

Regular Session, 2012

HOUSE BILL NO. 59

BY REPRESENTATIVE PEARSON

RETIREMENT/STATE SYSTEMS: Provides relative to early payment of the unfunded accrued liability

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(1) and (C)(1)(introductory paragraph) and to enact
3 R.S. 11:102(D), relative to certain state retirement systems; to provide relative to
4 employer contributions; to provide for direct appropriation of certain amortization
5 payments; to provide for an effective 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) and (C)(1)(introductory paragraph) are hereby amended
11 and reenacted and R.S. 11:102(D) is hereby enacted to read as follows:

12 §102. Employer contributions; determination; state systems

13 * * *

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

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

6 * * *

7 C.(1) In addition to the requirements of Subsection D of this Section, this
8 ~~This~~ Subsection shall be applicable to the Louisiana State Employees' Retirement
9 System effective for the June 30, 2010, system valuation and beginning Fiscal Year
10 2011-2012. For purposes of this Subsection, "plan" or "plans" shall mean a subgroup
11 within the system characterized by the following employee classifications:

12 * * *

13 D.(1)(a) For the Louisiana State Employees' Retirement System and for the
14 State Police Pension and Retirement System, beginning with the system valuation
15 for the fiscal year ending June 30, 2012, the valuation adopted by the Public
16 Retirement Systems' Actuarial Committee shall, in addition to the rates calculated
17 pursuant to the provisions of Subsections B and C of this Section, include a separate
18 calculation of each of the following:

19 (i)(aa) The amortization payment provided for in Subparagraph (B)(3)(b) of
20 this Section.

21 (bb) The amortization payment provided for in Subparagraph (B)(3)(b) of
22 this Section, without the midyear interest payment.

23 (ii)(aa) The amortization payment provided for in Subparagraph (B)(3)(d)
24 of this Section.

25 (bb) The amortization payment provided for in Subparagraph (B)(3)(d) of
26 this Section, without the midyear interest payment.

27 (iii) An adjusted employer contribution rate which has been reduced to
28 reflect the direct amortization payments provided for in this Subsection.

1 (b) As used in this Subparagraph, the term "employer" shall mean an
2 "employer" as defined in R.S. 11:403.

3 (2)(a) Beginning with payments due in Fiscal Year 2013-2014, each year's
4 amortization payments required pursuant to Subparagraphs (B)(3)(b) and (d) of this
5 Section and calculated as provided in Subitems (1)(a)(i)(bb) and (ii)(bb) of this
6 Subsection shall be made in a lump sum payment as soon as practicable after July
7 first.

8 (b) The treasurer shall remit such payments directly to the system from any
9 available source of monies otherwise appropriated to fund any employer. Each
10 employer's proportionate share of the amortization payments calculated as provided
11 in Subitems (1)(a)(i)(aa) and (ii)(aa) of this Subsection shall be deducted from any
12 funds appropriated to or for the use of the employer. The funds appropriated or
13 allocated to each employer, net of the amortization payments being remitted to the
14 system by the treasurer, shall be made available to the employer in equal periodic
15 installments. Such installments shall not be made less frequently than on a monthly
16 basis.

17 (3) The employer contribution rate to be paid by each employer shall be the
18 amount calculated in Item (1)(a)(iii) of this Subsection.

19 (4) By the May first prior to the July first commencement of the fiscal year,
20 the system shall provide the treasurer with a statement of the amortization payment
21 to be withheld on behalf of each employer.

22 * * *

23 Section 2. As soon as practicable after the effective date of this Act, the Public
24 Retirement Systems' Actuarial Committee shall meet to adopt a revised valuation for the
25 system, prepared as provided this Act. This valuation shall include a revised employer
26 contribution rate for each plan within the system to be utilized in the fiscal year which begins
27 on July 1, 2012.

1 Section 3. This Act shall become effective on June 30, 2012; if vetoed by the
2 governor and subsequently approved by the legislature, this Act shall become effective on
3 June 30, 2012, 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. 59

Abstract: Relative to the La. State Employees' Retirement System (LASERS) and the State Police Pension and Retirement System (STPOL), provides for the direct payment 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 LASERS and STPOL. Provides for this contribution amount to be divided by projected payroll to produce the actuarially required employer contribution rate.

Present law further requires LASERS employers to pay individualized normal cost payments and amortization payments depending on which plans within the system its employees fall into. For purposes of present law the individual LASERS plans are as follows:

- (1) Regular members.
- (2) Enforcement personnel employed by the office of alcohol and tobacco control within the Dept. of Public Safety and Corrections (DPS&C).
- (3) Peace officers employed by DPS&C in the office of state police, other than state troopers.
- (4) Judges.
- (5) Wildlife agents employed by the Dept. of Wildlife and Fisheries.
- (6) Corrections personnel in LASERS secondary component.
- (7) Corrections personnel in LASERS primary component.
- (8) Legislators, the governor, and the lieutenant governor.
- (9) Bridge police employed by the Crescent City Connection Division of the Dept. of Transportation and Development (DOTD).

Present law requires, for accounting purposes, that each plan shall be allocated system assets in proportion to the accrued liability of each plan existing on June 30, 2010. Beginning with FY 2010-2011 and thereafter, each plan shall be allocated investment gains and losses in proportion to its individual assets.

Proposed law retains present law.

Proposed law applies only to LASERS and STPOL. Provides that, beginning in FY 2013-2014, the treasurer will pay certain amortization payments directly to LASERS and

STPOL. Provides for the employers' contribution rate for LASERS and STPOL 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 employers. Requires LASERS and STPOL to notify the treasurer regarding amortization payments to be withheld.

Proposed law requires the Public Retirement Systems' Actuarial Committee (PRSAC) to meet as soon as practicable after July 1, 2012, to adopt a revised valuation for the system, prepared in accordance with proposed law. This valuation shall include a revised employer contribution rate for each plan within the system to be utilized in the fiscal year which begins on July 1, 2012.

Effective June 30, 2012.

(Amends R.S. 11:102(B)(1) and (C)(1)(intro. para.); Adds R.S. 11:102(D))