

Bond Case Briefs

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PENSIONS - LOUISIANA

Pointe Coupee Parish School Bd. v. Louisiana School Employee's Retirement System

Court of Appeal of Louisiana, First Circuit - February 14, 2014 - So.3d - 2013-1100 (La.App. 1 Cir. 2/14/14)

Between 2005 and 2011, three Louisiana school boards privatized their bus transportation services. This resulted in the elimination of a number of driver positions previously held by public employees who were contributing members of the Louisiana School Employees' Retirement System (LSERS).

As a result of the privatization of these positions, LSERS made demands upon the school boards for payment of a claimed portion of its unfunded accrued liability (UAL) pursuant to La. R.S. 11:1195.1 and La. R.S. 11:1195.2.1. The school boards refused to voluntarily relinquish payment, and LSERS gave notice of its intent to utilize the procedures detailed in La. R.S. 11:1202 to mandate that the state treasurer or Department of Education deduct the delinquent payments from any monies then due the school boards.

The school boards then sought declaratory and injunctive relief against LSERS to prohibit the withdrawal of funds available for their benefit from the state treasury pursuant to La. R.S. 11:1202. The trial court denied the school boards' request for declaratory and injunctive relief. The suits were dismissed with prejudice, and the school boards appealed.

On appeal, the school boards argued that the procedure for deducting funds from the state treasury pursuant to La. R.S. 11:1202 conflicts with the provisions of La. Const. Art. 3, § 16(A), Article 7, § 10(D), and Article 8, § 13(B). Alternatively, the school boards argued that the provisions of La. R.S. 11:1195.1 and La. R.S. 11:1195 .2 did not apply to employees who retire or resign without termination or whose routes are eliminated through merger or consolidation. Also, the school boards argued that the UAL attributable to the identified employees was erroneously calculated and that the UAL allegedly attributable to resigning employees would be extinguished by their withdrawal of retirement contributions. The school boards additionally argued that the doctrine of collateral estoppel barred LSERS from enforcing collection. Lastly, the school boards submit that they would sustain irreparable harm without recourse if LSERS is allowed to withdraw funds held for their benefit from the state treasury or Department of Education.

The Court of Appeal found no merit to the school boards' arguments and affirmed the judgment of the trial court.