



2012 Regular Legislative Session Update No. 9 May 4, 2012

Provided below is a list of bills to be monitored by LRTA during the 2012 Regular Session. The listing provides the position taken by LRTA on each of the bills.

Note: This update includes actions taken by the Senate and House of Representatives during the week of April 30 through May 4. **They are denoted in red.** Please also note that House Bill No. 60 was reported by the House Retirement Committee as a substitute bill and has become House Bill No. 1198. Senate Bill No. 51 was reported by the Senate Retirement Committee as a substitute bill and has become Senate Bill No. 749.

House Bill No. 14 by Representative M. "Kirk" Talbot

This bill will eliminate retiree return-to-work provisions currently in place for all state and statewide retirement systems for active members of these systems who retire on or after July 1, 2012. The bill further provides that any retiree will be prohibited from accruing additional benefits in any state or statewide retirement system after retirement.

- LRTA will oppose this legislation.

House Bill No. 19 by Representative Frank A. Hoffmann and Representative Robert A. Johnson

This bill will allow a retiree who has been retired for at least twelve months to return to work as a substitute classroom teacher who teaches students in kindergarten through twelfth grade. The retiree would be permitted to earn up to 25% of their benefit being received in any fiscal year. If earnings during a fiscal year exceed the 25% limit, then the benefit payable to the retiree shall be reduced by the excess amount earned over 25% of the benefit being received by the retiree.

- LRTA will support this legislation.

Passed by the House Retirement Committee on March 29, 2012. Passed the House on April 9, 2012.

House Bill No. 20 by Representative Frank A. Hoffmann

This bill will allow a retiree who has been retired for at least twelve months to return to work as an adjunct professor. The retiree would be permitted to earn up to 25% of their benefit being received in any fiscal year. If earnings during a fiscal year exceed the 25% limit, then the benefit payable to the retiree shall be reduced by the excess amount earned over 25% of the benefit being received by the retiree.

- LRTA will support this legislation.

Passed by the House Retirement Committee on March 29, 2012. Passed the House on April 9, 2012.

House Bill No. 53 by Representative J. Kevin Pearson

This bill increases the eligible retirement age for active members employed by an institution of postsecondary education, the Board of Regents, or a postsecondary education management board who were born on or after July 1, 1957, and who are not members of the Optional Retirement Plan offered by TRSL. Members hired prior to January 1, 2013 may retire under current plan provisions, but their retirement benefit will be actuarially reduced from age 67. The individual who retires early will not be permitted to receive distributions from a DROP account until age 67.

- LRTA will oppose this legislation.

House Bill No. 54 by Representative J. Kevin Pearson

This bill will add the Commissioner of Administration, ex officio, or his designee to the Boards of Trustees of the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System, and the Teachers' Retirement System of Louisiana.

- LRTA will monitor this legislation.

House Bill No. 55 by Representative J. Kevin Pearson

This bill changes final average compensation from a period of 36 consecutive highest months of earnings to a period of 60 consecutive highest months of earnings for employees of institutions of higher education, the Board of Regents, and all other boards of supervisors.

- LRTA will oppose this legislation.

House Bill No. 56 by Representative J. Kevin Pearson

This bill increases the employee contribution rates for certain members of state retirement systems. New members hired on or after January 1, 2011 and who are employed by an institution of postsecondary education, the Board of Regents, or a postsecondary education management board who are not members of the optional retirement plan will contribute 11% of salary, up from 8% of salary.

- LRTA will monitor this legislation.

House Bill No. 60 by Representative J. Kevin Pearson

This bill transfers the Louisiana School Employees' Retirement System to the Teachers' Retirement System of Louisiana, and establishes the Teachers' Retirement Plan and Louisiana School Employees' Retirement Plan. Each plan is designed to operate separately within the combined system. The merger will become effective July 1, 2012.

- LRTA will monitor this legislation.

Passed by the House Retirement Committee on April 12, 2012. Reported by the House Retirement Committee as a substitute bill on April 16, 2012. Assigned House Bill No. 1198 on April 17, 2012.

Please refer to House Bill No. 1198 for further information on House Bill No. 60.

House Bill No. 61 by Representative J. Kevin Pearson

This bill creates a cash balance retirement plan for employees hired by an institution of postsecondary education on or after January 1, 2013 who do not elect to join the optional retirement plan. Members employed in K-12 classrooms will have the opportunity to make an irrevocable decision to move from the defined benefit plan to the cash balance plan. Upon retirement, the employee account will be annuitized.

- LRTA will oppose this legislation.

Passed by the House Retirement Committee on April 12, 2012. Passed by the House of Representatives on May 2, 2012 with amendments to provide for disability and survivor benefits.

House Bill No. 134 by Representative James Fannin

This bill provides appropriations for the operation of state agencies that self-generate operating funds. The appropriation for the Office of Group Benefits is found on page 4 of the bill. The amount recommended provides funding for the staff to continue the PPO plan through December 31, 2012, at which time, the administration plans to contract program administration to a third party administrator.

- LRTA will oppose the privatization of the PPO plan offered by OGB, and will oppose the provisions in House Bill No. 134 regarding the budget for the office.

House Bill No. 860 by Representative Hunter Greene

This bill is a constitutional amendment which will require the state treasurer to remit to the Teachers' Retirement System of Louisiana, and other state retirement systems, any savings to the state general fund that is generated by the reduction in the normal cost of operating the retirement system as compared to the normal cost established in effect on January 1, 2012.

- LRTA will support this legislation.

House Bill No. 963 by Representative Robert Johnson

This bill will require prior legislative approval for the Office of Group Benefits to enter into any contractual agreement for the sale or privatization of any program offered by the office.

- LRTA will support this legislation.

House Bill No. 985 by Representative Jeff Thompson

This bill provides for the implementation of a defined contribution plan for all newly enrolled or reenrolled members of a state retirement system who join the system on or after January 1, 2013. The four state retirement systems are the Teachers' Retirement System of Louisiana, the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System and the State Police Pension and Retirement System.

- LRTA will oppose this legislation.

House Bill No. 1004 by Representative M. "Kirk" Talbot

This bill will allow members of TRSL who have completed DROP participation on or before December 31, 2011, and who have continued working with no break in service, to rescind the decision to participate in DROP. The application to rescind DROP participation must be received by TRSL on or before December 31, 2012.

- LRTA will monitor this legislation.

Deferred by the House Retirement Committee on April 19, 2012.

House Bill No. 1018 by Representative J. Kevin Pearson

This bill requires the Louisiana State Employees' Retirement System, the Teachers' Retirement System of Louisiana, the Louisiana State Police Pension and Retirement System, and the Louisiana School Employees Retirement System to be 80% funded prior to any earnings over 8.25% on actuarial basis being deposited into the Employee Experience Account.

- LRTA will oppose this legislation.

Note: Currently, TRSL is not permitted to recommend the granting of PBIs until the retirement system's funded status reaches 80%, or in years when the actuarial return is equal to or exceeds 8.25%, and sufficient funds are on deposit in the Employee Experience Account to provide for the full PBI. The funded status of TRSL as of June 30, 2011 was 55.1%, and the Employee Experience Account balance was \$0.00. This bill will accelerate the time frame during which TRSL will reach 80% funding, as no deposits will be made to the Employee Experience Account until that goal is reached.

Voluntarily deferred by Representative J. Kevin Pearson on May 3, 2102. This action was taken after testimony provided by LRTA and the Retired State Employees Association regarding funds that may be needed to implement Senate Bill No. 1 and Senate Bill No. 41.

House Bill No. 1023 by Representative Alan Seabaugh

This bill prohibits an entity which engages in political activity from receiving payroll withholdings or deductions from the salary or compensation a public servant receives for the performance of his or her duties for a governmental entity or agency.

- LRTA will monitor this legislation.

Deferred by the House and Governmental Affairs Committee on May 2, 2012.

House Bill No. 1110 by Representative Jeff Thompson

This bill allows retired teachers to return to work in non-critical shortage areas to continue receiving retirement benefits while reemployed, and receive a salary which is 20% of the applicable salary under the local school board salary scale, or the applicable salary for a person with five years of teaching experience under the local school board salary scale, whichever is greater.

- LRTA will support this legislation.

House Bill No. 1131 Representative J. Kevin Pearson

This bill provides for the calculation of individual employer contribution rates for plans covered by TRSL: Teacher Regular (K-12), School Lunch-Plan A, School Lunch-Plan B, Post-Secondary Education, and other specialty plans that may be provided for a sub-group of the plan in the future. Currently, only one blended rate is computed for all plans.

- LRTA will monitor this legislation.

Passed by the House Retirement Committee on April 12, 2012.

House Bill No. 1132 by Representative J. Kevin Pearson

This bill sets up two subaccounts of the Employee Experience Account for TRSL. The subaccounts are the K-12 subaccount and the Postsecondary Education subaccount. The Postsecondary subaccount will be debited for its proportionate share of TRSL's net investment experience losses for the prior fiscal year. No permanent benefit increases shall be provided to retirees of postsecondary institutions from the Postsecondary subaccount unless and until the retirement system is 100% funded.

- LRTA will oppose this legislation.

House Bill No. 1198 by Representative J. Kevin Pearson

This bill transfers the Louisiana School Employees' Retirement System to the Teachers' Retirement System of Louisiana, and establishes the Teachers' Retirement Plan and Louisiana School Employees' Retirement Plan. Each plan is designed to operate separately within the combined system. The merger will become effective July 1, 2012.

- LRTA will monitor this legislation.

Reported as a substitute bill for House Bill No. 60. House Bill No. 60 was reported by the House Retirement Committee on April 12, 2012. House Bill No. 1198 will now be considered by the full House of Representatives.

House Concurrent Resolution No. 57 by Representative Frank Hoffman

This resolution memorialized the United States Congress to consider eliminating the provisions of federal law which reduce Social Security benefits for those receiving pension benefits from state pension systems.

- LRTA will support this resolution.

Passed by the House on March 27, 2012. Passed by the Senate on March 29, 2012.

Senate Bill No. 1 by Senator Gerald Long

This bill eliminates certain provisions of Act 497 of 2009 to allow for the deposit of 50% of excess interest earnings into the Employee Experience Account, to provide for the payment of permanent benefit increases to eligible retirees age 55 and older, and to provide for the distribution of funds from the Employee Experience Account before TRSL reaches 80% of full funding. The bill will eliminate the “hurdles” that were incorporated into Act 497.

- LRTA will support this legislation.

Deferred by the Senate Retirement Committee on April 22, 2012. Passed by the Senate Retirement Committee on April 30, 2012 with amendments. Recommitted to the Senate Finance Committee. The amendments provide for a one-time payment from the Employee Experience Account, when sufficient funds are on deposit in the account, to the following eligible retirees. The retiree must:

1. be at least seventy-five years old on June 30, 2012,
2. have retired with 30 or more years of service credit, exclusive of unused leave that was converted for credit at the time of retirement,
3. have been retired twenty years or more on June 30, 2012, and
4. not have participated in the Deferred Retirement Option Plan, or selected an Initial Lump Sum Benefit Option at the time of retirement.

Any beneficiary receiving a benefit from TRSL, based upon the above provisions as they are applied to the deceased member, will also be eligible to receive the one-time payment. The one-time payment will be the greater of \$300.00 or 2% of the annual retirement benefit. Again, the payment will not be made until sufficient funds are on deposit in the Employee Experience Account, and the current account balance is \$0.00.

Senate Bill No. 17 by Senator Barrow Peacock

This bill is a constitutional amendment to authorize the creation of a defined contribution plan for all state retirement systems. Senate Bill 26 is the companion legislation that would place this constitutional provision into the statutes.

- LRTA will oppose this legislation.

Deferred by the Senate Retirement Committee on April 22, 2012.

Senate Bill No. 19 by Senator P. Page Cortez

This bill will allow a retiree who has been retired for at least twelve months to return to work as a substitute classroom teacher who teaches students in kindergarten through twelfth grade. The retiree would be permitted to earn up to 25% of their benefit being received in any fiscal year. If earnings during a fiscal year exceed the 25% limit, then the benefit payable to the retiree

shall be reduced by the excess amount earned over 25% of the benefit being received by the retiree.

- Amended by the Senate to allow a retiree who has been retired for at least twelve months to return to work on a part-time basis and continue receiving benefits while instructing adults in adult education or literacy programs administered through a K-12 public school. Retirees may earn up to 25% of their retirement benefit. Earnings exceeding 25% will be reduced from the retirement benefit.
- LRTA will support this legislation.

Passed by the Senate Retirement Committee on April 2, 2012. Passed by the Senate on April 9, 2012. Passed by the House Retirement Committee on April 26, 2012.

Senate Bill No. 20 by Senator P. Page Cortez

This bill will allow a retiree who has been retired for at least twelve months to return to work as an adjunct professor. The retiree would be permitted to earn up to 25% of their benefit being received in any fiscal year. If earnings during a fiscal year exceed the 25% limit, then the benefit payable to the retiree shall be reduced by the excess amount earned over 25% of the benefit being received by the retiree.

- LRTA will support this legislation.

Passed by the Senate Retirement Committee on April 2, 2012. Passed by the Senate on April 9, 2012. Passed by the House Retirement Committee on April 26, 2012.

Senate Bill No. 25 by Senator Elbert L. Guillory

This bill provides for the payment of regularly scheduled permanent benefit increases to retirees of the state retirement systems. Increases will be 2% per year beginning January 1, 2017, and each odd year thereafter. Eligible retirees must be retired for at least 12 months and 62 years of age. For those not yet retired, benefit increases will begin on January 1, 2023, and each odd year thereafter. Eligible retirees must be retired for at least 12 months and 65 years of age. An increase in employee contributions to the retirement system of 2% will be used to finance the benefit increases.

- LRTA will support this legislation.

Deferred by the Senate Retirement Committee on April 22, 2012.

Senate Bill No. 26 by Senator Barrow Peacock

This bill provides for the implementation of a defined contribution plan for new employees working in nonhazardous positions who are enrolled in the state retirement systems after December 31, 2012. This is companion legislation to Senate Bill No. 17.

- LRTA will oppose this legislation.

Senate Bill No. 42 by Senator P. Page Cortez

This bill changes final average compensation from a period of 36 consecutive highest months of earnings to a period of 60 consecutive highest months of earnings for employees of institutions of higher education, the Board of Regents, and all other the boards of supervisors.

- LRTA will oppose this legislation.

Senate Bill No. 45 by Senator Elbert L. Guillory

This bill transfers school food service employees, retirees, beneficiaries and survivors, and the assets and obligations associated with those employees to the Louisiana School Employees Retirement System on June 30, 2012.

- LRTA will monitor this legislation.

Senate Bill No. 46 by Senator P. Page Cortez

This bill transfers the Louisiana School Employees' Retirement System to the Teachers' Retirement System of Louisiana, and establishes the Teachers' Retirement Plan and Louisiana School Employees' Retirement Plan. Each plan is designed to operate separately within the combined system. The merger will become effective July 1, 2012.

- LRTA will monitor this legislation.

Senate Bill No. 47 by Senator Elbert L. Guillory

This bill changes final average compensation from a period of 36 consecutive highest months of earnings to a period of 60 consecutive highest months of earnings for employees of institutions of higher education, the Board of Regents, and all other boards of supervisors.

- LRTA will oppose this legislation.

Passed by the Senate Retirement Committee on April 16, 2012. Recommitted to the Senate Finance Committee.

Senate Bill No. 48 by Senator Elbert L. Guillory

This bill will add the Commissioner of Administration, ex officio, or his designee to the Boards of Trustees of the Louisiana State Employees' Retirement System, the Louisiana School Employees' Retirement System, and the Teachers' Retirement System of Louisiana.

- LRTA will monitor this legislation.

Passed by the Senate Retirement Committee on March 26, 2012. Passed by the Senate on March 29, 2012. Passed by the House Retirement Committee on April 12, 2012.

Senate Bill No. 51 by Senator Elbert L. Guillory

This bill increases the eligible retirement age for active members employed by an institution of postsecondary education, the Board of Regents, or a postsecondary education management board who were born on or after July 1, 1957, and who are not members of the Optional

Retirement Plan offered by TRSL. Members hired prior to January 1, 2013 may retire under current plan provisions, but their retirement benefit will be actuarially reduced from age 67. The individual who retires early will not be permitted to receive distributions from a DROP account until age 67.

- LRTA will oppose this legislation.

Passed by the Senate Retirement Committee on April 16, 2012. Reported by the Senate Retirement Committee as a substitute bill on April 18, 2012. Assigned Senate Bill No. 749 on April 19, 2012.

Please refer to Senate Bill No. 749 for further information on Senate Bill No. 749.

Senate Bill No. 52 by Senator Elbert L. Guillory

This bill increases the employee contribution rates for certain members of state retirement systems. New members hired on or after January 1, 2011 and who are employed by an institution of postsecondary education, the Board of Regents, or a postsecondary education management board who are not members of the optional retirement plan will contribute 11% of salary, up from 8% of salary.

- This bill was amended to require that additional employee contributions paid into the retirement systems be dedicated to paying off the unfunded accrued liabilities of the retirement systems.
- LRTA will monitor this legislation.

Passed by the Senate Retirement Committee on April 16, 2012. Recommitted to the Senate Finance Committee.

Senate Bill No. 53 by Senator Elbert L. Guillory

This bill creates a cash balance retirement plan for employees hired by an institution of postsecondary education on or after January 1, 2013 who do not elect to join the optional retirement plan. Members employed in K-12 classrooms will have the opportunity to make an irrevocable decision to move from the defined benefit plan to the cash balance plan. Upon retirement, the employee account will be annuitized.

- LRTA will oppose this legislation.

Senate Bill No. 56 by Senator Elbert L. Guillory

This bill transfers the Louisiana School Employees' Retirement System with the Teachers' Retirement System of Louisiana, and establishes the Teachers' Retirement Plan and Louisiana School Employees' Retirement Plan. Each plan is designed to operate separately within the combined system. The merger will become effective July 1, 2012.

- LRTA will monitor this legislation.

Senate Bill No. 739 by Senator Elbert L. Guillory

This bill provides for the calculation of individual employer contribution rates for plans covered by TRSL: Teacher Regular (K-12), School Lunch-Plan A, School Lunch-Plan B, Post-Secondary Education, and other specialty plans that may be provided for a sub-group of the plan in the future. Currently, only one blended rate is computed for all plans.

- LRTA will monitor this legislation.

Senate Bill No. 740 by Senator Elbert L. Guillory

This bill sets up two subaccounts of the Employee Experience Account for TRSL. The subaccounts are the K-12 subaccount and the Postsecondary Education subaccount. The Postsecondary subaccount will be debited for its proportionate share of TRSL's net investment experience losses for the prior fiscal year. No permanent benefit increases shall be provided to retirees of postsecondary institutions from the Postsecondary subaccount unless and until the retirement system is 100% funded.

- This bill was amended to reduce the 100% funding requirement to 80%.

Note: Currently, TRSL is not permitted to recommend the granting of PBIs until the retirement system's funded status reaches 80%, or in years when the actuarial return is equal to or exceeds 8.25%, and sufficient funds are on deposit in the Employee Experience Account to provide for the full PBI. The funded status of TRSL as of June 30, 2011 was 55.1%, and the Employee Experience Account balance was \$0.00. This bill will accelerate the time frame during which TRSL will reach 80% funding, as no deposits will be made to the Employee Experience Account until that goal is reached.

- LRTA will oppose this legislation.

Passed by the Senate Retirement Committee on April 16, 2012.

Senate Bill No. 749 by Senator Elbert L. Guillory

This bill increases the eligible retirement age for active members employed by an institution of postsecondary education, the Board of Regents, or a postsecondary education management board. The substitute bill for Senate Bill No. 51 retains the exclusion for members of the system who are 55 years of age on or before June 30, 2012, and will not apply to members who joined the retirement system before January 1, 2011 who will ultimately be applying for a 30 year service retirement.

The bill now provides that:

Benefits already accrued will be frozen as of June 30, 2012. Benefits accrued after that date will be computed at the time of retirement based upon the new eligible retirement ages, as follows:

Members hired on or before December 30, 2010, and who retire with fewer than thirty years of service credit may retire with an unreduced benefit no earlier than:

- Age fifty-five with at least twenty-five but fewer than thirty years of service on June 30, 2102.
- Age fifty-eight with at least twenty but fewer than twenty-five years of service on June 30, 2012.

- Age sixty-one with at least fifteen but fewer than twenty years of service on June 30, 2012.
- Age sixty-four with at least ten but fewer than fifteen years of service on June 30, 2102.
- The higher of age sixty-seven or the retirement age provided by the Social Security Administration with fewer than ten years of service on June 30, 2012.

Other provisions of the bill discuss the full benefit options and the actuarially reduced benefit options if an early retirement is taken.

The bill becomes effective June 15, 2012.

- LRTA will oppose this legislation.

Reported as a substitute bill for Senate Bill No. 51 by the Senate Retirement Committee on April 16, 2012. Senate Bill No. 749 was recommitted to the Senate Finance Committee.