
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 J. W. Wiley.

DIGEST

Guillory (SB 52)

Present law establishes the rates at which members of retirement systems contribute to their retirement plans ranging from 7.5% to 11.5%.

Proposed law increases the contribution rates for members of the Louisiana State Employees' Retirement System (LASERS) who are employed in "nonhazardous" positions and the Teachers' Retirement System of Louisiana (TRSL) who are employed in higher education by 2 percentage points in four steps of 0.5% each. Further provides that proposed law will not occur until the later of June 30, 2014, or beginning the July first following the employee's first merit increase of a minimum of four percent awarded on or after July 2, 2013.

Proposed law does not increase contribution rates for the following LASERS employees in hazardous duty jobs including certain public safety service employees and peace officers, wildlife agents, bridge police, members of the Hazardous Duty Services Plan. Also does not increase contributions for members of the optional retirement plan.

Proposed law specifies that the additional employee contributions resulting from proposed law shall be applied to the unfunded accrued liability (UAL) of each system, without reamortization, until all such liability is fully liquidated.

Present law provides that valuations shall be presented by the Legislative Auditor's Office and the retirement system to the Public Retirement Systems' Actuarial Committee (PRSAC) for consideration. Proposed law expands the agencies which may present actuarial valuations to the Committee for consideration to include the Division of Administration, for the fiscal year beginning July 1, 2013.

Proposed law provides for an expedited hearing process if proposed law is subjected to legal challenge and provides that the implementation of proposed law may be delayed until a final nonappealable judgment is rendered in any such action instituted on or before June 30, 2013.

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 proposed law to the remaining members of the system.

Proposed law will not be applied to any employee for any fiscal year in which the average of the actuarially required payments for the UAL for the previous four fiscal years is less than the average of the actuarially required payment for the four fiscal years that precede the current valuation year.

Effective July 1, 2012.

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

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.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Reduces the increased employee contribution amount from 3% of pay to 2% of pay.
2. Phases in, over four years, beginning July 1, 2013, with 0.5% increases.
3. Retains all future "savings" generated by proposed law in the system trust fund.

Senate Floor Amendments to reengrossed bill

1. Makes technical corrections.
2. Provides requirements for when the employee contribution rates will increase.
3. Changes "outstanding amortization" to "outstanding positive amortization".
4. Provides that implementation of proposed law may be delayed until a final nonappealable judgment is rendered in any legal challenge instituted on or before

June 30, 2013.

5. Provides an exception to proposed law for employees based on the average of the actuarially required payment for the UAL for the previous four fiscal years.