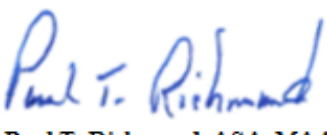


**2017 REGULAR SESSION  
ACTUARIAL NOTE SB 3**

<p><b>Senate Bill 3 SLS 17RS-66</b> Engrossed with Senate Retirement Committee Amendment #713</p> <p><b>Author: Senator Gerald Boudreaux</b> <b>Date: May 10, 2017</b> <b>LLA Note SB 3.02</b></p> <p><b>Organizations Affected:</b> <b>Registrar of Voters Employees' Retirement System</b></p> <p><b>EG +\$48,572 APV</b></p>	<p>This Note has been prepared by the Actuarial Services Department of the Legislative Auditor with assistance from either the Fiscal Notes staff of the Legislative Auditor or staff of the Legislative Fiscal Office. The attachment of this Note provides compliance with the requirements of R.S. 24:521 as amended by Act 353 of the 2016 Regular Session.</p> <div style="text-align: center;">   <b>Paul T. Richmond, ASA, MAAA, EA</b>  <b>Manager Actuarial Services</b> </div>
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**Bill Header:** REGISTRAR OF VOTERS RET. Provides for the treasurer and the secretary of state to be members of the board of trustees. (6/30/17)

**Cost Summary:**

The estimated actuarial and fiscal impact of SB 3 on the retirement systems and their plan sponsors is summarized below. Actuarial costs or savings pertain to estimated changes in the *actuarial present value of future benefit payments*. Fiscal costs or savings pertain to changes to all cash flows over the next five year period including retirement system cash flows, OPEB cash flows, or cash flows related to other government entities.

An increase in actuarial costs is denoted throughout the actuarial note by "Increase" or a positive number. Actuarial savings are denoted by "Decrease" or a negative number. An increase in expenditures or revenues (fiscal impact) is denoted by "Increase" or a positive number. A decrease in expenditures or revenues is denoted by "decrease" or a negative number.

**Estimated Actuarial Impact:**

The top part of the following chart shows the estimated change in the *actuarial present value of future benefit payments and expenses*, if any, attributable to the proposed legislation. The bottom part shows the effect on cash flows.

<b>Actuarial Costs Pertaining to:</b>	<b><u>Actuarial Cost</u></b>	
The Retirement Systems		\$0
Other Post-Employment Benefits (OPEB)		0
Other Government Entities		<u>48,572</u>
Total		\$48,572
	<b><u>Fiscal Costs</u></b>	
<b>Five Year Fiscal Cost Pertaining to:</b>	<b><u>Expenditures</u></b>	<b><u>Revenues</u></b>
The Retirement Systems	\$0	\$0
Other Post-Employment Benefits	0	0
Other Government Entities	<u>17,000</u>	0
Total	\$17,000	\$0

**Bill Information**

**Current Law**

Current law provides that the board of trustees for the Registrar of Voters Employees' Retirement System (ROVERS) is composed of eight trustees as follows:

1. A member of the House Committee of Retirement appointed by the speaker of the House of Representatives, or the member's designee.
2. The chairman of the Senate Committee on Retirement, ex officio, or his designee.
3. Six active and contributing members of the system who shall have at least ten years of creditable service in the ROVERS who shall be elected by the members of ROVERS.

**Proposed Law**

Under the proposed law, the number of members on the board of trustees for ROVERS will increase by two. The secretary of state, ex officio, or his designee and the treasurer, ex officio, or his designee will be added as members of the board.

**Implications of the Proposed Changes**

SB 3 adds the secretary of state, ex officio, or his designee and the treasurer, ex officio, or his designee to the board of trustees for ROVERS.

**2017 REGULAR SESSION  
ACTUARIAL NOTE SB 3**

**I. ACTUARIAL ANALYSIS SECTION**

**A. Analysis of Actuarial Costs  
(Prepared by LLA)**

This section of the actuarial note pertains to the *actuarial present value cost or savings* associated with the retirement systems, with OPEB, and with other government entities.

**1. Retirement Systems**

The actuarial cost of SB 3 associated with the retirement systems is estimated to be \$0. Our analysis is summarized below.

SB 3 adds two members to the board of trustees and therefore does not have an effect on benefit provisions or on the actuarial present value cost of the system.

For the purpose of our analysis, we have assumed that expenditures related to additional board members will be paid by the State Department. Our analysis of cost is presented in Section I; A3 and in Section II; Subsection C.

**2. Other Post-Employment Benefits (OPEB)**

The actuarial cost of SB 3 associated with OPEB, including retiree health insurance premiums, is estimated to be \$0. Our analysis is summarized below.

The liability for post-retirement medical insurance protection provided to retirees by the Office of Group Benefits or other insurers is not affected by the addition of two members to the board of trustees.

**3. Other Government Entities**

We have assumed that the addition of a representative of the State Department and a representative of the Treasury will be permanent additions to the ROVERS board of trustees. The annual expenditure for two trustees is estimated to be about \$3,400 per year. The present value cost of all future expenditures is estimated to be \$48,572.

**B. Actuarial Data, Methods and Assumptions  
(Prepared by LLA)**

Unless indicated otherwise, the actuarial note for SB 3 was prepared using actuarial data, methods and assumptions as disclosed in the most recent actuarial valuation reports adopted by PRSAC. The data, methods and assumptions are being used to provide consistency with the actuary for the retirement system who may also be providing testimony to the Senate and House retirement committees.

**C. Actuarial Caveat  
(Prepared by LLA)**

There is nothing in SB 3 that will compromise the signing actuary's ability to present an unbiased statement of actuarial opinion.

**II. FISCAL ANALYSIS SECTION**

This section of the actuarial note pertains to fiscal costs or savings associated with the retirement systems (Table A), with OPEB (Table B), and with other fiscal costs or savings attributable to government entities not associated with either the retirement systems or OPEB (Table C). Fiscal costs or savings reflect all forms of cash flow including benefit costs or savings, administrative costs or savings, or any other identifiable type of fiscal cost or savings. The total effect of SB 3 on fiscal costs, fiscal savings, or cash flows is presented in Table D.

**A. Estimated Fiscal Impact – Retirement Systems  
(Prepared by LLA)**

**1. Narrative**

Table A shows the estimated fiscal impact of the proposed legislation on the retirement systems and the government entities that sponsor them. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number. A revenue increase is denoted by "Increase" or a positive number. A revenue decrease is denoted by "Decrease" or a negative number.

Table A shows the estimated fiscal impact of the proposed legislation on the retirement systems and the government entities that sponsor them. The impact on fiscal information in Table A includes administrative costs or savings associated with the retirement system and the sponsoring government entities.

SB 3 has no effect on retirement related fiscal costs and revenues during the five year measurement period.

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**Fiscal Cost for the Retirement Systems and Their Sponsors: Table A**

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**B. Estimated Fiscal Impact – OPEB  
(Prepared by LLA)**

1. Narrative

Table B shows the estimated fiscal impact of SB 3 on costs associated with OPEB and the government entities that sponsor these benefits. Fiscal costs in Table B include administrative costs associated with the government entity sponsoring the OPEB program. A fiscal cost is denoted by “Increase” or a positive number. Fiscal savings are denoted by “Decrease” or a negative number. A revenue increase is denoted by “Increase” or a positive number. A revenue decrease is denoted by “Decrease” or a negative number.

SB 3 has no effect on OPEB related fiscal costs and revenues during the five year measurement period.

**OPEB Fiscal Cost: Table B**

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

SB 3 will have no effect on OPEB related fiscal costs and revenues during the five year measurement period.

**C. Estimated Fiscal Impact – Other Government Entities (unrelated to the retirement systems or OPEB)  
(Prepared by Mike Battle, Audit Manager for the LLA)**

1. Narrative

From time to time, legislation is proposed that has an indirect effect on cash flows associated with other government entities, unrelated to the retirement systems or OPEB. Table C shows the estimated fiscal impact of SB 3 on such government entities. A fiscal cost is denoted by “Increase” or a positive number. Fiscal savings are denoted by “Decrease” or a negative number.

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**Fiscal Costs for Other Government Entities: Table C**

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	See below	See below	See below	See below	See below	See below
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	See below	See below	See below	See below	See below	See below
Annual Total	See below	See below	See below	See below	See below	See below

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

The effect of SB 3 on fiscal costs and revenues related to other government entities during the five year measurement period is shown in Table C and in Items 2 and 3 below.

2. Expenditures:

**There is no anticipated indirect material effect on the expenses of individual registrars of voters' offices as a result of this measure. There may be an increase on expenditures of the Secretary of State and Treasurer's Offices.** This bill provides for two additional members (the secretary of state, ex officio, and the treasurer, ex officio, or their designees) to the board of trustees for the Registrar of Voters Employees' Retirement System.

La. R.S 11:182 requires that members of the board of trustees of state and statewide retirement systems receive a per diem of \$75 per meeting. Therefore, this bill may increase expenditures related to per diem payments by up to \$600 annually (\$75 per meeting x 4 meetings per year x 2 new board members).

La. R.S. 11:185 requires that board members of retirement systems receive at least 16 training hours on certain subject matters annually. Based on information from the Secretary of State's office, the annual training conference for one board member could cost \$1,400 (\$400 for hotel and \$1,000 for conference fees). Assuming that neither of the new board members currently receive this training, this bill may increase expenditures related to training by up to \$2,800 annually (\$1,400 conference fees and lodging x 2 new board members).

Therefore, the annual cost is estimated to be \$3,400. The actuarial present value cost will be \$48,572.

It is not clear if the potential costs for the additional board members would be borne by the System or the Secretary of State and Treasurer's offices. According to a representative of the Louisiana Registrars of Voters Association, the expenditures of individual registrar of voters' offices should not be affected by this bill.

3. Revenues:

**There is no anticipated indirect material effect on the revenues of individual registrars of voters' offices as a result of this measure.** The bill provides for two additional members (the secretary of state, ex officio, and the treasurer, ex officio, or their designees) to the board of trustees for the Registrar of Voters Employees' Retirement System and, therefore, this bill will have no fiscal impact on revenues.

**D. Estimated Fiscal Impact – All Retirement Systems, OPEB, and All Government Entities  
(Prepared by LLA)**

1. Narrative

Table D shows the estimated fiscal impact of SB 3 on all government entities within the state of Louisiana. Cell values in Table D are the sum of the respective cell values in Table A, Table B, and Table C. A fiscal cost is denoted by "Increase" or a positive number. Fiscal savings are denoted by "Decrease" or a negative number. A revenue increase is denoted by "Increase" or a positive number. A revenue decrease is denoted by "Decrease" or a negative number.

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**Total Fiscal Cost: Table D (Cumulative Costs from Tables A, B, & C)**

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	See below	See below	See below	See below	See below	See below
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	See below	See below	See below	See below	See below	See below
Annual Total	See below	See below	See below	See below	See below	See below

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Credentials of the Signatory Staff:**

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

Mike Battle, Audit Manager for the Louisiana Legislative Auditor has supervised the preparation of the fiscal analyses contained in Section II; Subsection C.

**Information Pertaining to Article (10)(29(F) of the Louisiana Constitution**

SB 3 contains a retirement system benefit provision having an actuarial cost.

There are no benefit provisions in SB 3.

**Dual Referral Relative to Total Fiscal Costs or Total Cash Flows:**

The information presented below is based on information contained in Table D for the first three years following the 2017 regular session.

**Senate**

**House**

13.5.1 Applies to Senate or House Instruments.  
If an annual fiscal cost  $\geq$  \$100,000, then bill is dual referred to:  
**Dual Referral: Senate Finance**

6.8F Applies to Senate or House Instruments.  
If an annual General Fund fiscal cost  $\geq$  \$100,000, then the bill is dual referred to:  
**Dual Referral to Appropriations**

13.5.2 Applies to Senate or House Instruments.  
If an annual tax or fee change  $\geq$  \$500,000, then the bill is dual referred to:  
**Dual Referral: Revenue and Fiscal Affairs**

6.8G Applies to Senate Instruments only.  
If a net fee decrease occurs or if an increase in annual fees and taxes  $\geq$  \$500,000, then the bill is dual referred to:  
**Dual Referral: Ways and Means**