

2019 Regular Session

HOUSE BILL NO. 22

BY REPRESENTATIVE BACALA

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

RETIREMENT/MUNICIPAL POL: Provides relative to the calculation of benefits of certain employees of the Baton Rouge Police Department who are members of the Municipal Police Employees' Retirement System

1 AN ACT

2 To enact R.S. 11:2225(F), to provide relative to the earnable compensation of certain
3 employees of the Baton Rouge Police Department who are members of the
4 Municipal Police Employees' Retirement System; to provide for retirement benefits;
5 to provide for actuarial certification of the cost of such benefits; to provide for
6 repayment of associated costs paid by the system; and to provide for related matters.

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

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. 11:2225(F) is hereby enacted to read as follows:

12 §2225. Administration

13 * * *

14 F.(1) The following words and phrases, as used in this Subsection, shall have
15 the following meanings:

16 (a) "Actuarial certification" means a certification, by the actuary designated
17 pursuant to Paragraph D(1) of this Section, of the actuarial impact of including
18 disputed overtime in the average final compensation of a Baton Rouge police officer.

1 An actuarial certification shall be based on the assumptions in the system's most
2 recent valuation approved by the Public Retirement Systems' Actuarial Committee.

3 (b) "Applicable interest" means interest to be computed using the actual
4 market rates of return on system assets certified in the system's Public Retirement
5 Systems' Actuarial Committee approved actuarial valuation reports to the extent
6 available. For periods where no such approved valuation exists, applicable interest
7 shall be determined based on the most recent estimate of the system's composite
8 market rate of return as certified by the system's investment consultant. For any
9 periods where no estimate is available, the assumed rate of return utilized in the
10 system's most recent Public Retirement Systems' Actuarial Committee approved
11 actuarial valuation report shall be used.

12 (c) "Disputed overtime" means compensation paid to a Baton Rouge police
13 officer that does not qualify as earnable compensation under this Chapter but meets
14 all of the following requirements:

15 (i) It was paid for work required in the employee's regular scope of duty.

16 (ii) It is compensation of the type on which the city of Baton Rouge, parish
17 of East Baton Rouge, referred to in this Subsection as "Baton Rouge", was paying
18 contributions to the system prior to January 1, 2018.

19 (d) "Baton Rouge police officer" means any of the following:

20 (i) An active employee of Baton Rouge as of June 30, 2019, whose
21 employment with Baton Rouge making him eligible for membership in the system
22 occurred during the period beginning February 26, 2000, and ending December 31,
23 2017, and who does not obtain a refund of his accumulated contributions after
24 December 31, 2017.

25 (ii) A member whose employment with Baton Rouge making him eligible
26 for membership in the system occurred during the period beginning February 26,
27 2000, and ending December 31, 2017, who did not obtain a refund of the amount of

1 his accumulated contributions after December 31, 2017, who has sufficient years of
2 service credit established in the retirement system to receive a benefit upon obtaining
3 the appropriate age under this Chapter, who ceased covered employment with Baton
4 Rouge before June 30, 2019, and who leaves his accumulated contributions in the
5 retirement system in order to receive a retirement benefit upon reaching the
6 applicable age.

7 (iii) A former employee of Baton Rouge who is retired on June 30, 2019, or
8 who is deceased and has a beneficiary receiving a survivor benefit on June 30, 2019,
9 and whose employment with Baton Rouge making him eligible for membership in
10 the system occurred during the period beginning February 26, 2000, and ending
11 December 31, 2017.

12 (iv) Baton Rouge police officer does not mean an employee who was merged
13 into the system pursuant to R.S. 11:2225(A)(11)(ii), who, after being merged,
14 obtained a refund of the amount of his accumulated contributions and who, after
15 December 31, 2017, returns to employment with Baton Rouge .

16 (e) "Initial actuarial certification" means a certification by the actuary
17 designated pursuant to Paragraph D(1) of this Section of the actuarial impact of
18 including disputed overtime in the average final compensation for all Baton Rouge
19 police officers to whom a benefit was paid prior to July 1, 2019.

20 (2)(a) The average final compensation of a Baton Rouge police officer to
21 whom a benefit was paid prior to July 1, 2019, shall include disputed overtime if on
22 or before September 30, 2019, Baton Rouge provides the system with all data
23 necessary for the initial actuarial certification, and such certification shows that the
24 actuarial cost does not exceed the value of the contributions received by the system
25 plus applicable interest.

26 (b) If the initial actuarial certification shows the actuarial cost exceeds the
27 value of the contributions received by the system plus applicable interest, Baton
28 Rouge shall pay to the system, within ninety days, the amount determined by the
29 actuary necessary to offset the actuarial cost. If Baton Rouge fails to pay the amount

1 necessary to offset the actuarial cost, the system shall notify the retiree or beneficiary
2 of Baton Rouge's failure to pay and shall cease paying benefits based on disputed
3 overtime until the system receives the amount necessary to offset the actuarial cost
4 plus interest from Baton Rouge or from the treasurer pursuant to Paragraph (6) of
5 this Subsection.

6 (c) If any Baton Rouge police officer is omitted from the initial actuarial
7 certification due to an administrative error, the actuary shall amend the initial
8 actuarial study within ninety days of the discovery of the omission.

9 (d) Prior to making the initial actuarial certification, the actuary designated
10 pursuant to Paragraph (D)(1) of this Section and an actuary hired by Baton Rouge
11 shall agree, in writing, on the actuarial methodology to be used for the initial
12 actuarial certification and any subsequent actuarial certifications. No other
13 methodology shall be used for certifications made under this Section.

14 (3)(a) The average final compensation of a Baton Rouge police officer who
15 was not receiving a benefit prior to July 1, 2019, shall include disputed overtime if,
16 upon receipt of an application for benefits, the system obtains an actuarial
17 certification that shows the actuarial cost does not exceed the value of the
18 contributions received by the system for the applicant plus applicable interest.

19 (b) If such certification shows that the actuarial cost exceeds the value of the
20 contributions received by the system for the applicant plus applicable interest, Baton
21 Rouge shall pay to the system within thirty days of receipt of the actuarial
22 certification the amount determined by the actuary necessary to offset the increased
23 actuarial cost. If Baton Rouge fails to pay the amount necessary to offset the
24 increased actuarial cost within the thirty-day period, the system shall notify the
25 applicant of Baton Rouge's failure to pay. The average final compensation of such
26 an officer shall include disputed overtime when the system receives the amount
27 necessary to offset the actuarial cost plus interest from Baton Rouge or from the
28 treasurer pursuant to Paragraph (6) of this Subsection.

1 (4) If the initial actuarial certification or an actuarial certification shows the
2 actuarial cost is less than the value of the contributions received by the system plus
3 applicable interest, Baton Rouge shall receive a credit from the system to offset any
4 cost due to the system pursuant to this Subsection.

5 (5) On or before January fifteenth of each year, the system's director shall
6 certify to Baton Rouge, the total of expenses paid by the system during the previous
7 calendar year for compliance with the requirements of this Subsection. Baton Rouge
8 shall reimburse the system for such amounts no later than June thirtieth of that year.

9 (6) Any delinquent payment due under this Subsection, including actuarial
10 costs associated with a benefit on disputed overtime, shall include interest at the
11 assumed rate of return used in the system's most recent valuation approved by the
12 Public Retirement Systems' Actuarial Committee and may otherwise be collected
13 in the manner provided in R.S. 11:2227(D)(2).

14 (7) The system and Baton Rouge shall mediate any disputes under this
15 Subsection before any legal action is commenced by either party.

16 Section 2. The city of Baton Rouge, parish of East Baton Rouge shall reimburse the
17 Municipal Police Employees' Retirement System for costs that are associated with disputed
18 overtime payments and that were paid to the accounting firm and actuary on or before the
19 effective date of this Act.

20 Section 3. This Act shall become effective upon signature by the governor or, if not
21 signed by the governor, upon expiration of the time for bills to become law without signature
22 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
23 vetoed by the governor and subsequently approved by the legislature, this Act shall become
24 effective on the day following such approval.

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)]

HB 22 Engrossed

2019 Regular Session

Bacala

Abstract: Provides for certain overtime payments made by the Baton Rouge Police Department (BRPD) to employees who are members of the Municipal Police Employees' Retirement System (MPERS) to be included in the calculation of average final compensation for eligible members.

Present law provides that the average final compensation of a member of MPERS is based off of his annual earned compensation, but does not include overtime. Proposed law retains present law.

Proposed law allows for certain overtime payments made by BRPD to certain employees who are members of MPERS to be included in the calculation of average final compensation when the overtime payments were of the type on which BRPD was paying contributions to the system prior to Jan. 1, 2018. Provides for payment of actuarial and administrative costs of proposed law.

Proposed law requires the actuary for MPERS and an actuary hired by BRPD to agree, in writing, on the actuarial methodology to be used for the initial actuarial certification before the initial actuarial certification can be made.

Proposed law requires MPERS and BRPD to mediate any disputes before legal action is commenced by either party.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Adds 11:2225(F))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Define "applicable interest" and require inclusion of interest in calculations required by proposed law.
2. Add requirement that both parties agree on the actuarial methodology to be used for the initial actuarial certification.
3. Add a mandatory mediation provision.