

2016 Regular Session

HOUSE BILL NO. 16

BY REPRESENTATIVE PEARSON

RETIREMENT/SCHOOL EMPS: Provides for the funding of administrative expenses of the La. School Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:102(B)(3)(a), relative to the payment of administrative  
3 expenses of the Louisiana School Employees' Retirement System; to require  
4 inclusion of such expenses in the annual employer contribution rate calculation; and  
5 to provide for related matters.

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

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 11:102(B)(3)(a) is hereby amended and reenacted to read as follows:

11 §102. Employer contributions; determination; state systems

12 \* \* \*

13 B.

14 \* \* \*

15 (3) With respect to each state public retirement system, the actuarially  
16 required employer contribution for each fiscal year, commencing with Fiscal Year  
17 1989-1990, shall be that dollar amount equal to the sum of:

18 (a) The employer's normal cost for that fiscal year, computed as of the first  
19 of the fiscal year using the system's actuarial funding method as specified in R.S.  
20 11:22 and taking into account the value of future accumulated employee  
21 contributions and interest thereon, such employer's normal cost rate multiplied by the  
22 total projected payroll for all active members to the middle of that fiscal year. For

1 the Louisiana State Employees' Retirement System, effective for the June 30, 2010,  
 2 system valuation and beginning with Fiscal Year 2011-2012, the normal cost shall  
 3 be determined in accordance with Subsection C of this Section. For the Teachers'  
 4 Retirement System of Louisiana, effective for the June 30, 2011, system valuation  
 5 and beginning with Fiscal Year 2012-2013, the normal cost shall be determined in  
 6 accordance with Subsection D of this Section. For the Louisiana School Employees'  
 7 Retirement System, effective for the June 30, 2016 valuation and beginning with  
 8 Fiscal Year 2016-2017, the normal cost shall include the projected noninvestment-  
 9 related administrative expenses for the fiscal year.

10 \* \* \*

11 Section 2. This Act shall become effective on June 30, 2016; if vetoed by the  
 12 governor and subsequently approved by the legislature, this Act shall become effective on  
 13 June 30, 2016, or on the day following such approval by the legislature, whichever is later.

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#### 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)]

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HB 16 Original

2016 Regular Session

Pearson

**Abstract:** Requires the La. School Employees' Retirement System (LSERS) to fund noninvestment-related administrative expenses by including them in the calculation of the system's employer contribution rate.

Present law provides for the annual calculation of required employer contributions for each state retirement system. This calculation generally contains two main components:

- (1) The cost of the benefits being accrued (also known as the normal cost).
- (2) The cost of debt service on system liabilities.

Proposed law retains present law.

Present law does not provide for how noninvestment-related administrative expenses for state retirement systems are funded. Proposed law requires LSERS to fund its noninvestment-related administrative expenses for a fiscal year by including them in the normal cost calculation of the system's employer contribution rate.

Effective June 30, 2016.

(Amends R.S. 11:102(B)(3)(a))