Regular Session, 2010

## ACT No. 1026

HOUSE BILL NO. 748

## BY REPRESENTATIVE PEARSON

1	AN ACT
2	$To amend and reenact R.S.\ 11:102(B)(1), (2) (introductory paragraph), (b)(i) and (ii), and (c), (b)(i) and (c), (c)(i) and $
3	(3)(a) and (d)(v), (4), and (5)(b) and to enact R.S. 11:102(C), relative to the
4	Louisiana State Employees' Retirement System; to provide relative to system
5	funding; to require individualized normal cost payments for employers; to require
6	individualized payments for changes in actuarial liability for employers; to provide
7	an effective date; and to provide for related matters.
8	Notice of intention to introduce this Act has been published
9	as provided by Article X, Section 29(C) of the Constitution
10	of Louisiana.
11	Be it enacted by the Legislature of Louisiana:
12	Section 1. R.S. 11:102(B)(1), (2)(introductory paragraph), (b)(i) and (ii), and (c),
13	(3)(a) and (d)(v), (4), and (5)(b) are hereby amended and reenacted and R.S. 11:102(C) is
14	hereby enacted to read as follows:
15	§102. Employer contributions; determination; state systems
16	* * *
17	B.(1) Except as provided in Subsection C of this Section for the Louisiana
18	State Employees' Retirement System and except as provided in R.S. 11:102.1 and
19	102.2 and in Paragraph (5) of this Subsection, for each fiscal year, commencing with
20	Fiscal Year 1989-1990, for each of the public retirement systems referenced in
21	Subsection A of this Section, the legislature shall set the required employer
22	contribution rate equal to the actuarially required employer contribution, as
23	determined under Paragraph (3) of this Subsection, divided by the total projected
24	payroll of all active members of each particular system for the fiscal year. Each

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

entity funding a portion of a member's salary shall also fund the employer's contribution on that portion of the member's salary at the employer contribution rate specified in this Subsection.

(2) At the end of each fiscal year, the difference between the actuarially required employer contribution for the fiscal year, as determined under Paragraph (3) of this Subsection or pursuant to Subsection C of this Section, and the amount of employer contributions actually received for the fiscal year, excluding any amounts received for the extraordinary purchase of additional benefits or service, shall be determined.

\* \* \*

- (b) At the end of each fiscal year, the difference between the minimum employer contribution, as required by the Constitution of Louisiana, and the actuarially required employer contribution for the fiscal year, as determined under Paragraph (3) of this Subsection or pursuant to Subsection C of this Section, shall be determined and applied in accordance with the following provisions:
- (i) The amount, if any, by which the actuarially required contribution for a system exceeds the constitutionally required minimum contribution for that system shall be accumulated in an employer credit account which shall be adjusted annually to reflect any gain or loss attributable to the balance in the account at the actuarial rate of return earned by the system.
- (ii) Except as provided in Paragraph (5) of this Subsection, annual contributions required in accordance with this Subsection, or the constitutional minimum if greater, may be funded in whole or in part from the employer credit account, provided the employee contribution rate or rates for the system as set forth in R.S. 11:62 has or have been reduced to an amount equal to or less than fifty percent of the annual normal cost for the system or the plan as provided in Subsection C of this Section, rounded to the nearest one-quarter percent.

\* \* \*

(c) Except as provided in R.S. 11:102.1 and 102.2, differences occurring for any other reason shall be added to or subtracted from the following fiscal year's

actuarially required employer contribution in accordance with Subparagraph (3)(c) of this Subsection or with Subsection C of this Section.

- (3) With respect to each state public retirement system, the actuarially required employer contribution for each fiscal year, commencing with Fiscal Year 1989-1990, shall be that dollar amount equal to the sum of:
- (a) The employer's normal cost for that fiscal year, computed as of the first of the fiscal year using the system's actuarial funding method as specified in R.S. 11:22 and taking into account the value of future accumulated employee contributions and interest thereon, such employer's normal cost rate multiplied by the total projected payroll for all active members to the middle of that fiscal year. For the Louisiana State Employees' Retirement System, effective for the June 30, 2010, system valuation and beginning with Fiscal Year 2011-2012, the normal cost shall be determined in accordance with Subsection C of this Section.

\* \* \*

(d) That fiscal year's payment, computed as of the first of that fiscal year and projected to the middle of that fiscal year at the actuarially assumed interest rate, necessary to amortize changes in actuarial liability due to:

\* \* \*

(v) Effective July 1, 2004, and beginning with the fiscal year ending June 30, 1999, the amortization period for the changes, gains, or losses of the Louisiana State Employees' Retirement System provided in Items (i) through (iv) of this Subparagraph shall be thirty years, or in accordance with standards promulgated by the Governmental Accounting Standards Board, from the year in which the change, gain, or loss occurred. The outstanding balances of amortization bases established pursuant to Items (i) through (iv) of this Subparagraph before the fiscal year ending June 30, 1999, shall be amortized as a level dollar amount from July 1, 2004, through June 30, 2029. Beginning with the year ending June 30, 2004, and for each fiscal year thereafter, the outstanding balances of amortization bases established pursuant to Items (i) through (iv) of this Subparagraph shall be amortized as a level dollar amount. For the Louisiana State Employees' Retirement System, effective for the

1	June 30, 2010, system valuation and beginning with Fiscal Year 2011-2012,
2	amortization payments for changes in actuarial liability shall be determined in
3	accordance with Subsection C of this Section.
4	* * *
5	(4) At the end of the fiscal year during which the assets of a system,
6	excluding the outstanding balance due to Subparagraph B(3)(c) of this Section,
7	exceed the actuarial accrued liability of that system, the amortization schedules
8	contained in Subparagraphs B(3)(b) and (d) or in Subsection C of this Section of this
9	Section shall be fully liquidated and assets in excess of the actuarial accrued liability
10	shall be amortized as a credit in accordance with the provisions of Subparagraph
11	B(3)(d) of this Section.
12	(5)(a)
13	* * *
14	(b) At the end of each fiscal year, the difference, if any, by which the amount
15	of contributions received from payment of all employer contributions at the fixed
16	minimum employer contribution rate established pursuant to this Paragraph exceeds
17	the greater of the minimum employer contribution required by Article X, Section 29
18	of the Constitution of Louisiana or the statutory minimum employer contribution rate
19	calculated according to the methodology provided for in Items (3)(d)(i) through (iv)
20	of this Subsection or in Paragraph (C)(4) of this Section shall be accumulated in an
21	employer credit account for the respective system.
22	* * *
23	C.(1) This Subsection shall be applicable to the Louisiana State Employees'
24	Retirement System effective for the June 30, 2010, system valuation and beginning
25	Fiscal Year 2011-2012. For purposes of this Subsection, "plan" or "plans" shall
26	mean a subgroup within the system characterized by the following employee
27	classifications:
28	(a) Rank-and-file members of the system.
29	(b) Full-time law enforcement personnel, supervisors, or administrators who
30	are employed with the Department of Revenue or office of alcohol and tobacco

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1	control and who are P.O.S.T. certified, have the power to arrest, and hold a
2	commission from such office.
3	(c) Peace officers, as defined by R.S. 40:2402(3)(a), employed by the
4	Department of Public Safety and Corrections, office of state police, other than state
5	troopers.
6	(d) Judges and court officers to whom Subpart A of Part VII of Chapter 1 of
7	Subtitle II of this Title is applicable.
8	(e) Wildlife agents to whom Subpart B of Part VII of Chapter 1 of Subtitle
9	II of this Title is applicable.
10	(f) Wardens, correctional officers, probation and parole officers, and security
1	personnel employed by the Department of Public Safety and Corrections who are
12	members of the secondary component pursuant to Subpart C of Part VII of Chapter
13	1 of Subtitle II of this Title.
14	(g) Correctional officers, probation and parole officers, and security
15	personnel employed by the Department of Public Safety and Corrections who are
16	members of the primary component.
17	(h) Legislators, the governor, and the lieutenant governor.
18	(i) Employees of the bridge police section of the Crescent City Connection
19	Division of the Department of Transportation and Development.
20	(j) Hazardous duty plan members as provided pursuant to the provisions of
21	the Act that originated as House Bill No. 1337 of the 2010 Regular Session.
22	(k) Judges as provided pursuant to the provisions of the Act which originated
23	as House Bill No. 1337 of the 2010 Regular Session.
24	(l) Any other specialty retirement plan provided for a subgroup of system
25	members. If the legislation enacting such a plan is silent as to the application of this
26	Subsection, the Public Retirement Systems' Actuarial Committee shall provide for
27	the application to such plan.
28	(2) For the Louisiana State Employees' Retirement System, effective for the
29	June 30, 2010, system valuation and beginning with Fiscal Year 2011-2012, the
30	normal cost calculated pursuant to Subparagraph (B)(3)(a) of this Section, shall be

calculated separately for each particular plan within the system. An employer shall pay employer contributions for each employee at the rate applicable to the plan of which that employee is a member.

- (3) For the Louisiana State Employees' Retirement System, effective for the June 30, 2010, system valuation and beginning with Fiscal Year 2011-2012, changes in actuarial liability due to legislation, changes in governmental organization, or reclassification of employees or positions shall be calculated individually for each particular plan within the system based on each plan's actuarial experience as further provided in Subparagraph (4)(c) of this Subsection.
- (4) For each plan referenced in Paragraph (1) of this Subsection, the legislature shall set the required employer contribution rate equal to the sum of the following:
- (a) The particularized normal cost rate. The normal cost rate for each fiscal year shall be the employer's normal cost for the plan computed by applying the method specified in R.S. 11:102(B)(1) and (3)(a) to the plan.
- (b) The shared unfunded accrued liability rate. A single rate shall be computed for each fiscal year, applicable to all plans for actuarial changes, gains, and losses existing on June 30, 2010, or occurring thereafter, including experience and investment gains and losses, which are independent of the existence of the plans listed in Paragraph (1) of this Subsection, the payment and rate therefor shall be calculated as provided in Paragraphs (B)(1) and (3) of this Section.
- (c) The particularized unfunded accrued liability rate. For actuarial changes, gains, and losses, excluding experience and investment gains and losses, first recognized in the June 30, 2010, valuation or in any later valuation, attributable to one or more, but not all, plans listed in Paragraph (1) of this Subsection or to some new plan or plans, created, implemented, or enacted after the effective date of this Subsection, a particularized contribution rate shall be calculated as provided in Paragraphs (B)(1) and (3) of this Section.
- (d) The shared gross employer contribution rate difference. The gross employer contribution rate difference shall be the difference between the minimum

1 gross employer contribution rate provided in Paragraph (B)(5) of this Section and the 2 aggregate employer contribution rate calculated pursuant to the provisions of 3 Subsection B of this Section. 4 (5) Each entity funding a portion of the member's salary shall also fund the 5 employer's contribution on that portion of the member's salary at the employer 6 contribution rate specified in this Subsection. 7 (6) For purposes of Paragraph (B)(2) of this Section the actuarially required 8 employer contributions and the employer contributions actually received for all plans 9 shall be totaled and treated as a single contribution. 10 (7) If provisions of this Section cover matters not specifically addressed by the provisions of this Subsection, then those provisions shall be applicable. 11 12 Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor 13 and subsequently approved by the legislature, this Act shall become effective on July 1, 14 2010, 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: \_\_\_\_