

Regular Session, 2012

SENATE BILL NO. 52

BY SENATOR GUILLORY

RETIREMENT SYSTEMS. Increases the employee contribution rate for certain members of state retirement systems. (7/1/12)

1 AN ACT

2 To amend and reenact R.S. 11:62(5)(a), (c), and (e) and (11)(c) and to enact R.S.
3 11:62(11)(d), R.S. 11:102(D), and Subpart P of Part II of Chapter 4 of Subtitle I of
4 Title 11 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 11:331,
5 relative to certain members of the Louisiana State Employees' Retirement System
6 and certain postsecondary education members of the Teachers' Retirement System
7 of Louisiana; to increase employee contribution rates; and to provide for related
8 matters.

9 Notice of intention to introduce this Act has been published.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:62(5)(a), (c), and (e) and (11)(c) are hereby amended and
12 reenacted and R.S. 11:62(11)(d), R.S. 11:102(D), and Subpart P of Part II of Chapter 4 of
13 Subtitle I of Title 11 of the Louisiana Revised Statutes of 1950, comprised of R.S. 11:331,
14 are hereby enacted to read as follows:

15 §62. Employee contribution rates established

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

* * *

(5) Louisiana State Employees' Retirement System:

(a) Judges, court officers, the governor, lieutenant governor, and legislators:

(i) Employees whose first employment making them eligible for membership in one of the state systems occurred on or before December 31, 2010 - ~~11.5%~~ **14.5%**.

(ii) Employees, other than judges in Item (iii) of this Subparagraph, whose first employment making them eligible for membership in one of the state systems occurred on or after January 1, 2011 - ~~8%~~ **11%**.

(iii) Judges holding positions specified in R.S. 11:553(1), (3) through (5), (7), and (10) through (15) whose first employment making them eligible for membership in one of the state systems occurred on or after January 1, 2011 - ~~13%~~ **16%**.

* * *

(c) Clerk and sergeant at arms of the House of Representatives and secretary and sergeant at arms of the Senate:

(i) Employees whose first employment making them eligible for membership in one of the state systems occurred on or before December 31, 2010 - ~~9.5%~~ **12.5%**.

(ii) Employees whose first employment making them eligible for membership in one of the state systems occurred on or after January 1, 2011 - ~~8%~~ **11%**.

* * *

(e) All others:

(i) **Members of the optional retirement plan - 7.5%.**

(ii) Employed on or before June 30, 2006 - ~~7.5%~~ **10.5%**.

~~(ii)~~ **(iii)** Employed on or after July 1, 2006 - ~~8%~~ **11%**.

* * *

(11) Teachers' Retirement System of Louisiana:

* * *

(c) **Members who are employees of an institution of postsecondary**

1 education, the Board of Regents, or a postsecondary education management
2 board who are not members of the optional retirement plan - 11%.

3 (d) All others - 8%.

4 * * *

5 §102. Employer contributions; determination; state systems

6 * * *

7 D. Notwithstanding any provision of this Section, R.S. 11:102.1, or R.S.
8 11:102.2 to the contrary, the additional contributions to the Louisiana State
9 Employees' Retirement System and the Teachers' Retirement System of
10 Louisiana resulting from R.S. 11:62 as amended by the Act which originated as
11 Senate Bill No. 52 shall be applied to the outstanding balance of the original
12 amortization base of each system without reamortization of such base and until
13 the base is fully liquidated, after which the additional contributions shall be
14 applied as otherwise provided in this Section.

15 * * *

16 SUBPART P. LEGISLATIVE INTENT

17 §331. Legislative intent; certain Acts

18 The Legislature of Louisiana hereby declares that the intent of the
19 provisions of this Title that were enacted by the Act that originated as Senate
20 Bill No. of the 2012 Regular Session is to attain and maintain the actuarial
21 soundness of state and statewide systems as required by the Constitution of
22 Louisiana, Art. X, Section 29.

23 Section 2. (A) R.S. 11:62(5)(a) as amended by this Act shall not apply to an elected
24 official during the term of office he is serving on July 1, 2012. The contribution rate for such
25 a member shall remain what it was on July 1, 2012, for the duration of his term of office.
26 After that term, R.S. 11:62(5)(a) as amended by this Act shall apply to a member holding
27 that office.

28 (B) Notwithstanding the provisions of Section 2(A) of this Act, the provisions of R.S.
29 11:62(5)(a) as amended by this Act shall apply to the governor in office on July 1, 2012.

1 Section 3. (A) As soon as practicable after the effective date of this Act, the Public
2 Retirement Systems' Actuarial Committee shall meet to adopt a revised valuation for each
3 system prepared as provided in R.S. 11:102. This valuation shall include a revised employer
4 contribution rate for each plan within the system to be utilized in the fiscal year which begins
5 on July 1, 2012. This valuation shall incorporate all changes enacted by the legislature in the
6 2012 Regular Session.

7 (B) The Public Retirement Systems' Actuarial Committee is hereby authorized to
8 adopt an actuarial valuation or revised employer contribution rate to be utilized in the fiscal
9 year which begins on July 1, 2012, calculated in accordance with R.S. 11:102, which has
10 been prepared on behalf of the Division of Administration by a member of the American
11 Academy of Actuaries who meets the qualification requirements of the academy to issue a
12 particular statement of actuarial opinion.

13 Section 4. Because the legislature finds and declares that questions of law may be
14 raised by some persons with respect to the constitutionality of some of the provisions of this
15 Act, the public welfare requires that such questions of law be resolved with expedition prior
16 to such time as its provisions take effect in order to avoid disruption of the orderly
17 implementation of its provisions. Therefore, the legislature finds that an expedited hearing
18 schedule for actions filed relative to the constitutionality of any provision of this Act should
19 be immediately made available in order to avoid confusion by the public. Therefore, any
20 domiciliary of this state may institute an action in the Nineteenth Judicial District Court
21 seeking a declaratory judgment to determine the constitutionality of the provisions of this
22 Act. The attorney general and the governor shall be served with a copy of the proceeding and
23 shall be entitled to be heard. In the interest of further expediting this procedure, the
24 Nineteenth Judicial District Court, First Circuit Court of Appeal, and Louisiana Supreme
25 Court are urged to minimize all unnecessary delays in order to resolve any questions of law
26 no later than thirty days prior to the prefiling deadline for retirement legislation for the 2013
27 regular legislative session, and the courts may suspend all applicable rules of court for this
28 limited purpose.

29 Section 5. If a final judgment declares the provisions of this Act unconstitutional as

1 they relate to a particular group of employees, the provisions of this Act shall remain in
2 effect and applicable to employees unrelated to the judgment.

3 Section 6. This Act shall become effective on July 1, 2012; if vetoed by the governor
4 and subsequently approved by the legislature, this Act shall become effective on July 1,
5 2012, or on the day following such approval by the legislature, whichever is later.

The original instrument was prepared by Laura Gail Sullivan. The following digest, which does not constitute a part of the legislative instrument, was prepared by Margaret M. Corley.

DIGEST

Guillory (SB 52)

Present law establishes the rates at which members of retirement systems contribute to their retirement plans. Proposed law increases the contribution rates for many members of the Louisiana State Employees' Retirement System(LASERS) and the Teachers' Retirement System of Louisiana (TRSL) by 3 percentage points as follows:

LASERS

1. Rank-and-file employees first employed on or before June 30, 2006, who are not members of the optional retirement plan: 7.5% to 10.5%.
2. Rank-and-file employees first employed on or after July 1, 2006: 8% to 11%.
3. Judges first employed on or before Dec. 31, 2010: 11.5% to 14.5%.
4. Judges first employed on or after Jan.1, 2011: 13% to 16%.
5. Legislators, governor, and lieutenant governor first employed on or before Dec. 31, 2010: 11.5% to 14.5%.
6. Governor and lieutenant governor first employed on or after Jan. 1, 2011 (legislators are no longer eligible for membership): 8% to 11%.
7. Certain unelected court officers first employed on or before Dec. 31, 2010: 11.5% to 14.5%.
8. Certain unelected court officers first employed on or after Jan. 1, 2011: 8% to 11%.
9. Clerk of the House, secretary of the Senate, and sergeant at arms of the House and Senate first employed on or before Dec. 31, 2010: 9.5% to 12.5%.
10. Clerk of the House, secretary of the Senate, and sergeant at arms of the House and Senate first employed on or after Jan. 1, 2011: 8% to 11%.

Proposed law retains present law by not increasing contribution rates for the following LASERS employees: certain public safety service employees and peace officers, wildlife agents, bridge police, members of the Hazardous Duty Services Plan, and members of the optional retirement plan.

TRSL

11. TRSL members who are employees of an institution of postsecondary education, the Board of Regents, or a postsecondary education management board who are not members of the optional retirement plan from 8% to 11%.

Present law provides for determination of required contributions to each retirement system. Provides that employer contributions shall be an amount equal to the difference between the total required contributions less the employee contributions.

Present law provides for contributions and other income of the system to be applied to the 1988 unfunded accrued liability (the "initial" UAL) which must be paid off by 2029 as well as to liabilities created thereafter, which generally are funded over 30 years from the date created. Present law designates the net balance on the initial UAL the "original amortization base" or OAB.

Proposed law retains present law, but specifies that the additional employee contributions resulting from proposed law shall be applied to the OAB of each system, without reamortization, until the OAB is fully liquidated. Provides that after the OAB is liquidated the additional employee contributions shall be used to reduce the employer contribution requirements.

Proposed law, with respect to both LASERS and TRSL, also provides that the proposed increases in the employee contribution rates do not apply to elected officials other than the governor in office on the effective date of proposed law for the remainder of the term being served on that date.

Proposed law requires the Public Retirement Systems' Actuarial Committee (PRSAC) to meet as soon as practicable to adopt a revised actuarial valuation for LASERS and to adopt a revised employer contribution rate taking into account the provisions of proposed law.

Present law provides that valuations shall be presented to the committee for consideration by the Legislative Auditor's Office and the retirement system. Proposed law expands the agencies which may present actuarial valuations to the Public Retirement Systems' Actuarial Committee for consideration to include the Division of Administration, for purposes of determining the employer contribution rate to be remitted for the fiscal year beginning July 1, 2012.

Proposed law provides for an expedited hearing process if proposed law is subjected to legal challenges. Provides for severability if a court declares any provisions of proposed law to be unconstitutional as applicable to certain members of LASERS and TRSL, retaining application of the Act to the remaining members of the system.

Effective July 1, 2012.

(Amends R.S. 11:62(5)(a), (c), and (e) and (11)(c); adds R.S. 11:62(11)(d), 102(D), and 331)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Retirement to the original bill

1. Provides that, instead of reducing the employer contribution requirements, the additional employee contributions shall be applied to the net remaining balance of the 1988 unfunded accrued liability (UAL) without reamortization of that base until the debt is fully liquidated.
2. Includes the current governor in application of proposed law.

3. Expands the agencies which may present actuarial valuations to the Public Retirement Systems' Actuarial Committee for consideration to include the Division of Administration, for purposes of determining the employer contribution rate to be remitted for the fiscal year beginning July 1, 2012.
4. Provides for an expedited hearing process.