ENROLLED

Regular Session, 2011

ACT No. 238

HOUSE BILL NO. 332

BY REPRESENTATIVE PEARSON AND SENATOR GAUTREAUX

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

AN ACT

To amend and reenact R.S. 11:62(3) and (6), 108(B)(1)(f) and (3), (C), (D)(introductory paragraph), and (E), 1732(15), 2213(4), 2225(A)(2)(a) and (6), and 2252(4), to enact R.S. 11:107.2 and 108(F)(3), and to repeal R.S. 11:231(A)(4) and (7) and (C)(1)(b), relative to the Firefighters' Retirement System, the Municipal Employees' Retirement System, and the Municipal Police Employees' Retirement System; to provide relative to the funding of such systems; to provide for membership of the boards of trustees; to provide for the setting of employer contribution rates under certain circumstances; to provide for employee contribution rates; to provide for benefit calculation; to provide for continuation of the duties of the Funding Review Panel; 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. 11:62(3) and (6), 108(B)(1)(f) and (3), (C), (D)(introductory paragraph), and (E), 1732(15), 2213(4), 2225(A)(2)(a) and (6), and 2252(4) are hereby amended and reenacted and R.S. 11:107.2 and 108(F)(3) are hereby enacted to read as follows:

§62. Employee contribution rates established

Employee contributions to state and statewide public retirement systems shall be paid at the following rates, except as otherwise provided by law:

* * *

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

(3) Firefighters' Retirement System ~~- 8%.~~ :

(a) Any member whose earnable compensation is less than or equal to the most recently issued poverty guidelines issued by the United States Department of Health and Human Services according to the size of the member's family unit - 8%.

(b) For employee contributions due and payable July 1, 2011, or thereafter, any member whose earnable compensation is more than the most recently issued poverty guidelines issued by the United States Department of Health and Human Services according to the size of the member's family unit:

If the total contribution for the fiscal year expressed as a percentage of payroll after applying all required tax contributions is:	The employee contribution shall be:
25.0% or below	8.0%
25.01% to 25.75%	8.25%
25.76% to 26.5%	8.5%
26.51% to 27.25%	8.75%
27.26% to 28.0%	9.0%
28.01% to 28.75%	9.25%
28.76% to 29.5%	9.5%
29.51% to 30.25%	9.75%
30.26% or above	10.0%

* * *

(6) Municipal Police Employees' Retirement System ~~- 8%.~~ :

(a) Any member whose earnable compensation is less than or equal to the most recently issued poverty guidelines issued by the United States Department of Health and Human Services according to the size of the member's family unit - 7.5%.

(b) For employee contributions due and payable July 1, 2011, or thereafter, any member whose earnable compensation is more than the most recently issued

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poverty guidelines issued by the United States Department of Health and Human Services according to the size of the member's family unit:

If the total contribution for the fiscal year expressed as a percentage of payroll after applying all required tax contributions is:	The employee contribution shall be:
25.0% or below	7.5%
25.01% to 25.75%	7.75%
25.76% to 26.5%	8.0%
26.51% to 27.25%	8.25%
27.26% to 28.0%	8.5%
28.01% to 28.75%	8.75%
28.76% to 29.5%	9.25%
29.51% to 30.25%	9.5%
30.26% to 31.0%	9.75%
31.0% or above	10.0%

* * *

§107.2. Employer contributions; maintaining rates; reducing rate decreases; Firefighters' Retirement System; Municipal Police Employees' Retirement System

A. The provisions of this Section shall apply to the following statewide public retirement systems or funds, hereinafter referred to in this Section as "systems":

(1) The Firefighters' Retirement System.

(2) The Municipal Police Employees' Retirement System.

B. Notwithstanding the provisions of R.S. 11:103 and 104, in any fiscal year during which the recommended net direct employer contribution rate would otherwise be decreased for any system, the board of trustees of the system is hereby authorized to either:

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(1) Maintain the previous fiscal year's net direct employer contribution rate at the time that the decrease would otherwise occur according to R.S. 11:103.

(2) Set the employer contribution rate at any point between the previous year's net direct employer contribution rate and the recommended net direct employer contribution rate that would otherwise occur pursuant to R.S. 11:103.

C. Any excess funds resulting from the board's exercise of its authority pursuant to Subsection B of this Section shall be combined with any contribution surplus, or offset by any contribution shortfall, and the resulting balance, if greater than zero, shall be applied, until exhausted, exclusively for and in the order of the following purposes:

(1) To reduce the outstanding balance of any unfunded accrued liability existing as of the end of Fiscal Year 1988-1989, if any; however, the future payments for such unfunded accrued liability shall continue to be made according to the original amortization schedule established in compliance with the requirements of Article X, Section 29(E)(3) of the Constitution of Louisiana until the outstanding balance is fully liquidated.

(2) To reduce the outstanding amortization charge base or bases with the greatest number of outstanding payments; however, the future payments on the base or bases shall continue to be made according to the original amortization schedule until the outstanding balance is fully liquidated.

D. The board's exercise of its authority pursuant to Subsection B of this Section shall not cause the employer contribution rate to exceed fifteen percent in any fiscal year.

§108. Funding Review Panel

* * *

B. The panel shall be composed of two committees, the advisory committee of seven members and the recommendations committee of seven members.

* * *

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(1) The recommendations committee shall have the following voting members:

* * *

(f) The ~~state treasurer~~ commissioner of administration or his designee.

* * *

(3)~~(a) The panel shall elect from the members of the recommendations committee a chairman and vice chairman of the panel. If the state treasurer is elected chairman or vice chairman, his designee shall serve in such office at any meeting of the panel at which he represents the treasurer.~~

~~(b)~~ At the first meeting ~~in Fiscal Year 2010-2011, and at the first meeting~~ in each fiscal year ~~thereafter~~, the panel shall elect from the members of the recommendations committee a chairman and vice chairman of the panel. If the ~~state treasurer~~ commissioner of administration is elected chairman or vice chairman, his designee shall serve in such office at any meeting of the panel at which he represents the ~~treasurer~~ commissioner.

* * *

C.(1) The panel shall meet not less than monthly if practicable. The treasurer shall call the first meeting of the panel on or before August 31, 2005, and shall preside until the panel elects a chairman and vice chairman.

(2) The treasurer shall call the first meeting for Fiscal Year 2010-2011 on or before August 31, 2010. The treasurer or his designee shall preside until the panel elects a chairman and vice chairman.

(3) The commissioner shall call the first meeting in each fiscal year on or before August thirty-first. The commissioner or his designee shall preside until the panel elects a chairman and vice chairman.

D. The panel shall undertake a continuous and comprehensive review of the actuarial funding and benefit structure of the Firefighters' Retirement System, the Municipal Employees' Retirement System, and the Municipal Police Employees' Retirement System, including but not limited to the following:

* * *

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E. The systems, ~~the House of Representatives, the Senate, the legislative actuary, the legislative auditor, and the legislative fiscal office~~ the Louisiana Municipal Association, and the Louisiana Conference of Mayors shall provide such staff and facilities to the panel as are necessary to carry out its duties and responsibilities.

F.

* * *

(3) On or before February first, in even-numbered years, and on or before March first, in odd-numbered years, the panel shall submit to the House and Senate committees on retirement and to the legislative auditor a report containing its recommendations for increasing the actuarial soundness of each system and for providing an affordable benefit for members of each system.

* * *

§1732. Definitions

The following words and phrases, as used in this Chapter, unless a different meaning is plainly required by the context, shall have the following meaning:

* * *

(15)(a) "Final compensation", for a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, means the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the final twelve months shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings of the thirteenth through the twenty-fourth months.

(b) "Final compensation", for a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, means the

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average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the twenty-fifth through the thirty-sixth month shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings for the thirteenth through the twenty-fourth month. The earnings to be considered for the thirty-seventh through the forty-eighth month shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings for the twenty-fifth through the thirty-sixth month. The earnings to be considered for the final twelve months shall not exceed one hundred ~~twenty-five~~ fifteen percent of the earnings of the thirty-seventh through the forty-eighth month.

* * *

§2213. Definitions

The following words and phrases, as used in this Subpart, unless a different meaning is plainly required by context, shall have the following meaning:

* * *

(4) "Average final compensation" shall mean the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service as an employee during which the said earned compensation was the highest. In case of interruption of employment, the thirty-six month period shall be computed by joining employment periods immediately preceding and succeeding the interruption. The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth months.

* * *

§2225. Administration

A. Board of trustees:

* * *

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(2)(a) The board shall consist of ~~eleven~~ fifteen trustees as follows: Seven members, three of whom shall not be chiefs of police but shall be active contributing members of the system with ten or more years of creditable service, and four of whom shall be active contributing chiefs of police, with four or more years of creditable service provided that no municipal police department shall have more than one member and one chief of police on the board at the same time~~, and two of whom shall be~~; two regular retirees of the system, one retired from Chiefs District I and one retired from Chiefs District II as those districts are comprised in Subparagraphs (b) and (c) of this ~~Paragraph,~~ Paragraph; ~~and~~ four ex officio trustees to include the chairman of the House of Representatives Committee on Retirement or his designee, ~~and~~ the chairman of the Senate Committee on Retirement or his designee, the commissioner of administration or his designee, and the state treasurer or his designee; and two mayors appointed by the Louisiana Municipal Association from municipalities having police departments participating in the system, to serve at the pleasure of the Louisiana Municipal Association. The retired trustees shall be elected by the retired members of the system for a term of five years with the first retired trustees' terms to commence on July 1, 1997. Whenever the term of a board member expires, the term of the newly elected board member shall be for a term of five years. The director of the retirement system shall be selected by the ~~eleven members of the board~~ board of trustees. Election of members shall be under such rules and regulations as the board of trustees shall establish.

* * *

(6) Each trustee shall be entitled to one vote on the board. ~~Six~~ Eight trustees shall constitute a quorum for any board meeting, and a majority vote of the trustees present shall be necessary for a decision by the trustees at any meeting of the board.

* * *

§2252. Definitions

The following words and phrases, as used in this Chapter, unless a different meaning is plainly required by context, shall have the following meaning:

* * *

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(4) "Average final compensation" shall mean the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service as an employee during which the said earned compensation was the highest. In case of interruption of employment, the thirty-six month period shall be computed by joining employment periods immediately preceding and succeeding the interruption. <u>The earnings to be considered for the thirteenth through the twenty-fourth months shall not exceed one hundred fifteen percent of the earnings for the first through the twelfth months. The earnings to be considered for the final twelve months shall not exceed one hundred fifteen percent of the earnings of the thirteenth through the twenty-fourth months.</u>

* * *

Section 2. R.S. 11:231(A)(4) and (7) and (C)(1)(b) are hereby repealed in their entirety.

Section 3. The provisions of R.S. 11:1732(15), 2213(4), and 2252(4) as amended by this Act shall not cause the average compensation of any member retiring on or after the effective date of this Act to be less than such member's average compensation as it existed before the effective date of this Act.

Section 4. As soon as practicable after the effective date of this Act, the Public Retirement Systems' Actuarial Committee shall meet to adopt a revised employer contribution rate resulting from the changes contained in this Act, to be utilized for Fiscal Year 2011-2012, for each of the systems affected by this Act. Notwithstanding the provisions of R.S. 11:127(B) and (C), a revised valuation shall not be required for the purpose of implementing the revised employer contribution rate.

Section 5. The provisions of the Act limiting increases in final compensation used for purposes of calculation of benefits shall not be applied to any salary increases due to promotions within any civil service system.

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Section 6. 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.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

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