

1 the state of Louisiana and on her citizens, causing a monumental fiscal crisis for which the
2 state legislature has been called into special session. With a substantially revised estimate
3 of funds available for the current fiscal year from the Revenue Estimating Conference, the
4 state budget must be reduced drastically. The financial burdens faced by our state are
5 overwhelming, requiring tough choices, creative thinking, and uncommon courage.

6 Section 2. The state's employees are one of her greatest assets, but the dynamic
7 balance required to continue to provide services to the citizens of this state while conforming
8 to the constitutional budget constraints may require a reduction in workforce. For those who
9 have reached retirement eligibility, the meager pension provided by the state may provide
10 some cushion in the event they must be dismissed from the employ of the state. However,
11 for those who are not eligible to receive a regular retirement benefit, a grateful,
12 compassionate state should attempt as humane an approach as possible to lessen the blow
13 to those faithful servants that the fear of unemployment represents. To the extent state
14 employees who are able to retire voluntarily sever their employment with the state, the scale
15 of any forced termination of other state employees would be reduced. It is therefore the
16 intent of the legislature, pursuant to the provisions of this Act, to help meet the fiscal
17 imperatives facing the state by reducing payroll costs in a manner that is fair, equitable, and
18 humane to the employees of the state who, it must be remembered, are also victims of the
19 catastrophes that have ravaged Louisiana.

20 Section 3.A. Any active contributing member of the Louisiana State Employees'
21 Retirement System and any person who has creditable service in the system who has been
22 furloughed, terminated, or placed on leave without pay due to the budget reductions required
23 by the effects of hurricanes Katrina and Rita, who is ineligible to retire under the provisions
24 of R.S. 11:441(A)(1)(a), (b), or (c), but who has earned a minimum of ten years of creditable
25 service and who has attained the age of fifty years, and who elects to retire under the
26 provisions of this Act on or after December 1, 2005, and on or before January 31, 2006, shall
27 be eligible to retire from state service and receive a retirement allowance equal to two and
28 one-quarter percent of his average compensation, as determined pursuant to R.S. 11:231, for
29 every year of creditable service.

1 B. Notwithstanding any other provision of law to the contrary, any person who has
2 attained the age of fifty years to whom this Act would otherwise apply who retired pursuant
3 to the provisions of Act 194 of the 2004 regular legislative session or the provisions of R.S.
4 11:441(A)(1)(d) on or after November 1, 2005, shall, upon application to the system's board
5 of trustees, have his retirement benefit recalculated under the provisions of this Act, so long
6 as his application for recalculation is received by the system on or before January 31, 2006.
7 The person shall receive the greater of the two benefit calculations and shall be governed by
8 the provisions of the law under which he receives the greater benefit.

9 C. The provisions of this Act shall not apply to anyone who receives any additional
10 benefit under any other provision of law included but not limited to R.S. 11:557, 582, and
11 602 and R.S. 24:36.

12 Section 4. All unused accumulated sick and annual leave of a person retiring under
13 the provisions of this Act shall be converted to retirement credit in accordance with the
14 provisions of R.S. 11:424 and no payment shall be made therefor by any state agency other
15 than the system; however, the individual may opt at the time of retirement to receive a lump
16 sum benefit payment from the system for up to three hundred hours of annual leave so
17 converted. Any lump-sum benefit payment made by the system under the provisions of this
18 Section shall be calculated based on the person's rate of pay on the date he separates from
19 service and shall not be calculated based on average compensation. Payment hereunder shall
20 be made only after certification by the division of administration of the person's leave
21 balance and of the fact that the person has not previously received payment for any leave.

22 Section 5. The division of administration shall report to the Joint Legislative
23 Committee on the Budget the number of positions vacated pursuant to the provisions of this
24 Act and the fiscal savings created thereby on or before March 1, 2006. Positions within the
25 executive branch of state government which are caused to be vacated by this Act, directly
26 or indirectly, including by promotion to fill a vacated position, shall not be filled, except
27 upon approval of the division of administration and in accordance with the rules and
28 regulations of the Civil Service Commission. However, before any such approval by the
29 division of administration of the employment of a person not already employed by the

1 agency or not currently employed by the state, the agency shall, if necessary and feasible,
2 and subject to the approval of the division of administration, refill the vacancy from within
3 the agency or in cooperation with the Civil Service Commission transfer employees from
4 another agency to refill the vacancy.

5 In no case, shall any department within the executive branch of state government
6 refill more than twenty-five percent of the positions caused to be vacated by the provisions
7 of this Act. The division of administration shall make quarterly reports to the Joint
8 Legislative Committee on the Budget on the number of positions which have been filled by
9 the hiring of new employees or by transfer from one agency to another agency and the
10 salaries associated therewith.

11 Section 6. Any person who elects to retire under the provisions of this Act who is
12 reemployed in a position which would otherwise make him eligible for system membership
13 shall not become a member; his benefit shall be suspended upon reemployment and no
14 supplemental benefit shall be earned while he is so employed. The system shall promulgate
15 rules to provide for the implementation of the provisions of this Section, including agency
16 reporting of any retirees reemployed.

17 Section 7. The legislature shall annually appropriate out of the general fund or any
18 budget surplus an amount equal to ten percent of the reduction in the general fund
19 expenditures attributable to the provisions of this Act to make an additional payment to the
20 Louisiana State Employees' Retirement System for purposes of reducing the unfunded
21 accrued liability that existed on June 30, 1988.

22 Section 8. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

The original instrument was prepared by Gail Sullivan. The following digest, which does not constitute a part of the legislative instrument, was prepared by Linda Nugent.

DIGEST

B. Gautreaux (SB 111)

Present law provides that a regular member of the Louisiana State Employees' Retirement System (LASERS) is eligible to retire and receive a benefit of 2.50% of average compensation for each year of service credit if he has:

- (1) 10 years of service credit at age 60; or
- (2) 25 years of service credit at age 55; or
- (3) 30 years of service credit at any age.

Proposed law retains present law, but between Dec. 1, 2005, and Jan. 31, 2006, would provide a reduced benefit of 2.25% of average compensation for each year of service credit for a person who is an active contributing member of LASERS and a person who has been furloughed, terminated, or placed on leave without pay due to the budget reductions required by hurricanes Katrina and Rita, but who are at least age 50 with a minimum of 10 years of service credit and who retire within the given time frame and who are not eligible for regular retirement.

Proposed law would provide that any person to whom proposed law would otherwise apply who retired on or after November 1, 2005 with an actuarially reduced benefit under the provisions of present law shall, upon application to the LASERS board of trustees, have his retirement benefit recalculated under the provisions of proposed law, so long as his application for recalculation is received by the system on or before January 31, 2006. The person shall receive the greater of the two benefits.

Provisions of proposed law would not apply to those groups of state employees whose benefits are calculated with an accrual rate higher than 2.50%.

Proposed law would provide that all unused accumulated sick and annual leave of a person retiring under the provisions of proposed law shall be converted to retirement credit and no payment shall be made for any unused leave by any state agency except LASERS. Proposed law would further provide that the individual may choose at the time of retirement to receive a lump sum benefit payment from LASERS for up to 300 hours of converted annual leave. Proposed law would provide that the lump-sum benefit payment would be calculated based on the person's rate of pay on the date he left state service and not based on average compensation. Requires the division of administration to certify the leave balance and that no previous payment had been made.

Proposed law would provide for the division of administration to report to the Joint Legislative Committee on the Budget by March 1, 2006, regarding the positions vacated and fiscal savings created by proposed law.

Proposed law would provide that positions within the executive branch of state government which are caused to be vacated by proposed law, directly or indirectly, shall not be filled, except upon approval of the division of administration and in accordance with the rules and regulations of the Civil Service Commission. Proposed law would further provide that before approval by the division of employment of a new person from outside the agency or outside state service, the agency shall attempt to refill the vacancy from within the agency or in cooperation with the Civil Service Commission transfer employees from another agency to refill the vacancy, still subject to approval of the division.

Proposed law additionally would provide that in no case shall any department within the executive branch of state government refill more than 25% of the positions caused to be vacated by the provisions of proposed law. Proposed law would provide that the division of administration shall make quarterly reports to the Joint Legislative Committee on the Budget on the number of positions which have been filled by the hiring of new employees or by transfer from another agency, and the salaries of those employees.

Proposed law would provide that a person who elects to retire under the provisions of proposed law who is reemployed in a position making him eligible for LASERS shall have his benefit suspended and no supplemental benefit shall be earned while he is so employed. Requires the system to promulgate rules to implement these provisions.

Proposed law provides that the legislature shall appropriate annually out of the general fund or any budget surplus an amount equal to 10% of the reduction in the general fund expenditures attributable to workforce reductions under proposed law to make an additional payment to LASERS for purposes of reducing the unfunded accrued liability that existed on June 30, 1988.

Effective upon signature of the governor or lapse of time for gubernatorial action.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Finance to the original bill.

1. Changes a retirement eligibility criterion from any person who has creditable service in LASERS to a person who is an active contributing member of LASERS.
2. Specifies that the lump sum benefit payment for up to 300 hours is for annual leave.
3. Requires the division of administration to certify leave balance and that previous payment had not been made.
4. Requires LASERS to promulgate rules to implement the provisions of the proposed law.