

Regular Session, 2014

HOUSE BILL NO. 90

BY REPRESENTATIVE BARROW

RETIREMENT/FUNDING: Requires occasional supplemental payments to retirees and beneficiaries of the four state retirement systems from monies available from the Seniors' Supplement Fund

1 AN ACT

2 To enact R.S. 11:127(E) and Subpart P of Part II of Chapter 4 of Subtitle I of Title 11 of the
3 Louisiana Revised Statutes of 1950, to be comprised of R.S. 11:331 through 336,
4 relative to occasional supplemental payments to certain retirees and beneficiaries of
5 state retirement systems; to provide for definitions; to provide for the minimum
6 payment amount; to provide for eligibility; to provide for duties of the Public
7 Retirement Systems' Actuarial Committee; to require the preparation of certain cost
8 estimates by state retirement systems; to require notice by the state treasurer
9 regarding a fund balance; to require notification of the legislature under certain
10 circumstances; to establish the Seniors' Supplement Fund as a special treasury fund;
11 to provide for the deposit, use, and investment of monies in the fund; to require
12 appropriations under certain circumstances; to provide for effectiveness; and to
13 provide for related matters.

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

17 Be it enacted by the Legislature of Louisiana:

1 Section 1. R.S. 11:127(E) and Subpart P of Part II of Chapter 4 of Subtitle I of Title
2 II of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 11:331 through 336 are
3 hereby enacted to read as follows:

4 §127. Duties

5 * * *

6 E. The committee shall receive information and adopt findings relative to a
7 potential occasional supplemental payment to eligible retirees and beneficiaries of
8 the four state retirement systems, as provided in Article VII, Section 10.13 of the
9 Constitution of Louisiana, at the meeting at which the committee adopts the official
10 valuation of each state public retirement system.

11 * * *

12 SUBPART P

13 OCCASIONAL SUPPLEMENTAL PAYMENTS TO RETIREES AND

14 BENEFICIARIES OF STATE RETIREMENT SYSTEMS

15 §331. Purpose

16 The purpose of this Subpart is to implement the provisions of Article VII,
17 Section 10.13 of the Constitution of Louisiana relative to the provision of occasional
18 supplemental payments to eligible retirees and beneficiaries of the four state
19 retirement systems through the appropriation of monies available from the Seniors'
20 Supplement Fund.

21 §332. Definitions

22 For purposes of this Subpart, the following words and phrases shall have the
23 meanings herein provided.

24 (1) "Beneficiary" means a beneficiary of a state system who is eligible to
25 receive a supplemental payment.

26 (2) "Fund" means the Seniors' Supplement Fund.

27 (3) "System" or "state retirement system" means the Louisiana State
28 Employees' Retirement System, the Teachers Retirement System of Louisiana, the

1 Louisiana State Police Retirement System, and the Louisiana School Employees'
2 Retirement System.

3 (4) "Retiree" means a retiree of a state retirement system who is eligible to
4 receive a supplemental payment.

5 (5) "Supplemental payment" means an occasional supplemental payment
6 authorized pursuant to Article VII, Section 10.13 of the Constitution of Louisiana.

7 §333. Seniors' Supplement Fund; occasional supplemental payments; minimum
8 amount of supplemental payment

9 A. The Seniors' Supplement Fund is hereby established as a special treasury
10 fund, hereinafter referred to as the "fund", consisting of monies deposited pursuant
11 to Article VII, Section 10(D)(2)(b)(iv) of the Constitution of Louisiana,
12 appropriations, and any other source of revenue. Monies in the fund shall be
13 invested in the same manner as those in the state general fund, and any earnings
14 thereon shall be deposited into the fund. All unexpended and unencumbered monies
15 in the fund at the end of a fiscal year shall remain in the fund.

16 B. The fund shall be used to accumulate monies sufficient to provide for
17 occasional supplemental payments to eligible retirees and beneficiaries of the
18 Louisiana State Employees' Retirement System, the Teachers' Retirement System,
19 the School Employees' Retirement System, and the State Police Retirement System.
20 Notwithstanding any other provision of law to the contrary, the supplemental
21 payment shall not be interpreted or construed to constitute a retirement benefit.
22 Appropriations from the fund are authorized solely for the making of occasional
23 supplemental payments in any amount equal to or in excess of the minimum amount
24 established in Subsection C of this Section, and administrative expenses related
25 thereto. Withdrawals, transfers, or appropriations from the fund for any other
26 purpose shall be prohibited.

27 C. The minimum amount of any supplemental payment made in any fiscal
28 year which is funded through appropriations from the fund shall be three hundred
29 dollars for each eligible retiree and beneficiary.

1 §334. Seniors' Supplement Fund year end balance; Notification by the state
2 treasurer

3 For purposes of the Public Retirement Systems' Actuarial Committee's annual
4 determination as to the feasibility of providing an occasional supplemental payment
5 to eligible retirees and beneficiaries in the next fiscal year, the state treasurer shall
6 notify the committee of the Seniors' Supplement Fund balance as of the close of each
7 calendar year. The notification shall occur at a time and in a manner to be
8 determined by the state treasurer and the chairman of the committee.

9 §335. Occasional supplemental payments; estimates by state retirement systems

10 For purposes of determining the feasibility of providing occasional
11 supplemental payments, each state retirement system shall develop an estimate of the
12 cost of providing a supplemental payment to its eligible retirees and beneficiaries in
13 the next fiscal year. The estimate shall be based on the minimum payment amount
14 as provided for in R.S. 11:33(C) and shall include any administrative costs necessary
15 for provision of the payment. Each system shall present its estimate to the Public
16 Retirement Systems' Actuarial Committee for consideration at the same meeting at
17 which the systems' official valuation is adopted. The form and content of estimates
18 shall be prescribed by the committee.

19 §336. Occasional supplemental payments; annual determination by the Public
20 Retirement Systems' Actuarial Committee; appropriation

21 The Public Retirement Systems' Actuarial Committee shall consider the cost
22 estimates provided by each state retirement system and the Seniors' Supplement
23 Fund balance provided by the state treasurer to determine whether the fund balance
24 is sufficient to provide for a supplemental payment to all eligible retirees and
25 beneficiaries of the state retirement systems in the next fiscal year. The committee
26 shall adopt findings relative to the feasibility of providing a supplemental payment
27 in the minimum amount provided for in R.S. 11:333(C), and, may adopt findings
28 relative to the feasibility of providing a supplemental payment in a greater amount
29 which could be supported by the fund balance. The committee chairman shall notify

1 the members of both houses of the legislature if the committee finds that the fund
 2 balance is sufficient to provide for a supplemental payment. Pursuant to Article VII,
 3 Section 10.13 of the Constitution of Louisiana, if the committee has provided such
 4 notification, the legislature shall appropriate monies from the fund for the next fiscal
 5 year for the provision of a supplemental payment in an amount equal to or greater
 6 than the minimum amount established in R.S. 11:333(C).

7 Section 2. This Act shall take effect and become operative if and when the proposed
 8 amendment of Article VII, Section 10 and adoption of Article VII, Section 10.13 of the
 9 Constitution of Louisiana contained in the Act which originated as House Bill No. __ of this
 10 2014 Regular Session of the Legislature is adopted at a statewide election and becomes
 11 effective.

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)]

Barrow

HB No. 90

Abstract: Requires and provides for conditions and procedures for the provision of occasional supplemental payments to eligible retirees and beneficiaries of the four state retirement systems to the extent that monies are available from the Seniors' Supplement Fund.

Present constitution requires the establishment of state retirement systems for teachers, school employees, and officials and employees of the state.

Present law provides for four state retirement systems: the Teachers Retirement System of Louisiana, the Louisiana School Employees' Retirement System, the Louisiana State Employees' Retirement System, and the Louisiana State Police Retirement Systems ("state retirement systems").

Proposed law retains present law.

Proposed law requires occasional supplemental payments to eligible retirees and beneficiaries of the four state retirement systems to the extent that monies are available from the Seniors' Supplement Fund to fund the payment.

Proposed law provides for definitions.

Proposed law establishes the Seniors' Supplement Fund ("fund") as a special treasury fund for the purpose of accumulating monies for the provision of occasional supplemental payments to eligible retirees and beneficiaries of the state retirement systems.

Proposed law provides that the fund shall consist of monies deposited pursuant to proposed constitutional amendment, appropriations, and revenues from any other source. Monies in

the fund shall be invested in the same manner as those in the state general fund, and any earnings thereon shall be deposited into the fund. All unexpended and unencumbered monies in the fund at the end of a fiscal year shall remain in the fund.

Proposed law limits appropriations from the fund to the making of occasional supplemental payments in any amount equal to or in excess of the minimum established by proposed law and administrative expenses. Withdrawals, transfers, or appropriations from the fund for any other purpose shall be prohibited.

Proposed law establishes a minimum supplemental payment amount of \$300 each fiscal year for each eligible retiree and beneficiary of a state retirement system.

Proposed law prohibits a supplemental payment from being interpreted or construed to constitute a retirement benefit.

Proposed law provides for procedures and mechanisms for the determination of the feasibility of providing a supplemental payment in any fiscal year.

Proposed law requires that the Public Retirement Systems' Actuarial Committee ("committee") receive information from the state treasurer and the state retirement systems relative to a potential occasional supplemental payment in the next year to eligible retirees and beneficiaries to be supported by appropriations from the fund. The committee is required to adopt findings in this regard. These committee activities shall occur at the same meeting at which the committee adopts an official valuation of each state public retirement system.

Proposed law requires the state treasurer to notify the committee of the fund's balance as of the close of each calendar year. The notification shall occur at a time and in a manner determined by the state treasurer and the chairman of the committee.

Proposed law requires that each state retirement system annually develop an estimate of the cost of providing a supplemental payment to its eligible retirees and beneficiaries in the next fiscal year. The estimate shall be based on the minimum payment amount (\$300) and shall include any administrative costs necessary for provision of the payment. Each system shall present its estimate to the committee for consideration at the same meeting at which the systems' official valuation is adopted. The form and content of estimates shall be prescribed by the committee.

Proposed law requires that, having considered the fund balance information from the state treasurer and the state retirement systems' cost estimates, the committee shall adopt findings relative to the feasibility of providing a supplemental payment in the minimum amount, and, may adopt findings relative to the feasibility of providing a supplemental payment in a greater amount which can be supported by the fund balance.

Proposed law requires the committee chairman to notify the members of both houses of the legislature if the committee finds that the fund balance is sufficient to provide for a supplemental payment. Pursuant to proposed constitutional amendment, if the committee has provided such notification, the legislature is required to appropriate monies from the fund in the next fiscal year for the provision of a supplemental payment in an amount equal to or greater than the minimum amount established under proposed law.

Effective if and when the proposed amendment of Article VII, Section 10 and adoption of Article VII, Section 10.13 of the Constitution of La. contained in the Act which originated as House Bill No. ___ of this 2014 R.S. of the Legislature is adopted at a statewide election and becomes effective.

(Adds R.S. 11:127(E), and 331 through 336)