Regular Session, 2011

HOUSE BILL NO. 332

BY REPRESENTATIVE PEARSON AND SENATOR GAUTREAUX

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

1	AN ACT
2	To amend and reenact R.S. 11:62(3) and (6), 108(B)(1)(f) and (3), (C), (D)(introductory
3	paragraph), and (E), 1732(15), 2213(4), 2225(A)(2)(a) and (6), and 2252(4), to enact
4	$R.S.\ 11:107.2\ and\ 108(F)(3),\ and\ to\ repeal\ R.S.\ 11:231(A)(4)\ and\ (7)\ and\ (C)(1)(b),$
5	relative to the Firefighters' Retirement System, the Municipal Employees' Retirement
6	System, and the Municipal Police Employees' Retirement System; to provide relative
7	to the funding of such systems; to provide for membership of the boards of trustees;
8	to provide for the setting of employer contribution rates under certain circumstances;
9	to provide for employee contribution rates; to provide for benefit calculation; to
10	provide for continuation of the duties of the Funding Review Panel; to provide an
11	effective date; and to provide for related matters.
12	Notice of intention to introduce this Act has been published
13	as provided by Article X, Section 29(C) of the Constitution
14	of Louisiana.
15	Be it enacted by the Legislature of Louisiana:
16	Section 1. R.S. 11:62(3) and (6), 108(B)(1)(f) and (3), (C), (D)(introductory
17	paragraph), and (E), 1732(15), 2213(4), 2225(A)(2)(a) and (6), and 2252(4) are hereby
18	amended and reenacted and R.S. 11:107.2 and 108(F)(3) are hereby enacted to read as
19	follows:
20	§62. Employee contribution rates established
21	Employee contributions to state and statewide public retirement systems shall
22	be paid at the following rates, except as otherwise provided by law:
23	* * *

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

1	(3) Firefighter	rs' Retirement System - 8%.	· •
2	(a) Any memb	oer whose earnable compens	ation is less than or equal to the
3	most recently issued p	overty guidelines issued by	the United States Department of
4	Health and Human Ser	rvices according to the size o	f the member's family unit - 8%.
5	(b) For employ	yee contributions due and pa	yable July 1, 2011, or thereafter,
6	any member whose ea	arnable compensation is mor	re than the most recently issued
7	poverty guidelines iss	ued by the United States De	partment of Health and Human
8	Services according to	the size of the member's fam	ily unit:
9	If the total con	<u>tribution</u>	
10	for the fiscal ye	ear expressed	
11	as a percentage	e of payroll after	
12	applying all red	quired tax	The employee contribution
13	contributions i	<u>s:</u>	shall be:
4		25.0% or below	<u>8.0%</u>
15		25.01% to 25.75%	<u>8.25%</u>
16		25.76% to 26.5%	<u>8.5%</u>
17		26.51% to 27.25%	<u>8.75%</u>
18		27.26% to 28.0%	9.0%
19		28.01% to 28.75%	<u>9.25%</u>
20		28.76% to 29.5%	<u>9.5%</u>
21		29.51% to 30.25%	<u>9.75%</u>
22		30.26% or above	10.0%
23		* * *	
24	(6) Municipal	Police Employees' Retireme	ent System - 8%. <u>:</u>
25	(a) Any memb	per whose earnable compens	ation is less than or equal to the
26	most recently issued p	overty guidelines issued by	the United States Department of
27	Health and Human Ser	vices according to the size of	the member's family unit - 7.5%.
28	(b) For employ	yee contributions due and pa	yable July 1, 2011, or thereafter,

any member whose earnable compensation is more than the most recently issued

29

1	poverty guidelines iss	sued by the United States Dep	partment of Health and Human
2	Services according to	the size of the member's fami	ly unit:
3	If the total con	<u>atribution</u>	
4	for the fiscal y	rear expressed	
5	as a percentage	e of payroll after	
6	applying all re	quired tax	The employee contribution
7	contributions i	is:	shall be:
8		25.0% or below	<u>7.5%</u>
9		25.01% to 25.75%	<u>7.75%</u>
10		25.76% to 26.5%	8.0%
11		26.51% to 27.25%	<u>8.25%</u>
12		27.26% to 28.0%	<u>8.5%</u>
13		28.01% to 28.75%	<u>8.75%</u>
14		28.76% to 29.5%	<u>9.25%</u>
15		29.51% to 30.25%	9.5%
16		30.26% to 31.0%	<u>9.75%</u>
17		31.0% or above	10.0%
18		* * *	
19	§107.2. Employer	contributions; maintaining ra	ates; reducing rate decreases;
20	Firefighters' R	etirement System; Municipal	Police Employees' Retirement
21	<u>System</u>		
22	A. The provi	sions of this Section shall ap	oply to the following statewide
23	public retirement sys	stems or funds, hereinafter	referred to in this Section as
24	"systems":		
25	(1) The Firefi	ghters' Retirement System.	
26	(2) The Munic	cipal Police Employees' Retire	ement System.
27	B. Notwithsta	nding the provisions of R.S. 13	1:103 and 104, in any fiscal year
28	during which the re	commended net direct emp	loyer contribution rate would
29	otherwise be decrease	d for any system, the board of	trustees of the system is hereby
30	authorized to either:		

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1	(1) Maintain the previous fiscal year's net direct employer contribution rate
2	at the time that the decrease would otherwise occur according to R.S. 11:103.
3	(2) Set the employer contribution rate at any point between the previous
4	year's net direct employer contribution rate and the recommended net direct
5	employer contribution rate that would otherwise occur pursuant to R.S. 11:103.
6	C. Any excess funds resulting from the board's exercise of its authority
7	pursuant to Subsection B of this Section shall be combined with any contribution
8	surplus, or offset by any contribution shortfall, and the resulting balance, if greater
9	than zero, shall be applied, until exhausted, exclusively for and in the order of the
10	following purposes:
11	(1) To reduce the outstanding balance of any unfunded accrued liability
12	existing as of the end of Fiscal Year 1988-1989, if any; however, the future payments
13	for such unfunded accrued liability shall continue to be made according to the
14	original amortization schedule established in compliance with the requirements of
15	Article X, Section 29(E)(3) of the Constitution of Louisiana until the outstanding
16	balance is fully liquidated.
17	(2) To reduce the outstanding amortization charge base or bases with the
18	greatest number of outstanding payments; however, the future payments on the base
19	or bases shall continue to be made according to the original amortization schedule
20	until the outstanding balance is fully liquidated.
21	D. The board's exercise of its authority pursuant to Subsection B of this
22	Section shall not cause the employer contribution rate to exceed fifteen percent in
23	any fiscal year.
24	§108. Funding Review Panel
25	* * *
26	B. The panel shall be composed of two committees, the advisory committee
27	of seven members and the recommendations committee of seven members.
28	* * *

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1	(1) The recommendations committee shall have the following voting
2	members:
3	* * *
4	(f) The state treasurer commissioner of administration or his designee.
5	* * *
6	(3)(a) The panel shall elect from the members of the recommendations
7	committee a chairman and vice chairman of the panel. If the state treasurer is elected
8	chairman or vice chairman, his designee shall serve in such office at any meeting of
9	the panel at which he represents the treasurer.
10	(b) At the first meeting in Fiscal Year 2010-2011, and at the first meeting in
11	each fiscal year thereafter, the panel shall elect from the members of the
12	recommendations committee a chairman and vice chairman of the panel. If the state
13	treasurer commissioner of administration is elected chairman or vice chairman, his
14	designee shall serve in such office at any meeting of the panel at which he represents
15	the treasurer commissioner.
16	* * *
17	C.(1) The panel shall meet not less than monthly <u>if practicable</u> . The
18	treasurer shall call the first meeting of the panel on or before August 31, 2005, and
19	shall preside until the panel elects a chairman and vice chairman.
20	(2) The treasurer shall call the first meeting for Fiscal Year 2010-2011 on or
21	before August 31, 2010. The treasurer or his designee shall preside until the panel
22	elects a chairman and vice chairman.
23	(3) The commissioner shall call the first meeting in each fiscal year on or
24	before August thirty-first. The commissioner or his designee shall preside until the
25	panel elects a chairman and vice chairman.
26	D. The panel shall undertake a continuous and comprehensive review of the
27	actuarial funding and benefit structure of the Firefighters' Retirement System, the
28	Municipal Employees' Retirement System, and the Municipal Police Employees'
29	Retirement System, including but not limited to the following:
30	* * *

E. The systems, the House of Representatives, the Senate, the legislative actuary, the legislative auditor, and the legislative fiscal office the Louisiana Municipal Association, and the Louisiana Conference of Mayors shall provide such staff and facilities to the panel as are necessary to carry out its duties and responsibilities.

F.

7 * * *

(3) On or before February first, in even-numbered years, and on or before March first, in odd-numbered years, the panel shall submit to the House and Senate committees on retirement and to the legislative auditor a report containing its recommendations for increasing the actuarial soundness of each system and for providing an affordable benefit for members of each system.

* * *

§1732. Definitions

The following words and phrases, as used in this Chapter, unless a different meaning is plainly required by the context, shall have the following meaning:

* * *

(15)(a) "Final compensation", for a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, means the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred twenty-five fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the final twelve months shall not exceed one hundred twenty-five fifteen percent of the earnings of the thirteenth through the twenty-fourth months.

(b) "Final compensation", for a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, means the

average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred twenty-five fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred twenty-five fifteen percent of the earnings for the thirty-seventh through the twenty-fourth month. The earnings to be considered for the thirty-seventh through the forty-eighth month shall not exceed one hundred twenty-five fifteen percent of the earnings for the twenty-fifth through the thirty-sixth month. The earnings to be considered for the final twelve months shall not exceed one hundred twenty-five fifteen percent of the earnings of the thirty-seventh through the forty-eighth month.

* * *

§2213. Definitions

The following words and phrases, as used in this Subpart, unless a different meaning is plainly required by context, shall have the following meaning:

* * *

(4) "Average final compensation" shall mean the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service as an employee during which the said earned compensation was the highest. In case of interruption of employment, the thirty-six month period shall be computed by joining employment periods immediately preceding and succeeding the interruption. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth months.

* * *

28 §2225. Administration

A. Board of trustees:

30 * * *

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(2)(a) The board shall consist of eleven <u>fifteen</u> trustees as follows: Seven
members, three of whom shall not be chiefs of police but shall be active contributing
members of the system with ten or more years of creditable service, and four of
whom shall be active contributing chiefs of police, with four or more years of
creditable service provided that no municipal police department shall have more than
one member and one chief of police on the board at the same time, and two of whom
shall be; two regular retirees of the system, one retired from Chiefs District I and one
retired from Chiefs District II as those districts are comprised in Subparagraphs (b)
and (c) of this Paragraph; Paragraph; and four ex officio trustees to include the
chairman of the House of Representatives Committee on Retirement or his designee,
and the chairman of the Senate Committee on Retirement or his designee, the
commissioner of administration or his designee, and the state treasurer or his
designee; and two mayors appointed by the Louisiana Municipal Association from
municipalities having police departments participating in the system, to serve at the
pleasure of the Louisiana Municipal Association. The retired trustees shall be
elected by the retired members of the system for a term of five years with the first
retired trustees' terms to commence on July 1, 1997. Whenever the term of a board
member expires, the term of the newly elected board member shall be for a term of
five years. The director of the retirement system shall be selected by the eleven
members of the board board of trustees. Election of members shall be under such
rules and regulations as the board of trustees shall establish.

22 * * *

(6) Each trustee shall be entitled to one vote on the board. Six Eight trustees shall constitute a quorum for any board meeting, and a majority vote of the trustees present shall be necessary for a decision by the trustees at any meeting of the board.

* * *

§2252. Definitions

The following words and phrases, as used in this Chapter, unless a different meaning is plainly required by context, shall have the following meaning:

30 * * *

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(4) "Average final compensation" shall mean the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service as an employee during which the said earned compensation was the highest. In case of interruption of employment, the thirty-six month period shall be computed by joining employment periods immediately preceding and succeeding the interruption. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth months.

11 * * *

Section 2. R.S. 11:231(A)(4) and (7) and (C)(1)(b) are hereby repealed in their entirety.

Section 3. The provisions of R.S. 11:1732(15), 2213(4), and 2252(4) as amended by this Act shall not cause the average compensation of any member retiring on or after the effective date of this Act to be less than such member's average compensation as it existed before the effective date of this Act.

Section 4. As soon as practicable after the effective date of this Act, the Public Retirement Systems' Actuarial Committee shall meet to adopt a revised employer contribution rate resulting from the changes contained in this Act, to be utilized for Fiscal Year 2011-2012, for each of the systems affected by this Act. Notwithstanding the provisions of R.S. 11:127(B) and (C), a revised valuation shall not be required for the purpose of implementing the revised employer contribution rate.

Section 5. The provisions of the Act limiting increases in final compensation used for purposes of calculation of benefits shall not be applied to any salary increases due to promotions within any civil service system.

1	Section 6. This Act shall become effective on June 30, 2011; if vetoed by the
2	governor and subsequently approved by the legislature, this Act shall become effective on
3	June 30, 2011, or on the day following such approval by the legislature, whichever is later.
	SPEAKER OF THE HOUSE OF REPRESENTATIVES
	PRESIDENT OF THE SENATE
	GOVERNOR OF THE STATE OF LOUISIANA

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APPROVED: _____