Regular Session, 2011

HOUSE BILL NO. 495

BY REPRESENTATIVE PEARSON AND SENATOR GAUTREAUX

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

RETIREMENT/FUNDING: Relative to funding of state retirement systems, provides for changes in the remitting of payments on the Unfunded Accrued Liability (UAL)

AN ACT

To amend and reenact R.S. 11:102(B)(1) and to enact R.S. 11:102(D), relative to certain state retirement systems; to provide relative to employer contributions; to provide for direct appropriation of certain amortization payments; to provide for an effective date; and to provide for related matters.

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

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:102(B)(1) is hereby amended and reenacted and R.S. 11:102(D) is hereby enacted to read as follows:

§102. Employer contributions; determination; state systems

* * *

B.(1) Except as provided in Subsection C of this Section for the Louisiana State Employees' Retirement System, except as provided in Subsection D of this Section for the Teachers' Retirement System of Louisiana, and except as provided in R.S. 11:102.1 and 102.2 and in Paragraph (5) of this Subsection, for each fiscal year, commencing with Fiscal Year 1989-1990, for each of the public retirement systems referenced in Subsection A of this Section, the legislature shall set the required employer contribution rate equal to the actuarially required employer

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

contribution, as determined under Paragraph (3) of this Subsection, divided by the total projected payroll of all active members of each particular system for the fiscal year. Each 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.

* * *

D.(1) For the Teachers' Retirement System of Louisiana, beginning with the system valuation for the fiscal year ending June 30, 2011, the valuation adopted by the Public Retirement Systems' Actuarial Committee shall, in addition to the rate calculated pursuant to the provisions of Subsection B of this Section, include a separate calculation of each of the following:

(a)(i) The amortization payment in R.S. 11:102(B)(3)(b).

(ii) The amortization payment in R.S. 11:102(B)(3)(b) without the midyear interest payment.

(b)(i) The amortization payment in R.S. 11:102(B)(3)(d).

(ii) The amortization payment in R.S. 11:102(B)(3)(d) without the midyear interest payment.

(c) An adjusted employer contribution rate which has been reduced to reflect the direct amortization payments provided for in this Subsection.

(2)(a) Beginning with payments due in Fiscal Year 2012-2013, each year's amortization payments required pursuant to R.S. 11:102(B)(3)(b) and (d) and calculated as provided in Items (1)(a)(ii) and (1)(b)(ii) of this Subsection shall be made in a lump sum payment as soon as practicable after July first.

(b) The treasurer shall remit such payments directly to the system from any available source of monies otherwise appropriated to fund any employer as defined in R.S. 11:701(11). Each employer's proportionate share of the amortization payments calculated as provided in Items (1)(a)(i) and (1)(b)(i) of this Subsection shall be deducted from any funds appropriated to or for the use of the employer, including funds allocated to the employer through the Minimum Foundation Program

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

block grant. The funds appropriated or allocated to each employer, net of the amortization payments being remitted to the system by the treasurer, shall be made available to the employer in equal periodic installments. Such installments shall not be made less frequently than on a monthly basis.

(3)(a) The employer contribution rate to be paid by participating employers shall be the amount calculated in Subparagraph (1)(c) of this Subsection.

(b) If for any fiscal year an employer objects to the direct amortization payments provided in this Subsection, the employer shall inform the treasurer and the retirement system by the April first prior to the July first commencement of such fiscal year that the employer has elected to pay the contribution rate calculated pursuant to Subsection B of this Section.

(4) By the May first prior to the July first commencement of the fiscal year, the system shall provide the treasurer with a statement of the amortization payment to be withheld on behalf of each employer not availing itself of Subparagraph (3)(b) of this Subsection.

(5) By the March first prior to the July first commencement of the fiscal year, the system shall notify each employer of its ability to avail itself of Subparagraph (3)(b) of this Subsection.

Section 2. This Act shall become effective on June 30, 2011; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on 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)]

Pearson HB No. 495

Abstract: Relative to the Teachers' Retirement System of La. (TRSL), provides for the direct payment of funds for the payment of Unfunded Accrued Liability (UAL).

Present law provides for calculation of each fiscal year's actuarially required employer contribution for each state retirement system, including TRSL. Provides for this contribution amount to be divided by projected payroll to produce the actuarially required employer contribution rate.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

Present constitution requires the legislature to set and determine all contributions to be made to TRSL. Present law mandates that the legislature set the employer contribution rate equal to the rate calculated pursuant to present law.

Proposed law retains present law.

Proposed law provides that, beginning in FY 2012-2013, the treasurer shall pay certain amortization payments directly to TRSL. Provides for the employers' contribution rate for TRSL to be reduced to reflect the direct payments. Provides for the treasurer to deduct each employer's proportionate share of the amortization payment from the monies appropriated to or for the use of the employer. Provides for employers who object to such direct payments to pay the rate without the reduction for direct payments. Requires TRSL to notify the treasurer regarding amortization payments to be withheld and to notify employers of their ability to object to direct payments.

Effective June 30, 2011.

(Amends R.S. 11:102(B)(1); Adds R.S. 11:102(D))

Summary of Amendments Adopted by House

House Floor Amendments to the engrossed bill.

1. Brings the definition of "employer" and "employing agency" into conformity with the definition of "employer" in present law TRSL provisions.

2. Changes from June 1 to April 1 the deadline by which an employer must opt out of proposed law.

3. Clarifies that the reduction in payments to an employer shall be applied uniformly.

4. Requires TRSL, by May 1 of each fiscal year, to provide the treasurer with a statement of the amortization payment to be withheld from each employer.

5. Requires TRSL, by March 1 of each fiscal year, to notify each employer of its ability to object to direct UAL payments.

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.