

House Committee on Retirement

Minutes of Meeting
2016 Regular Session
April 14, 2016

I. CALL TO ORDER

Representative J. Kevin Pearson, chairman of the House Committee on Retirement, called the meeting to order at 9:02 a.m. in Room 4, in the State Capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative J. Kevin Pearson, chairman
Representative Mark Abraham
Representative Tony Bacala
Representative Barbara W. Carpenter
Representative Barry Ivey
Representative Sam Jones
Representative Gregory A. Miller
Representative Jack Montoucet, vice chairman

MEMBERS ABSENT:

Representative Paul Hollis

STAFF MEMBERS PRESENT:

Annie Smith, attorney
Linda Hopkins, secretary

ADDITIONAL ATTENDEES PRESENT:

Myrtis Jarrell, sergeant at arms

III. SYSTEMS' PRESENTATIONS (OTHER BUSINESS)

Parochial Employees' Retirement System of Louisiana

Dainna Tully, administrative director, Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, LA 70898, (225) 928-1361, shared statistical data from the general information form submitted (Exhibit A, pages 38-39). The system offers two benefit plans: Plan A, for those who do not pay into social security; and Plan B, for those who pay into social security. Under Plan A, the average retiree's age is 71 years, and the retiree receives \$1,956 dollars per month. Under Plan B, the average retiree's age is 73 years, and the retiree receives a benefit of \$944 per month. There are seven board members: four elected by membership representing regions of the state; Senate and House retirement chairmen; and an appointee by the policy jury. There are 16,382 active members and 7,237 retired members.

Chairman Pearson asked if the system had written off any investments, which they had not. They have no unfunded accrued liability (UAL), and the funded ratio is 96.8%, at a cost of \$71.3 million. Representative Ivey asked about the discount rate. Greg Curran, actuary, 10555 Glenstone Place, Baton Rouge, LA 70810, (225) 769-4825 said the current discount rate is 7-1/4%, down from 7-1/2%. The reason for reduction was that the board was more comfortable with this amount given the investment market, but the system will make the move down to 7%. Representative Ivey asked a question concerning inflation assumption, and Mr. Curran stated the system is the only one on the December plan, which means they are currently working on the 2015 report. The inflation assumption rate was 3% in 2014, which should decrease in the current report. The system has gone through a review and set an inflation assumption paradigm, which will be reflected in the report.

Municipal Employees' Retirement System

Warren Ponder, acting director, Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, LA 70809, (225) 925-4810, began his report with a summary of the general information form submitted (Exhibit A, pages 28-29). MERS offers Plan A and Plan B for their employers; where Plan A has no social security contribution or benefit and Plan B has both. In Plan A, there are 4,926 active members and 3,262 retirees; Plan B has 2,200 active members and 959 retirees.

The board consists of 11 members: the state treasurer and commissioner of administration have been nonvoting and ex officio members, but this year, the House and Senate voted to change that; the president of the Louisiana Municipal Association or his designee serves a one-year term; House and Senate retirement committee chairmen are ex officio members; and six are elected from the membership, three of whom must be elected officials from their municipality or their employer, and the other three are non-elected members.

Chairman Pearson asked Mr. Ponder when he began working at MERS. Mr. Ponder stated that he began employment on January 2, 2013, as the general counsel. On June 5, 2015, Mr. Ponder became the acting director when the former director was put on administrative leave.

Representative Ivey asked about the two plans. Mr. Ponder noted that the employers decide which plan their companies will adopt. All employees under a particular employer participate in the same plan.

Representative Abraham asked for clarification of the two plans. Mr. Ponder said for Plan A, the employee contribution rate is 9.5%; in Plan B, the employee pays 5%. Additionally, under Plan B, the employer pays MERS a contribution rate of 6.25% for social security. For Plan B, the contribution paid is higher than Plan A.

Greg Curran, actuary, 10555 Glenstone Place, Baton Rouge, LA 70810, (225) 769-4825, stated that Plan B is used for those who pay into social security. If an employer chose to provide a lower benefit, combined with the governmental subsidy, Plan B was designed to provide a benefit similar to Plan A. In the 1970s, this option was different. Those costs have changed over the years. Plan A provides a more efficient benefit cost versus the cost of the social security. Members pay more in Plan B.

IV. DISCUSSION OF LEGISLATION

Chairman at witness table to present bill; Vice Chair Montoucet in chair.

House Bill No. 13 by Representative Pearson

Representative Pearson presented House Bill No. 13, which authorizes a member of the Teachers' Retirement System of Louisiana to purchase credit for service as a teacher at an out-of-state nonpublic school.

Representative Ivey offered amendments to make technical changes. Representative Ivey offered a motion to adopt the proposed amendments. Without objection, the amendments were adopted by a vote of 7 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, and Gregory Miller voted yea.

Shelly Johnson, actuary, Teachers' Retirement System of Louisiana, 13420 Parker Commons Boulevard, Suite 104, Ft. Myers, FL 33912, (239) 433-5500, spoke to provide information only on House Bill No. 13.

Maureen Westgard, director, Teachers' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, LA 70804, (225) 924-6454, spoke to provide information only on House Bill No. 13.

Representative Ivey offered a motion to report House Bill No. 13 with amendments. Without objection, House Bill No. 13 was reported with amendments by a vote of 7 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, and Gregory Miller voted yea.

Witness cards submitted by individuals who did not speak are as follows: 7 in support. Witness cards are included in the committee records.

House Bill No. 14 by Representative Pearson

Representative Pearson presented House Bill No. 14, which replaces the chairmen of the House and Senate committees on retirement with the speaker of the House of Representatives and the president of the Senate as trustees on each state and statewide retirement system board.

Representative Bacala offered amendments to maintain the senate chairman as trustee and provide that a number of the House Committee on Retirement appointed by the speaker serve as trustees. Representative Bacala offered a motion to adopt the proposed amendments. Without objection, the amendments were adopted by a vote of 7 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, and Gregory Miller voted yea.

Representative Pearson offered a motion to report House Bill No. 14 with amendments. Without objection, House Bill No. 14 was reported with amendments by a vote of 5 yeas and 0 nays. Representatives Pearson, Abraham, Bacala, Carpenter, and Ivey voted yea.

Witness cards submitted by individuals who did not speak are as follows: 4 to provide information only. Witness cards are included in the committee records.

House Bill No. 39 by Representative Pearson

Representative Pearson presented House Bill No. 39, which provides relative to the maximum benefits for members of the Registrars of Voters Employees' Retirement System hired on or before December 31, 2012.

Representative Montoucet offered amendments to make technical changes. Representative Montoucet offered a motion to adopt the proposed amendments. Without objection, the amendments were adopted by a vote of 7 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, and Gregory Miller voted yea.

Lorraine Dees, director, Registrars of Voters Employees' Retirement System, P. O. Box 57, Jennings, LA, (337) 370-9172, spoke in support of House Bill No. 39.

Representative Montoucet offered a motion to report House Bill No. 39 with amendments. Without objection, House Bill No. 39 was reported with amendments by a vote of 7 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, and Gregory Miller voted yea.

Witness cards submitted by individuals who did not speak are as follows: 1 in support and 1 to provide information only. Witness cards are included in the committee records.

House Bill No. 60 by Representative Miguez

Representative Miguez presented House Bill No. 60, which provides relative to the reemployment of retired school nurses in positions covered by the Teachers' Retirement System of Louisiana.

Catherine Wattigny, representing Louisiana School Nurses Association, 808 College Drive, New Iberia, LA 70560, (337) 256-3411, spoke in support on House Bill No. 60.

Maureen Westgard, director, Teachers' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, LA 70804, (225) 925-6454 spoke to provide information only on House Bill No. 60.

Representative Montoucet offered a motion to report House Bill No. 60 favorably. Without objection, House Bill No. 60 was reported favorably by a vote of 8 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, Jones, and Gregory Miller voted yea.

Witness cards submitted by individuals who did not speak are as follows: 4 in support of House Bill No. 60. Witness cards are included in the committee records.

House Bill No. 61 by Representative Hoffmann

Representative Hoffmann presented House Bill No. 61, which provides relative to the reemployment of retired school psychologists in positions covered by the Teachers' Retirement System of Louisiana.

Representative Bacala offered a motion to report House Bill No. 61 favorably. Without objection, House Bill No. 61 was reported favorably by a vote of 6 yeas and 0 nays. Representatives Pearson, Abraham, Bacala, Carpenter, Jones, and Gregory Miller voted yea.

Witness cards submitted by individuals who did not speak are as follows: 9 in support; and 1 to provide information only. Witness cards are included in the committee records.

House Bill No. 32 by Representative Jones

Representative Jones presented House Bill No. 32, which authorizes payment of a benefit increase, funded by state retirement system experience accounts, to certain retirees and beneficiaries of such systems.

Representative Pearson offered amendments relative to eligibility of disability retirees for the COLA. Representative Pearson offered a motion to adopt the proposed amendments. Without objection, the amendments were adopted by a vote of 8 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, Jones, and Gregory Miller voted yea.

Representative Pearson offered amendments to remove provisions outlining the order of debits and credits of the system experience accounts. Representative Pearson offered a motion to adopt the proposed amendments. Without objection, the amendments were adopted by a vote of 8 yeas and 0 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, Ivey, Jones, and Gregory Miller voted yea.

Cindy Rougeou, executive director, Louisiana State Employees' Retirement System, 8401 United Plaza Boulevard, Baton Rouge, LA 70809, (225) 922-0604, spoke to provide information only on House Bill No. 32.

Maureen Westgard, director, Teachers' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, LA 70804, (225) 925-6454, spoke to provide information only on House Bill No. 32.

Mary Patricia Wray, representing Louisiana Public Pension Coalition, 325 East Drive, Baton Rouge, LA 70806, (225) 395-9961, spoke in support of House Bill No. 32.

Rodney Watson, representing Louisiana Retired Teachers Association, 9412 Common Street, Baton Rouge, LA, (225) 927-8837, spoke in support of House Bill No. 32.

Irwin Felps, representing Louisiana State Police Retirement System, 9224 Jefferson Highway, Baton Rouge, LA 70809, (225) 295-8400, spoke to provide information only on House Bill No. 32.

Frank Jobert, executive director, Retired School Employees' Association, 9412 Common Street, #7, Baton Rouge, LA 70809, (225) 930-0961, spoke in support of House Bill No. 32.

Representative Montoucet offered a motion to report House Bill No. 32 with amendments, to which Representative Ivey objected. The secretary called the roll, and House Bill No. 32 was reported with amendments by a vote of 6 yeas and 1 nays. Representatives Pearson, Montoucet, Abraham, Bacala, Carpenter, and Jones voted yea. Representative Ivey voted nay.

Witness cards submitted by individuals who did not speak are as follows: 16 in support; and 2 to provide information only. Witness cards are included in the committee records.

House Bill No. 53 by Representative Foil

On behalf of Representative Foil, Denise Akers, general counsel, Parochial Employees' Retirement System, 8780 YMCA Plaza Drive, Building 8-C, Baton Rouge, LA, (225) 767-1003, presented House Bill No. 53, which provides relative to Deferred Retirement Option Plan accounts in the Parochial Employees' Retirement System and interest on such accounts.

Dainna Tully, administrative director, Parochial Employees' Retirement System, P. O. Box 14619, Baton Rouge, LA 70898, (225) 928-1361, spoke to provide information only on House Bill No. 53.

Representative Montoucet offered a motion to report House Bill No. 53 favorably. Without objection, House Bill No. 53 was reported favorably by a vote of 7 yeas and 0 nays. Representatives Pearson, Abraham, Bacala, Carpenter, Ivey, Jones, and Montoucet voted yeas.

Witness cards submitted by individuals who did not speak are as follows: 1 to provide information only. Witness cards are included in the committee records.

House Bill No. 54 by Representative Foil

On behalf of Representative Foil, Denise Akers, general counsel, Parochial Employees' Retirement System, 8780 YMCA Plaza Drive, Building 8-C, Baton Rouge, LA, (225) 767-1003, presented House Bill No. 54, which reamortizes the initial unfunded accrued liability (IUAL) of the Clerks of Court Retirement and Relief Fund as a level-dollar payment over the remaining life of the original IUAL amortization schedule.

Representative Montoucet offered a motion to report House Bill No. 54 favorably. Without objection, House Bill No. 54 was reported favorably by a vote of 7 yeas and 0 nays. Representatives Pearson, Abraham, Bacala, Carpenter, Ivey, Jones, and Montoucet voted yeas.

Witness cards submitted by individuals who did not speak are as follows: 2 in support; and 1 to provide information only. Witness cards are included in the committee records.

V. ANNOUNCEMENTS

There were no announcements.

VI. ADJOURNMENT

The meeting was adjourned at 11:38 a.m.

Respectfully submitted,

Chairman J. Kevin Pearson
House Committee on Retirement

Date adopted: