

2019 Regular Session

HOUSE BILL NO. 22

BY REPRESENTATIVE BACALA

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AN ACT

To enact R.S. 11:2225(F), to provide relative to the earnable compensation of certain employees of the Baton Rouge Police Department who are members of the Municipal Police Employees' Retirement System; to provide for retirement benefits; to provide for actuarial certification of the cost of such benefits; to provide for repayment of associated costs paid by the system; and to provide for related matters.

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

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 11:2225(F) is hereby enacted to read as follows:

§2225. Administration

* * *

F.(1) The following words and phrases, as used in this Subsection, shall have the following meanings:

(a) "Actuarial certification" means a certification, by the actuary designated pursuant to Paragraph (D)(1) of this Section, of the actuarial impact of including disputed overtime in the average final compensation of a Baton Rouge police officer. An actuarial certification shall be based on the assumptions in the system's most recent actuarial valuation approved by the Public Retirement Systems' Actuarial Committee.

(b) "Administrative expenses" means all expenses paid to vendors that are solely attributable to the initial actuarial certification or an actuarial certification.

1 (c) "Applicable interest" means interest to be computed using the actual
2 market rates of return on system assets as certified in the system's actuarial valuation
3 reports approved by the Public Retirement Systems' Actuarial Committee to the
4 extent available. For periods where no such approved valuation exists, applicable
5 interest shall be determined based on the most recent estimate of the system's
6 composite market rate of return as certified by the system's investment consultant.
7 For any periods where no estimate is available, the assumed rate of return utilized
8 in the system's most recent Public Retirement Systems' Actuarial Committee
9 approved actuarial valuation report shall be used.

10 (d) "Baton Rouge police officer" means any of the following:

11 (i) An active employee of Baton Rouge as of June 30, 2019, whose
12 employment with Baton Rouge making him eligible for membership in the system
13 occurred during the period beginning February 26, 2000, and ending December 31,
14 2017, and who does not obtain a refund of his accumulated contributions after
15 December 31, 2017.

16 (ii) A member whose employment with Baton Rouge making him eligible
17 for membership in the system occurred during the period beginning February 26,
18 2000, and ending December 31, 2017, who did not obtain a refund of the amount of
19 his accumulated contributions after December 31, 2017, who has sufficient years of
20 service credit established in the retirement system to receive a benefit upon obtaining
21 the appropriate age under this Chapter, who ceased covered employment with Baton
22 Rouge on or before June 30, 2019, and who leaves his accumulated contributions in
23 the retirement system in order to receive a retirement benefit upon reaching the
24 applicable age.

25 (iii) A former employee of Baton Rouge who is retired on June 30, 2019, or
26 who is deceased and has a beneficiary receiving a survivor benefit on June 30, 2019,
27 and whose employment with Baton Rouge making him eligible for membership in
28 the system occurred during the period beginning February 26, 2000, and ending
29 December 31, 2017.

1 (iv) "Baton Rouge police officer" does not mean an employee who was
2 merged into the system pursuant to R.S. 11:2225(A)(11)(ii), who, after being
3 merged, obtained a refund of the amount of his accumulated contributions and who,
4 after December 31, 2017, returns to employment with Baton Rouge, or any retiree
5 who received a refund of employee contributions paid on disputed compensation.

6 (e) "Disputed overtime" means compensation paid to a Baton Rouge police
7 officer that does not qualify as earnable compensation under this Chapter but meets
8 all of the following requirements:

9 (i) It was paid for work required in the employee's regular scope of duty.

10 (ii) It is compensation of the type on which the city of Baton Rouge, parish
11 of East Baton Rouge, referred to in this Subsection as "Baton Rouge", was paying
12 contributions to the system prior to January 1, 2018.

13 (f) "Initial actuarial certification" means a certification by the actuary
14 designated pursuant to Paragraph (D)(1) of this Section of the actuarial impact of
15 including disputed overtime in the average final compensation for all Baton Rouge
16 police officers to whom a benefit was paid prior to July 1, 2019.

17 (2)(a) The average final compensation of a Baton Rouge police officer to
18 whom a benefit was paid prior to July 1, 2019, shall include disputed overtime if on
19 or before September 30, 2019, Baton Rouge provides the system with all data
20 necessary for the initial actuarial certification, and the certification shows that the
21 actuarial cost does not exceed the value of the contributions received by the system
22 plus applicable interest.

23 (b) If the initial actuarial certification shows the actuarial cost exceeds the
24 value of the contributions received by the system plus applicable interest, Baton
25 Rouge shall pay to the system, within ninety days of the initial actuarial certification,
26 the amount determined by the actuary designated pursuant to Paragraph (D)(1) of
27 this Section that is necessary to offset the actuarial cost. If Baton Rouge fails to pay
28 the amount necessary to offset the actuarial cost, the system shall notify the retiree
29 or beneficiary of Baton Rouge's failure to pay and shall cease paying benefits based
30 on disputed overtime until the system receives the amount necessary to offset the

1 actuarial cost plus interest from Baton Rouge or from the state treasurer pursuant to
2 Paragraph (6) of this Subsection.

3 (c) If any Baton Rouge police officer is omitted from the initial actuarial
4 certification due to an administrative error, the actuary shall amend the initial
5 actuarial certification within ninety days of the discovery of the omission.

6 (d) Prior to making the initial actuarial certification, the actuary designated
7 pursuant to Paragraph (D)(1) of this Section and an actuary hired by Baton Rouge
8 shall agree, in writing, on the actuarial methodology to be used for the initial
9 actuarial certification and any subsequent actuarial certifications. No other
10 methodology shall be used for certifications made pursuant to this Subsection.

11 (3)(a) The average final compensation of a Baton Rouge police officer who
12 was not receiving a benefit prior to July 1, 2019, shall include disputed overtime if,
13 upon receipt of an application for benefits, the system obtains an actuarial
14 certification that shows the actuarial cost does not exceed the value of the
15 contributions received by the system for the applicant plus applicable interest.

16 (b) If such certification shows that the actuarial cost exceeds the value of the
17 contributions received by the system for the applicant plus applicable interest, Baton
18 Rouge shall pay to the system, within thirty days of receipt of the actuarial
19 certification, the amount determined by the actuary necessary to offset the increased
20 actuarial cost. If Baton Rouge fails to pay the amount necessary to offset the
21 increased actuarial cost within the thirty-day period, the system shall notify the
22 applicant of Baton Rouge's failure to pay. The average final compensation of such
23 an officer shall include disputed overtime after the system receives the amount
24 necessary to offset the actuarial cost plus interest from Baton Rouge or from the state
25 treasurer pursuant to Paragraph (6) of this Subsection.

26 (4) If the initial actuarial certification or an actuarial certification shows the
27 actuarial cost is less than the value of the contributions received by the system plus
28 applicable interest, Baton Rouge shall receive a credit from the system to offset any
29 cost due to the system pursuant to this Subsection.

1 (5) On or before August fifteenth of each year, the system's director shall
2 certify to Baton Rouge, the total of administrative expenses paid by the system
3 during the previous fiscal year for compliance with the requirements of this
4 Subsection. Baton Rouge shall reimburse the system for such amounts no later than
5 January fifteenth of the following calendar year. Except in the event of disputed
6 calculations that cause the following cap to be exceeded, Baton Rouge shall not be
7 required to reimburse the system for more than nine hundred dollars, adjusted
8 beginning in calendar year 2021 for the annual percentage increase in the Consumer
9 Price Index for all Urban Consumers for the calendar year immediately preceding the
10 system's current fiscal year, times the number of Baton Rouge police officers for
11 which an actuarial certification was made.

12 (6) Any delinquent payment due under this Subsection, including actuarial
13 costs associated with a benefit on disputed overtime, shall include interest at the
14 assumed rate of return used in the system's most recent valuation approved by the
15 Public Retirement Systems' Actuarial Committee and may otherwise be collected in
16 the manner provided in R.S. 11:2227(D)(2).

17 (7) Notwithstanding any other provision of law to the contrary,
18 compensation described in Items (1)(e)(i) and (ii) of this Subsection shall constitute
19 earnable compensation under this Chapter if it is or was paid by Baton Rouge to an
20 employee who was merged into the system pursuant to R.S. 11:2225(A)(11)(ii), and
21 to whom one of the following applies:

22 (a) The employee did not or does not obtain a refund of his accumulated
23 contributions.

24 (b) The employee obtained a refund of his accumulated contributions and,
25 on or before December 31, 2017, repaid them along with compounded interest at the
26 board-approved actuarial valuation rate thereon from the date of refund until the date
27 that such contributions were repaid in full.

28 (8) The system and Baton Rouge shall mediate any disputes under this
29 Subsection before any legal action is commenced by either party.

1 Section 2. The city of Baton Rouge, parish of East Baton Rouge shall reimburse the
 2 Municipal Police Employees' Retirement System the sum of eighty-seven thousand five
 3 hundred dollars on or before January 15, 2020, for administrative expenses that are
 4 associated with disputed previously incurred administrative expenses.

5 Section 3. The provisions of this Act and the Act which originated as Senate Bill
 6 No. 229 of the 2019 Regular Session are limited exclusively to the retirement systems,
 7 employers, and members that are the subject of each Act and shall not be construed to apply
 8 to or affect any other retirement systems, employers, members, or other matters related to
 9 public retirement systems in Louisiana.

10 Section 4. This Act shall become effective upon signature by the governor or, if not
 11 signed by the governor, upon expiration of the time for bills to become law without signature
 12 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 13 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 14 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____