

## FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

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Rule Title: LAC 58

Date Rule Takes Effect: upon final publication

### SUMMARY

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. The following summary statements, based on the attached worksheets, will be published in the Louisiana Register with the proposed agency rule.

#### **I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (summary)**

There will be no implementation costs to state or local governmental units as a result of the proposed rule change. The rule change is a result of Act 851 of 2014 that requires an employer pay the Parochial Employees' Retirement System of LA (PERS) the portion of the unfunded actuarial accrued liability (UAAL) attributable to the prospective termination using the Entry Age Normal funding method. This Act applies only to a hospital service district within a parish with a population between 70,000 and 80,000. The employer will be permitted to terminate its participation in PERS for new employees hired by the employer after a specified future date. Employees of the employer who are participating in PERS on the specified date will continue to participate in PERS. This rule change simply gives guidance to the actuary for the actuarial methodology to be used under La. R.S. 11:1903(F). This is in line with the recommendations of the actuary.

#### **II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (summary)**

The proposed rule change will have no impact on revenue collections of state or local governmental units. Termination of participation would require a lump sum payment or 10-year payment of the UAAL. If the employer did not terminate participation, the current method of paying costs attributable to the UAAL would continue.

#### **III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (summary)**

There are no estimated costs and/or economic benefits that should affect any persons or nongovernmental group as a result of the rule change.

**IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (summary)**

There is no estimated impact on competition and employment as a result of the rule change.

  
\_\_\_\_\_  
Signature of Agency Head or Designee

  
\_\_\_\_\_  
Legislative Fiscal Officer or Designee

Dainna Tully, Administrative Director  
Typed Name and Title of Agency Head or Designee

5/9/16  
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Date of Signature

5/9/16  
\_\_\_\_\_  
Date of Signature

## **FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberations on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the Notice of Intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).
  - The proposed rule is being implemented at the recommendation of the actuary for the system to establish formally the actuarial methodology to be used under La. R.S. 11:1903(F).
- B. Summarize the circumstances which require this action. If the action is required by federal regulations, attach a copy of the applicable regulation.
  - Because of the adoption of La. R.S. 11:1903(F), which now allows termination of a participation agreement with the system for only a portion of the employees of the employer, a stated actuarial methodology for handling the calculation of the unfunded accrued actuarial liability that must be calculated by the actuary and paid by the system is needed.
- C. Compliance with Act 11 of the 1986 First Extraordinary Session.
  - (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify the amount and source funding.
    - The enactment of this rule will not increase any expenditure from the current system. In fact, it assists in having a methodology for computation of the funds that must be paid back to the system by employers who partially terminate membership.
  - (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase? (NOT APPLICABLE)
    - a. \_\_\_\_\_ Yes. If yes, attach documentation.
    - b. \_\_\_\_\_ No. If no, provide justification as to why this rule change should be published at this time.

## FISCAL AND ECONOMIC IMPACT STATEMENT WORKSHEET

### I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

COSTS	FY 16-17	FY 17-18	FY 18-19
PERSONAL SERVICES	0	0	0
OPERATING EXPENSES	0	0	0
PROFESSIONAL SERVICES	0	0	0
OTHER CHARGES	0	0	0
EQUIPMENT	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>
MAJOR REPAIR & CONSTRUCTION			
POSITIONS (#)			

2. Provide a narrative explanation of the costs or savings show in "A.1," including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

- No extra costs are anticipated

3. Sources of funding for implementing the proposed rule or rule change.

SOURCES	FY 16-17	FY 17-18	FY 18-19
STATE GENERAL FUND	0	0	0
AGENCY SELF-GENERATED	0	0	0
DEDICATED	0	0	0
FEDERAL FUNDS	0	0	0
OTHER (Specify)	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

- No additional cost to the System is anticipated.

### B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

- There will be no impact on local governmental units because of the adoption of this rule.

2. Indicate the sources of funding of the local government unit which will be affected by these costs or savings.

- No funding in excess of current funding is required.

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENT UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/DECREASE	FY 16-17	FY 17-18	FY 18-19
STATE GENERAL FUND	0	0	0
AGENCY SELF-GENERATED	0	0	0
DEDICATED	0	0	0
FEDERAL FUNDS	0	0	0
LOCAL FUNDS	0	0	0
TOTAL	0	0	0

\* Specify the particular fund being impacted

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

- The adoption of this rule would have no impact on revenue collections to local and state governmental units.

III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS

A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

- We anticipate no impact on the workload of any group of people as a result of the enactment of this rule.

B. Also, provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

- No impact anticipated.

#### IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

- We do not anticipate that this rule will have an impact on competition and employment in either the private or public sector.