

Regular Session, 2014

HOUSE BILL NO. 36

BY REPRESENTATIVE JONES

RETIREMENT/COLAS: Provides a supplemental benefit increase to qualifying retirees and beneficiaries of the State Police Retirement System

1 AN ACT

2 To enact R.S. 11:1332.1, relative to increases of benefits received from the State Police
3 Retirement System; to provide for a supplemental permanent benefit increase to
4 certain retirees and beneficiaries of the system; to provide for funding; to provide for
5 an effective date; and 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. 11:1332.1 is hereby enacted to read as follows:

11 §1332.1. Supplemental benefit increases; payment from experience account

12 A. The legislature hereby acknowledges that providing retirement benefits
13 for our state troopers is an important element of the complete compensation package
14 the state offers such employees for their public service. In order to maintain the
15 purchasing power of a retiree's benefit, periodic increases in the benefit amount are
16 necessary to offset the increases in the cost of ordinary living expenses. When the
17 timing of such increases is infrequent or erratic, it becomes difficult for such
18 increases to protect the retiree from falling behind financially.

19 B. The legislature recognizes that while providing periodic benefit increases
20 is necessary to preserve the standard of living of our retired state troopers, such

1 increases have a price which is ultimately paid by the taxpayers through allocation
2 of employer contributions to the system. Increases should therefore be limited to a
3 reasonable level to prevent the expense of such increases from causing an undue
4 burden on the state fisc and, by extension, on the taxpayers. Additionally, such
5 increases are not meant to function as pay raises but merely to maintain the standard
6 of living of the recipients, keeping pace with the Consumer Price Index for All
7 Urban Consumers, United States city average for all items (CPI-U).

8 C.(1) The legislature has provided for an employee experience account, a
9 mechanism for determining each year whether a benefit increase may be granted and
10 the amount of any such increase that is permitted. The provisions of R.S.
11 11:1332(C) prohibit any general increase paid from experience account funds from
12 being in excess of three percent, helping to limit the expense of granting each such
13 increase to a reasonable level. Additionally, if the growth in the CPI-U for the
14 preceding calendar year is less than three percent, then the statutorily permissible
15 general increase from the experience account is also of this lesser percent.

16 (2) For an increase payable on July 1, 2014, the application of the experience
17 account mechanism results in a determination that, subject to the approval of the
18 legislature, those eligible to receive a benefit increase pursuant to R.S. 11:1332(C)
19 shall receive a general increase equal to the CPI-U for the 2013 calendar year of one
20 and one-half of one percent.

21 D.(1) Considering the factual and policy statements in Subsections A, B, and
22 C of this Section, and taking into account that retired state troopers did not receive
23 a benefit increase for five consecutive years due to market conditions, the legislature
24 finds that, for the July 1, 2014, permanent benefit increase payable pursuant to R.S.
25 11:1332(C), granting a supplemental increase of an amount to be determined without
26 regard to the CPI-U helps preserve the purchasing power of those eligible for such
27 increases without creating an undue financial burden on the state or the taxpayers.

28 (2) Notwithstanding the provisions of R.S. 11:1332(B)(2) and (C)(1) and (2)
29 limiting any increase granted from experience account funds and payable July 1,

1 2014, to one and one-half of one percent, the legislature grants, from the funds in the
2 experience account, a supplemental permanent benefit increase of an amount to be
3 determined, to be paid beginning July 1, 2014, to all members meeting the
4 requirements of R.S. 11:1332(C) provided all other requirements of R.S. 11:1332
5 with the exception of R.S. 11:1332(F) are met and the total level of the increase
6 granted does not exceed the sum of the CPI-U and the amount to be determined.
7 Notwithstanding any provision of this Paragraph to the contrary, no further action
8 on the part of the legislature shall be required in order to grant the supplemental
9 benefit authorized by this Paragraph.

10 E.(1) Nothing in this Section shall be construed to apply the supplemental
11 increase authorized by this Section to the supplemental increase authorized by R.S.
12 11:1332(F).

13 (2) Nothing in this Section shall be construed to grant the board of trustees
14 of the State Police Retirement System any additional authority to recommend that
15 the legislature grant a permanent benefit increase greater than the increase as
16 calculated pursuant to the provisions of R.S. 11:1332(C).

17 Section 2.(A) The actuarial cost of the benefit provisions of this Act shall be funded
18 from the experience account of the State Police Retirement System in compliance with
19 Article X, Section 29(F) of the Constitution of Louisiana.

20 (B) The additional actuarial cost, if any, of the benefit provisions of this Act not
21 funded from the experience account shall be funded with increased employer contributions
22 in compliance with Article X, Section 29(F) of the Constitution of Louisiana.

23 Section 3. This Act shall become effective on June 30, 2014; if vetoed by the
24 governor and subsequently approved by the legislature, this Act shall become effective on
25 June 30, 2014, or on the day following such approval by the legislature, whichever is later.

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)]

Jones

HB No. 36

Abstract: Authorizes a supplemental benefit increase for all retirees and beneficiaries of the State Police Retirement System (STPOL) who meet present law qualifications.

Present law (R.S. 11:1332), relative to STPOL, provides for the accumulation of certain system funds in an "experience account". Provides for utilization of these funds for permanent benefit increases (PBIs), sometimes called cost-of-living adjustments or COLAs, for retirees and beneficiaries of the system. Provides for determination of eligibility for and the amount of any increase paid with these funds.

Proposed law provides for a general supplemental benefit increase for those eligible for a PBI pursuant to present law (R.S. 11:1332(C)). Provides that this increase shall be an additional amount to be determined.

Present law requires a concurrent resolution adopted by the legislature as part of the process of granting a PBI pursuant to present law. Proposed law provides that no further action is required by the legislature in order for the system to pay the PBI granted by proposed law.

Present law (R.S. 11:1332(F)) authorizes a supplemental benefit increase of 2% for all qualifying retirees and beneficiaries of STPOL who are over the age of 65, to be paid for from experience account funds. Proposed law prohibits the application of proposed law to this present law supplemental increase.

In compliance with Art. X, §29(F) of the state constitution, proposed law requires that the actuarial cost of proposed law be funded with money from the system's experience account. Further provides that any additional actuarial cost be funded with additional employer contributions.

Effective June 30, 2014.

(Adds R.S. 11:1332.1)