i) The amortization payment in R.S. 11:102(B)(3)(b).

13 (ii) The amortization payment in R.S. 11:102(B)(3)(b) without the midyear
14 interest payment.

15 (b)(i) The amortization payment in R.S. 11:102(B)(3)(d).

16 (ii) The amortization payment in R.S. 11:102(B)(3)(d) without the midyear
17 interest payment.

18 (c) An adjusted employer contribution rate which has been reduced to reflect
19 the direct amortization payments provided for in this Subsection.

20 (2)(a) Beginning with payments due in Fiscal Year 2012-2013, each year's
21 amortization payments required pursuant to R.S. 11:102(B)(3)(b) and (d) and
22 calculated as provided in Items (1)(a)(ii) and (1)(b)(ii) of this Subsection shall be
23 made in a lump sum payment as soon as practicable after July first.

24 (b) The treasurer shall remit such payments directly to the system from any
25 available source of monies otherwise appropriated to fund the employing agencies
26 which participate in the system. Each employer's proportionate share of the
27 amortization payments calculated as provided in Items (1)(a)(i) and (1)(b)(i) of this
28 Subsection shall be deducted from any funds appropriated to or for the use of the

1 employing agency, including funds allocated to the agency through the Minimum
2 Foundation Program block grant.

3 (3)(a) The employer contribution rate to be paid by participating employers
4 shall be the amount calculated in Subparagraph (1)(c) of this Subsection

5 (b) If for any fiscal year an employing agency objects to the direct
6 amortization payments provided in this Subsection, the agency shall inform the
7 treasurer and the retirement system by the June first prior to the July first
8 commencement of such fiscal year that the employing agency has elected to pay the
9 contribution rate calculated pursuant to Subsection B of this Section.

10 Section 2. This Act shall become effective on June 30, 2011; if vetoed by the
11 governor and subsequently approved by the legislature, this Act shall become effective on
12 June 30, 2011, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Pearson

HB No. 495

Abstract: Relative to the Teachers' Retirement System of La. (TRSL), provides for the direct appropriation of funds for the payment of Unfunded Accrued Liability (UAL).

Present law provides for calculation of each fiscal year's actuarially required employer contribution for each state retirement system, including TRSL. Provides for this contribution amount to be divided by projected payroll to produce the actuarially required employer contribution rate.

Present constitution requires the legislature to set and determine all contributions to be made to TRSL. Present law mandates that the legislature set the employer contribution rate equal to the rate calculated pursuant to present law.

Proposed law retains present law.

Proposed law provides that, beginning in FY 2012-2013, the treasurer shall pay certain amortization payments directly to TRSL. Provides for the agencies' employer contribution rate for TRSL to be reduced to reflect the direct payments. Provides for the treasurer to deduct each employer's proportionate share of the amortization payment from the monies appropriated to or for the use of the employer. Provides for employers who object to such direct payments to pay the rate without the reduction for direct payments.

Effective June 30, 2011.

(Amends R.S. 11:102(B)(1); Adds R.S. 11:102(D))