

Regular Session, 2011

HOUSE BILL NO. 478

**VETOED**  
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**Veto Message**

BY REPRESENTATIVES MONToucET, BARRAS, CHAMPAGNE, ST. GERMAIN,  
AND THIBAUT AND SENATORS CHABERT, CHEEK, DORSEY,  
GAUTREAUx, GUILLORY, LONG, MICHOT, MILLS, MORRELL, MURRAY,  
NEVERS, RISER, SHAW, THOMPSON, WALSWORTH, AND WILLARD-  
LEWIS

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

AN ACT

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

§444. Computation of retirement benefit

A.

\* \* \*

(2)

\* \* \*

(d)(i) Probation and parole officers in the office of adult services of the  
Department of Public Safety and Corrections who were employed on or before  
December 31, 2001, who did not opt to join the secondary component of this system  
pursuant to R.S. 11:605(A), and who retire or begin participation in the Deferred  
Retirement Option Plan on or after July 1, 2011, shall receive a maximum retirement

1        allowance equal to three percent of average compensation, as determined pursuant  
2        to R.S. 11:231, for every year of creditable service in the retirement system before  
3        July 1, 2011, and three and one-third percent of average compensation, as  
4        determined by R.S. 11:231, for every year of creditable service in the retirement  
5        system on or after July 1, 2011.

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

13               (iii) Nothing in this Subparagraph shall be construed to allow recalculation  
14       of benefits for any retiree, or of base benefits as defined in R.S. 11:450(D) for any  
15       Deferred Retirement Option Plan participant or for any person who continued in  
16       employment after completing participation in such plan.

17                                \*           \*           \*

18        §546. Adult Probation and Parole Officer Retirement Fund

19                                \*           \*           \*

20                C. Monies in the fund shall be invested in the same manner as the state  
21        general fund monies. Interest earned on the investment of monies in the fund, after  
22        being credited to the Bond Security and Redemption Fund pursuant to Article VII,  
23        Section 9(B) of the Constitution of Louisiana, shall be credited to the fund. All  
24        unexpended and unencumbered monies and earnings remaining in the fund at the end  
25        of the fiscal year shall remain in the fund, ~~until the legislature provides for enhanced~~  
26        ~~benefits for probation and parole officers in the office of adult services of the~~  
27        ~~Department of Public Safety and Corrections who have service credit in the primary~~  
28        ~~component of the system.~~

29                D.(1) Until any actuarially accrued liability for retirement benefits for  
30        probation and parole officers in the office of adult services of the Department of

1        Public Safety and Corrections created pursuant to the Act of the 2011 Regular  
2        Session of the Legislature which enacted this Subsection has been fully funded, the  
3        monies in the fund shall be used exclusively for the purpose of providing funding for  
4        such actuarially accrued liability, for payment of any normal cost increase caused by  
5        the Act of the 2011 Regular Session of the Legislature which amended this  
6        Subsection, and for reimbursement as provided in R.S. 11:605(D)(2).

7                ~~(2) If the legislature does not provide for such benefit enhancements by June~~  
8        ~~30, 2015~~ After such actuarially accrued liability has been fully funded, all monies in  
9        the fund shall be available to the Department of Public Safety and Corrections to  
10       help defray the costs of supervision of persons on probation or parole, including the  
11       normal cost of retirement benefits for employees of the department who are members  
12       of this system.

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

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

28                (3) In addition to the payment required by Paragraph (2) of this Subsection,  
29        on or before October first of each fiscal year, the treasurer shall allocate and  
30        distribute to the system from the fund, any amount over four hundred thousand

dollars, of the balance remaining in the fund after the payment required by Paragraph (2) of this Subsection has been made. Thereafter, not less than quarterly, the treasurer shall allocate and distribute to the system any balance remaining in the fund exceeding four hundred thousand dollars. The system shall hold these allocations and distributions in a separate account to be used only for the following purposes:

(a) Funding the next fiscal year's payment for actuarially accrued liability and normal cost payable pursuant to Paragraph (2) of this Subsection, if the balance in the fund is insufficient to fully finance that fiscal year's payment.

(b) To make an additional payment toward the actuarially accrued liability created by the Act of the 2011 Regular Session of the Legislature which enacted this Subsection.

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

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 using a three percent accrual rate for all creditable

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

3           (2)(a) Any member who is a probation and parole officer in the office of  
4           adult services of the Department of Public Safety and Corrections, who was  
5           employed on or before December 31, 2001, who retires or begins participation in the  
6           Deferred Retirement Option Plan on or after July 1, 2011, who elected to transfer  
7           from the primary component to the secondary component, and who upgraded his  
8           service credit as permitted pursuant to Subparagraph (B)(2)(b) of this Section, may  
9           elect to be reimbursed without interest for the cost of such upgrade and to have his  
10          benefit calculated using a three percent accrual rate for all creditable service in the  
11          system earned before the date the member transferred to the secondary component.

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

17          (c) The department shall inform the system of the amount of each  
18          reimbursement and to whom it was made. The system shall apply an amount equal  
19          to each reimbursement to the credit of the department in the next year's valuation  
20          and shall add the liability for each reimbursed member's benefit increase to the  
21          balance owed to the system.

22          Section 2.(A) The amount of the unfunded actuarially accrued liability, if any,  
23          resulting from the implementation of the provisions of this Act and a required amortization  
24          payment therefor shall be determined by the Public Retirement Systems' Actuarial  
25          Committee as part of the annual adoption of the official actuarial valuation for the Louisiana  
26          State Employees' Retirement System pursuant to R.S. 11:127, beginning with the June 30,  
27          2011, valuation. This determination shall include the initial payment required for October  
28          1, 2011. Such unfunded actuarially accrued liability shall be amortized as a separate  
29          unfunded accrued liability forming level dollar payments over a period of ten years.

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

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

8 Section 4. This Act shall become effective on June 30, 2011; if vetoed by the  
9 governor and subsequently approved by the legislature, this Act shall become effective on  
10 June 30, 2011, or on the day following such approval by the legislature, whichever is later.

11 Section 5. In the case of any conflict between the provisions of this Act and the  
12 provisions of any other Act of the 2011 Regular Session of the Legislature, the provisions  
13 of this Act shall supercede and control regardless of the order of passage.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_

## **VETO MESSAGE**

House Bill No. 478 by Representative Montoucet retroactively increases benefits for certain adult probation and parole officers within LASERS.

The beneficiaries of the changes in House Bill No. 478 are not asked to pay more to support these increased costs, even though adult probation and parole officers who have received similar increases in benefits were required to fund the upgrade. LASERS opposed this legislation, and The Retired State Employees Association of Louisiana has asked for a veto of the bill.

Louisiana's public pension systems impose a large burden on Louisiana taxpayers. We cannot continue to raise state retirement benefits at the expense of other critical areas like higher education and healthcare.

For this reason, I have vetoed House Bill No. 478 and hereby return it to the House.