

Present law does not provide for a mechanism for an employer to withdraw some or all of its employees from the Teachers' Retirement System of Louisiana (TRSL).

Proposed law relative to TRSL would have provided that if an employing agency is authorized by law to terminate its participation in the retirement system and terminates its participation for some or all of its employees, such employing agency shall remit to the retirement system its share of any unfunded accrued liability (UAL) of the retirement system existing on the June 30th immediately prior to the date of the employing agency's termination.

Proposed law would have been defined "proportionate share of any unfunded accrued liability" and "privatization" for purposes of proposed law.

Proposed law would have provided that the amounts due shall be determined by the actuary employed by the system and shall be paid in a lump sum or amortized over ten years or less in equal monthly payments with interest either at the retirement system's actuarial valuation rate, at the option of the employer. Provided that the calculation shall account for any legacy costs attributable to the employing agency's retirees.

Proposed law would have provided that should an employing agency fail to make payment the amount due shall be collected in the same manner as authorized by present law (R.S. 11:886 and 887).

Would have become effective June 30, 2011.

(Proposed to add R.S. 11:887.1)

VETO MESSAGE: "Senate Bill No. 6 by Senator Gautreaux unnecessarily ties the payment of state retirement debt to much-needed reforms such as greater autonomy for public schools through charter conversions and better fiscal management through contracting and outsourcing. In doing so, this bill creates a significant deterrent to educational reform efforts.

I support efforts to pay down the unfunded accrued liability, which is why I signed Act 7 of the 2008 2nd Extraordinary Session to appropriate \$20 million to Louisiana State Employees Retirement System and \$40 million to Teachers' Retirement System of Louisiana and HB 435 and Constitutional Amendment 384 for 5 to 10 percent of surplus to go towards the UAL. We must continue to look for ways to ensure the actuarial soundness of our state retirement systems but not at the expense of our educational institutions and of our students.

For this reason, I have vetoed Senate Bill No. 6 and hereby return it to the Senate."