

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

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, for payment of any normal cost increase caused by
9 the Act of the 2011 Regular Session of the Legislature which amended this
10 Subsection, and for reimbursement as provided in R.S. 11:605(D)(2).

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

17 E.(1) As soon as practicable after the effective date of the Act of the 2011
18 Regular Session of the Legislature which enacted this Subsection, but no later than
19 September 30, 2011, the treasurer shall allocate and distribute to the system from the
20 fund an initial payment of three million dollars. This payment shall be used first to
21 fully fund the first year's normal cost increase. The balance shall be applied to the
22 amortization of the unfunded accrued liability, if any, created by enactment of R.S.
23 11:444(A)(2)(d). The June 30, 2011, system valuation shall account for this initial
24 payment.

25 (2) On October 1, 2012, and on or before October first of each fiscal year
26 thereafter, the treasurer shall allocate and distribute to the system from the fund the
27 amount of any amortization and normal cost payments calculated by the system
28 actuary and contained in the system's valuation for the previous fiscal year and
29 approved by the Public Retirement Systems' Actuarial Committee to be paid from

1 the fund; however, in no case shall the allocation and distribution to the system
2 provided for in this Paragraph exceed the balance in the fund.

3 (3) Any unpaid portion of an amortization or normal cost payment for a
4 particular fiscal year shall be included in the next year's system valuation as part of
5 an individualized calculation pursuant R. S. 11:102(C)(3) and (4).

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

10 * * *

11 §605. Transfer of other service credit

12 * * *

13 D.(1) Notwithstanding the provisions of Subparagraph(B)(2)(a) of this
14 Section, any member who is a probation and parole officer in the office of adult
15 services of the Department of Public Safety and Corrections, who was employed on
16 or before December 31, 2001, who elected to transfer from the primary component
17 to the secondary component but who opted not to transfer his primary component
18 service credit on an actuarial basis, who has not upgraded his service credit as
19 permitted pursuant to Subparagraph(B)(2)(b) of this Section, and who retires or
20 begins participation in the Deferred Retirement Option Plan on or after July 1, 2011,
21 shall receive a benefit calculated using a three percent accrual rate for all creditable
22 service in the system earned before the date the member transferred to the secondary
23 component.

24 (2)(a) Any member who is a probation and parole officer in the office of
25 adult services of the Department of Public Safety and Corrections, who was
26 employed on or before December 31, 2001, who retires or begins participation in the
27 Deferred Retirement Option Plan on or after July 1, 2011, who elected to transfer
28 from the primary component to the secondary component, and who upgraded his
29 service credit as permitted pursuant to Subparagraph (B)(2)(b) of this Section, may

1 elect to be reimbursed without interest for the cost of such upgrade and to have his
2 benefit calculated using a three percent accrual rate for all creditable service in the
3 system earned before the date the member transferred to the secondary component.

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

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

14 Section 2.A. The amount of the unfunded actuarially accrued liability, if any,
15 resulting from the implementation of the provisions of this Act and a required amortization
16 payment therefor shall be determined by the Public Retirement Systems' Actuarial
17 Committee as part of the annual adoption of the official actuarial valuation for the Louisiana
18 State Employees' Retirement System pursuant to R.S. 11:127, beginning with the June 30,
19 2011, valuation. This determination shall include the initial payment required for October
20 1, 2011. Such unfunded actuarially accrued liability shall be amortized as a separate
21 unfunded accrued liability forming level dollar payments over a period of ten years.

22 B. The additional actuarial cost, if any, of the benefit provisions contained in this
23 Act not funded by payments pursuant to Section 2(A) of this Act shall be funded with
24 increased employer contributions, in compliance with Article X, Section 29(F) of the
25 Constitution of Louisiana and calculated as provided in R.S. 11:102(C).

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

1 Section 4. 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.

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 Retirement 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, for normal costs, 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 Oct. 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 and normal cost 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 as provided in present law.

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 or normal cost, then the balance of such payment shall be paid as provided in present law.

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))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Provides that the monies contained in the Adult Probation and Parole Officer Retirement Fund shall be used not only to pay the accrued liability of LASERS created by the provisions of proposed law but shall also be used to pay the annual increase in cost of each fiscal year's benefit accruals (normal cost) for members to whom proposed law applies.
2. Changes the amount of money that will initially be deducted by the state treasurer from the fund and to be paid to LASERS on or before Sept. 30, 2011, from \$2,500,000 to \$3,000,000.