

Regular Session, 2011

HOUSE BILL NO. 478

BY REPRESENTATIVES MONToucET, BARRAS, CHAMPAGNE, ST. GERMAIN,
AND THIBAUT AND SENATORS GAUTREAUX, GUILLORY, MICHOT, AND
MILLS

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

RETIREMENT/STATE EMPS: Provides for additional accruals for adult probation and
parole officers in the primary component

1 AN ACT

2 To amend and reenact R.S. 11:546(C), and to enact R.S. 11:444(A)(2)(d), 546(D), (E), and
3 (F), and 605(D), relative to retirement benefits of adult probation and parole officers
4 in the Louisiana State Employees' Retirement System; to provide for benefit
5 calculation; to provide for funding; to provide an effective date; and to provide for
6 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. R.S. 11:546(C) is hereby amended and reenacted and R.S.
12 11:444(A)(2)(d), 546(D), (E), and (F), and 605(D) are hereby enacted to read as follows:

13 §444. Computation of retirement benefit

14 A.

15 * * *

16 (2)

17 * * *

18 (d)(i) Probation and parole officers in the office of adult services of the
19 Department of Public Safety and Corrections who were employed on or before

9 (ii) A probation and parole officer to whom this Subparagraph applies, who
10 entered the Deferred Retirement Option Plan before July 1, 2011, and who continues
11 in employment after participation in the plan shall receive a supplemental benefit
12 pursuant to R.S. 11:450(D) for such continued employment. If he remains employed
13 after July 1, 2011, such supplemental benefit shall be calculated using the accrual
14 rate of three percent for post-participation employment before July 1, 2011, and three
15 and one-third percent for such employment on or after July 1, 2011.

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1 ~~Department of Public Safety and Corrections who have service credit in the primary~~
2 ~~component of the system.~~

3 D.(1) Until any actuarially accrued liability for retirement benefits for
4 probation and parole officers in the office of adult services of the Department of
5 Public Safety and Corrections created pursuant to the Act of the 2011 Regular
6 Session of the Legislature which enacted this Subsection has been fully funded, the
7 monies in the fund shall be used exclusively for the purpose of providing funding for
8 such actuarially accrued liability and for reimbursement as provided in R.S.
9 11:605(D)(2).

10 ~~(2) If the legislature does not provide for such benefit enhancements by June~~
11 ~~30, 2015~~ After such actuarially accrued liability has been fully funded, all monies in
12 the fund shall be available to the Department of Public Safety and Corrections to
13 help defray the costs of supervision of persons on probation or parole, including the
14 cost of retirement benefits for employees of the department who are members of this
15 system.

16 E.(1) As soon as practical after the effective date of the Act of the 2011
17 Regular Session of the Legislature which enacted this Subsection, but no later than
18 September 30, 2011, the treasurer shall allocate and distribute to the system from the
19 fund an initial payment of two million five hundred thousand dollars to be applied
20 to the amortization of the unfunded accrued liability, if any, created by enactment of
21 R.S. 11:444(A)(2)(d). The June 30, 2011, system valuation shall account for this
22 initial payment.

23 (2) On October 1, 2012, and on or before October first of each fiscal year
24 thereafter, the treasurer shall allocate and distribute to the system from the fund the
25 amount of any amortization payment calculated by the system actuary and contained
26 in the system's valuation for the previous fiscal year and approved by the Public
27 Retirement Systems' Actuarial Committee to be paid from the fund; however, in no
28 case shall the allocation and distribution to the system provided for in this Paragraph
29 exceed the balance in the fund.

(3) Any unpaid portion of an amortization payment for a particular fiscal year shall be paid directly by the Department of Public Safety and Corrections.

F. After allocation and distribution to the system for a fiscal year pursuant to Paragraph (E)(2) of this Section, the treasurer shall allocate and distribute to the department from the fund the amount of any reimbursement to be paid pursuant to R.S. 11:605(D)(2).

* * *

§605. Transfer of other service credit

* * *

D.(1) Notwithstanding the provisions of Subparagraph (B)(2)(a) of this Section, any member who is a probation and parole officer in the office of adult services of the Department of Public Safety and Corrections, who was employed on or before December 31, 2001, who elected to transfer from the primary component to the secondary component but who opted not to transfer his primary component service credit on an actuarial basis, who has not upgraded his service credit as permitted pursuant to Subparagraph (B)(2)(b) of this Section, and who retires or begins participation in the Deferred Retirement Option Plan on or after July 1, 2011, shall receive a benefit calculated as provided in R.S. 11:444(A)(2)(d) for all creditable service in the system earned before the date the member transferred to the secondary component.

(2)(a) Any member who is a probation and parole officer in the office of adult services of the Department of Public Safety and Corrections, who was employed on or before December 31, 2001, who retires or begins participation in the Deferred Retirement Option Plan on or after July 1, 2011, who elected to transfer from the primary component to the secondary component, and who upgraded his service credit as permitted pursuant to Subparagraph (B)(2)(b) of this Section, may elect to be reimbursed without interest for the cost of such upgrade and to have his benefit calculated as provided in R.S. 11:444(A)(2)(d) for all creditable service in

1 the system earned before the date the member transferred to the secondary
2 component.

3 (b) Such reimbursement shall be made exclusively from the monies in the
4 fund created pursuant to R.S. 11:546. The department shall promulgate rules for
5 application for, calculation of, and recommendation to the Joint Legislative
6 Committee on the Budget regarding such reimbursement. No application for such
7 reimbursement shall be accepted before October 3, 2011.

8 (c) The department shall inform the system of the amount of each
9 reimbursement and to whom it was made. The system shall apply an amount equal
10 to each reimbursement to the credit of the department in the next year's valuation
11 and shall add the liability for each reimbursed member's benefit increase to the
12 balance owed to the system.

13 Section 2.A. The amount of the unfunded actuarially accrued liability, if any,
14 resulting from the implementation of the provisions of this Act and a required amortization
15 payment therefor shall be determined by the Public Retirement Systems' Actuarial
16 Committee as part of the annual adoption of the official actuarial valuation for the Louisiana
17 State Employees' Retirement System pursuant to R.S. 11:127, beginning with the June 30,
18 2011, valuation. This determination shall include the initial payment required for October
19 1, 2011. Such unfunded actuarially accrued liability shall be amortized as a separate
20 unfunded accrued liability forming level dollar payments over a period of ten years;
21 however, if the monies available from the Adult Probation and Parole Officer Retirement
22 Fund, R.S. 11:546, are insufficient to pay any year's amortization payment, then the balance
23 of such payment shall be paid directly by the Department of Public Safety and Corrections.

24 B. The additional actuarial cost, if any, of the benefit provisions contained in this
25 Act not funded by payments pursuant to Section 2(A) of this Act shall be funded with
26 increased employer contributions, in compliance with Article X, Section 29(F) of the
27 Constitution of Louisiana.

1 Section 3. Benefits provided for pursuant to this Act shall not be suspended,
2 reduced, or denied unless a final, nonappealable judgment declaring this Act unconstitutional
3 has been rendered by a court of competent jurisdiction.

4 Section 4. This Act shall become effective on June 30, 2011; if vetoed by the
5 governor and subsequently approved by the legislature, this Act shall become effective on
6 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)]

Montoucet

HB No. 478

Abstract: Provides for the retirement benefit calculation and funding of additional accruals for adult probation and parole officers in the primary component of the La. State Employees' Retirement System (LASERS).

Present law provides relative to LASERS. Provides, in part, for retirement of probation and parole officers employed by the Dept. of Public Safety and Corrections (DPS&C) in the office of adult services.

Present law provides for a "primary component" and a "secondary component" of LASERS for certain DPS&C employees. Provides that the secondary component applies to wardens, correctional officers, probation and parole officers, and security personnel who are employed by DPS&C and who are or who upon enrollment as employees would otherwise be members of the "regular" LASERS primary component. Provides that such persons hired on or after 1/1/02 shall be members of the secondary component. Provides for special retirement eligibility and benefit calculation for persons in the secondary component.

Present law provides that the secondary component shall not include any other members of the primary component or members of any other retirement system to which the state makes contributions. Provides that all other LASERS provisions are referred to as the primary component.

Present law provides that any employee hired before 1/1/02 to whom the provisions of the secondary component would otherwise apply may elect to become a member of the secondary component by submitting an application to the board of trustees in the same manner as members who transfer from another retirement system.

Proposed law retains present law.

Benefit Calculation

Present law provides for calculation of benefits for LASERS members, including probation and parole officers in the primary component. Provides that a LASERS member who retires effective on or after 7/1/73 shall receive a maximum retirement allowance equal to 2.5% of average compensation, for every year of creditable service.

Proposed law retains present law.

Present law provides for calculation of benefits for members of the secondary component. Provides that a member of the secondary component shall receive a maximum retirement allowance equal to 3-1/3% of average compensation for every year of creditable service.

Proposed law provides that adult probation and parole officers who were employed on or before 12/31/01, who opted to remain in the primary component pursuant to present law, and who retire or enter the Deferred Retirement Option Plan (DROP) on or after 7/1/11 shall receive a maximum retirement allowance equal to 3% of average compensation for service prior to 7/1/11, and 3-1/3% of average compensation for service on or after 7/1/11.

Present law provides for transfer from the primary component to the secondary component. Provides that an employee who transfers to the secondary component may transfer service credit from the primary component to the secondary component on an actuarial basis or may transfer the service credit at the accrual rate earned in the primary component. Provides that an employee whose transfer to the secondary component was not on an actuarial basis may pay the actuarial cost to "upgrade" his primary component service credit to the secondary component accrual rate of 3-1/3%.

Proposed law provides that, notwithstanding the provisions of present law, any adult probation and parole officer employed before 1/1/02 who elected to transfer from the primary component to the secondary component but who opted not to transfer his primary component service credit on an actuarial basis, who did not upgrade his service credit as permitted pursuant to present law, and who retires or enters DROP on or after 7/1/11 shall receive a benefit calculated at an accrual rate pursuant to proposed law for all creditable service in the system earned before the date the member transferred to the secondary component.

Proposed law provides that any member who was a probation and parole officer in the office of adult services of DPS&C employed before 1/1/02, who retires on or after 7/1/11, who transferred from the primary component to the secondary component, and who paid to have his primary component service upgraded, may elect to be reimbursed without interest for the cost of such upgrade and to have his benefit calculated pursuant to proposed law for service earned before transfer to the secondary component. Provides that such reimbursement shall be made exclusively with monies from the Adult Probation and Parole Officer Retirement Fund provided in present law.

Proposed law provides that any adult probation and parole officer to whom proposed law applies, who entered DROP before 7/1/11, and who continues in employment after participation in DROP shall receive a supplemental benefit calculated using the 3% accrual rate for post-DROP employment before 7/1/11 and using the 3-1/3% accrual rate for post-DROP employment on or after 7/1/11.

Adult Probation and Parole Officer Fund

Present law provides for the "Adult Probation and Parole Officer Retirement Fund", a special fund in the state treasury. Provides that monies in the fund shall remain in the fund until the legislature provides for enhanced benefits for adult probation and parole officers who have service credit in the primary component.

Proposed law provides for such benefit enhancements.

Proposed law provides that until any actuarially accrued liability for retirement benefits for adult probation and parole officers in the office of adult services of DPS&C created pursuant to proposed law has been fully funded, the monies in the fund shall be used exclusively for the purpose of providing funding for such actuarially accrued liability and for reimbursement as provided in proposed law. Provides that after such actuarially accrued liability has been fully funded, the monies in the fund may be used by DPS&C for the costs of supervision of

probationers and parolees, including funding retirement benefits for employees who are members of LASERS.

Proposed law provides that on October 1st of each fiscal year, beginning with FY 2012-2013, the treasurer shall allocate and distribute to LASERS from the fund the amount of any amortization payment approved by the Public Retirement Systems' Actuarial Committee (PRSAC) to be paid from the fund.

Proposed law requires that any unpaid portion of an amortization payment provided for in proposed law for a particular fiscal year shall be paid by DPS&C.

Present law (R.S. 11:102(B)(3)(d)(v)) provides for a 30-year amortization period for changes in actuarial liability to LASERS resulting from actuarial gains and losses, changes in the method of valuing assets, changes in actuarial assumptions, and changes in actuarial accrued liability including the changes in actuarial liability resulting from adult probation and parole officers' benefits.

Present constitution (Art. X, Section 29(F)) requires a future benefit provision of LASERS that has an actuarial cost to identify a funding source sufficient to pay the cost within 10 years of the effective date of the benefit provision.

Proposed law requires that the amount of the unfunded actuarially accrued liability, if any, resulting from the implementation of proposed law and a required amortization payment for such liability shall be determined by PRSAC as part of the annual adoption of the official actuarial valuation for LASERS. Requires that such unfunded accrued liability be amortized as a separate liability forming level dollar payments over a 10-year period. Provides that if the monies available from the fund created pursuant to proposed law are insufficient to pay any year's amortization payment, then the balance of such payment shall be paid directly by DPS&C.

Proposed law provides that the additional actuarial cost, if any, of the benefit provisions contained in proposed law not funded by payment pursuant to proposed law from the fund or DPS&C shall be funded with increased employer contributions in compliance with present constitution.

Proposed law provides that benefits provided for pursuant to proposed law shall not be suspended, reduced, or denied unless a final, nonappealable judgment declaring proposed law unconstitutional has been rendered by a court of competent jurisdiction.

Effective June 30, 2011.

(Amends R.S. 11:546(C); Adds R.S. 11:444(A)(2)(d), 546(D), (E), and (F), and 605(D))