

INITIAL REPORT TO THE LEGISLATURE
Department of the Treasury
Board of Trustees of the Louisiana State Employees' Retirement System
Part I. Louisiana State Employees' Retirement System
Amendments to Chapters 13, 15, 19 and 25
(LAC 58:I.1301, 1503, 1901, 1903, 1905, 1907, 1909, 2501 and 2503)

The Department of the Treasury, Board of Trustees of the Louisiana State Employees' Retirement System ("LASERS") proposes amendment in part and repeal in part of provisions contained in Chapters 13, 15, 19 and 25 of Part I of LAC Title 58. Sections 1901, 1903, 1905, 1907, 1909, 2501 and 2503 are recommended for repeal in their entirety because they are redundant and simply repeat provisions found in statutory law. In addition, the proposed rule changes remove an outdated prohibition in Section 1503 forbidding DROP participants from transferring credit and add a provision in Section 1301 to allow review, on a case-by-case basis, to persons seeking an emergency refund who have received a notice of repossession of their vehicle. The proposed rule changes comply with and are enabled by R.S. 11:515. The intent is to put the rule changes into place on January 20, 2020.

Cindy Rougeou
Executive Director

FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES

Person

Preparing

Statement: Steve Stark

Dept: LASERS

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Return

Address: 8401 United Plaza Blvd.

Rule

Title: Amendments to Chapters 13, 15,
19 and 25 of LAC 58:I

Baton Rouge LA 70806

Date Rule

Takes Effect: January 20, 2020

SUMMARY

(Use complete sentences)

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 STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rule changes will not result in any costs or savings to state or local governmental units.

The proposed rule change repeals the following sections in their entirety: Chapter 19 – Section 1901 Application for Benefits, Section 1903 Qualified Survivors, Section 1905 Proof of Entitlement to a Survivors' Benefit, Section 1907 Qualification for Benefit to Handicapped Children, 1909 Children of Previous Marriage, Chapter 25 - Section 2501 Application for Disability Retirement and Section 2503 Disability Board Physician's Recommendation. These sections are being repealed because La. R.S. 11:471 *et seq.* governing survivor benefits and La. R.S. 11:218 and 219 governing disability retirement applications cover the same subject matters and remain in effect.

In addition, the proposed rule changes remove a prohibition in Section 1503 forbidding DROP participants from transferring credit to reflect the current practice of the system. The proposed rule change also adds clarifying language in Section 1301 related to the review process for persons seeking an emergency refund who have received a notice of repossession of their vehicle.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Implementation of the proposed changes will have no effect on revenue collections of state or local governmental units.

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

The proposed rule change will not impact costs and/or economic benefits to directly affected persons or non-governmental groups.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule has no known effect on competition and employment.

Maris E. LeBlanc

Signature of Agency Head or Designee

Evan Brasscamp, Staff Director

Legislative Fiscal Officer or Designee

Maris E. LeBlanc, Deputy Director

Typed Name and Title of Agency Head or Designee

10/2/2019

Date of Signature

RECEIVED

OCT 02 2019

Legislative Fiscal Office

10/3/19

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 deliberation 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 changes involve rules found in four chapters of the rules governing the Louisiana State Employees' Retirement System ("LASERS"), found in Part 1 of Title 58 of the Louisiana Administrative Code. They are Chapters 13, 15, 19 and 25, governing Emergency Refunds, Purchases and Transfers of Service, Survivor Benefits and Procedures for Processing Disability Applications, respectively.

The proposed change to Section 1301 allows case-by-case review of emergency refunds evidenced by notices of repossession under La. R.S. 6:966. Section 1503 would be amended to remove the prohibition against purchases and transfers of service by DROP participants to reflect the current practice of the system. The changes to Chapters 19 and 25 include repeal in their entirety of sections 1901, 1903, 1905, 1907, 1909, 2501 and 2503 because they are redundant and simply repeat provisions found in statutory law.

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

LASERS rules and regulations are reviewed on a continual basis. This review indicates a need to update these rules to correctly reflect current circumstances and governing law.

- 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 amount and source of funding.

No.

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

(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 20	FY 21	FY 22
Personal Services			
Operating Expenses			
Professional Services			
Other Charges			
Equipment			
Major Repairs & Constr.	0	0	0
TOTAL			
POSITIONS (#)	0	0	0

2. Provide a narrative explanation of the costs or savings shown 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.

The proposed rule amendments have no anticipated implementation cost.

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

SOURCE	FY 20	FY 21	FY 22
State General Fund			
Agency Self-Generated			
Dedicated			
Federal Funds			
Other (Specify)			
TOTAL	0	0	0

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

Yes.

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.

No impact is expected on local governmental units.

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

Since no impact is expected, no sources of funding have been identified.

FISCAL AND ECONOMIC IMPACT STATEMENT

WORKSHEET

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

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

No effect on revenue collections to state or local governmental units is anticipated to result from the implementation of these rule changes.

REVENUE INCREASE/DECREASE	FY 20	FY 21	FY 22
State General Fund			
Agency Self-Generated			
Dedicated Funds*			
Federal Funds			
Local Funds			
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.

N/A

FISCAL AND ECONOMIC IMPACT STATEMENT

WORKSHEET

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.

The proposed rule change to Chapter 13 will affect persons applying for an emergency refund of contributions, allowing them to present a notice of repossession allowed under La. R.S. 6:966. The proposed rule change to Chapter 15 will not affect anyone, as it will reflect the current practice of the system. LASERS cannot estimate any costs or savings that could arise. The proposed repeals to Chapters 19 and 25 will affect survivors and persons applying for disability. There will be no costs or savings as these rules merely repeat provisions found in statutory law, which remain in place.

- 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.

The proposed rule changes will have no foreseeable impact on receipts or income to any persons or non-governmental groups affected.

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.

No effect on competition or employment in the public or private sectors is anticipated to result from the proposed rule changes.

NOTICE OF INTENT

Department of the Treasury
Board of Trustees of the Louisiana State Employees' Retirement System
Part I. Louisiana State Employees' Retirement System
Amendments to Chapters 13, 15, 19 and 25
(LAC 58:I.1301, 1503, 1901, 1903, 1905, 1907, 1909, 2501 and 2503)

The Department of the Treasury, Board of Trustees of the Louisiana State Employees' Retirement System ("LASERS") proposes amendment in part and repeal in part of provisions contained in Chapters 13, 15, 19 and 25 of Part I of LAC Title 58. Sections 1901, 1903, 1905, 1907, 1909, 2501 and 2503 are recommended for repeal in their entirety because they are redundant and simply repeat provisions found in statutory law. In addition, the proposed rule changes remove an outdated prohibition in Section 1503 forbidding DROP participants from transferring credit and add a provision in Section 1301 to allow review, on a case-by-case basis, to persons seeking an emergency refund who have received a notice of repossession of their vehicle. The proposed rule changes comply with and are enabled by R.S. 11:515.

Family Impact Statement

The proposed Rule repeal is not anticipated to have an impact on family formation, stability, or autonomy as described in R.S. 49:972.

Poverty Impact Statement

The proposed Rule repeal is not anticipated to have an impact on poverty as described in R.S. 49:973.

Small Business Statement

The proposed Rule repeal is not anticipated to have an adverse impact on small businesses as defined in the Regulatory Flexibility Act.

Provider Impact Statement

The proposed Rule repeal is not anticipated to have an impact on providers of services funded by the state as described in R.S. 49:965.6.

Public Comments

Interested persons may submit written comments on the proposed changes until 4:30 pm, November 25, 2019 to Steve Stark, Board of Trustees for the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804. No rule preamble has been prepared.



Maris E. LeBlanc, Deputy Director

Chapter 13. Emergency Refunds

§1301. Conditions Giving Rise to an Emergency Refund

A. 1. - 2. ...

3. an emergency situation of the member, which shall consist of the foreclosure on a member's domicile, repossession of the member's vehicle, or eviction of the member from his or her apartment. A document filed in the official legal proceeding for foreclosure or repossession or a notice of eviction shall be required as proof to qualify under this provision. Notices of repossession drafted in compliance with La. R.S. 6:966 may be reviewed by staff on a case-by-case basis.

B. - C. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515 and R.S. 11:537(B).

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996), amended LR 23:1710 (December 1997), LR 31:107 (January 2005), LR 32:1466 (August 2006).

Chapter 15. Purchases and Transfers of Service

§1503. Transfers of Service; Other Requirements

A. 1. ...

2. an active member of a public retirement system maintained primarily for officers and employees of the state of Louisiana, or any political subdivision thereof, or of any district, board, commission, or other agency of either, or any other such public entity who has been a member of such system for at least six months and who has membership credit in such system shall have the option of transferring all of his credit from such system he is currently contributing to or to the system in which he last contributed. However, membership in a public retirement system cannot be changed to another public retirement system.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:143 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

Chapter 19. Survivors' Benefits

§1901. Application for Benefits

Repealed

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:471 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

§1903. Qualified Survivors

Repealed

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:472, R.S. 11:473, R.S. 11:474, R.S. 11:475, R.S. 11:480 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

§1905. Proof of Entitlement to a Survivors' Benefit

Repealed

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:477 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the Louisiana State Employees' Retirement System, LR 22:373 (May 1996).

§1907. Qualification for Benefit to Handicapped Children

Repealed

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

§1909. Children of Previous Marriage

Repealed

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:475 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

Chapter 25. Procedures for Processing Disability Applications

§2501. Application for Disability Retirement

Repealed

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996), amended LR 24:1957 (October 1998), LR 27:1580 (September 2001).

§2503. Disability Board Physician's Recommendation

Repealed

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996), amended LR 24:1958 (October 1998), LR 27:1580 (September 2001).

Chapter 13. Emergency Refunds

§1301. Conditions Giving Rise to an Emergency Refund

A. A refund of accumulated employee contributions may be made in less than 30 calendar days after the date of separation from state service in the following situations:

1. the refund results from the death of the member; or
2. the member has significant expenses for medical care for himself, spouse, or child; or
3. an emergency situation of the member, which shall consist of the foreclosure on a member's domicile, repossession of the member's vehicle, or eviction of the member from his or her apartment. A document filed in the official legal proceeding for foreclosure or repossession or a notice of eviction shall be required as proof to qualify under this provision.

B. The member shall provide a written request detailing the emergency situation and the executive director shall approve or disapprove the request based on this written request.

C. Emergency refunds are available on a one-time basis only. Once a member has taken advantage of this single opportunity and has received a refund under the terms of this Chapter, that member shall no longer be eligible for an emergency refund.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515 and R.S. 11:537(B).

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996), amended LR 23:1710 (December 1997), LR 31:107 (January 2005), LR 32:1466 (August 2006).

Chapter 15. Purchases and Transfers of Service

§1501. Purchases and Transfers of Service; Calculations; Costs

* * *

§1503. Transfers of Service; Other Requirements

A. In order to transfer service credit from other public retirement systems into LASERS, the person seeking such a transfer must be:

1. an active member contributing to the LASERS at the time they apply for the transfer; or
2. an active member of a public retirement system maintained primarily for officers and employees of the state of Louisiana, or any political subdivision thereof, or of any district, board, commission, or other agency of either, or any other such public entity who has been a member of such system for at least six months and who has membership credit in such system shall have the option of transferring all of his credit from such system he is currently contributing to or to the system in which he last contributed. However, membership in a public retirement system cannot be changed to another public retirement system, and any person participating in DROP cannot transfer any service credit into or out of that retirement system.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:143 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

Chapter 19. Survivors' Benefits

§1901. Application for Benefits

A. Survivors' benefits are payable only upon application therefor, but the benefit becomes effective as of the day following the death of the member.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:471 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

§1903. Qualified Survivors

A. The following individuals qualify for survivors' benefits:

1. surviving spouse with minor children;
2. handicapped or mentally retarded children;
3. surviving minor child not in custody of surviving spouse; and
4. surviving spouse without minor child.

B. The survivors' benefit is a single benefit payable to multiple qualifying groups. If more than one individual qualifies for the benefit, the benefit shall be prorated between or among the qualified individuals in accordance with law.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:472, R.S. 11:473, R.S. 11:474, R.S. 11:475, R.S. 11:480 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

§1905. Proof of Entitlement to a Survivors' Benefit

A. Each survivor benefit recipient shall present proof to LASERS upon application, and annually or at such other times LASERS feels necessary, that he is legally entitled to the survivor's benefit. If the applicant for the benefit fails to present such proof to LASERS, LASERS shall deny such benefit to the applicant or discontinue the benefit if the recipient fails to provide such proof upon reasonable request.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:477 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the Louisiana State Employees' Retirement System, LR 22:373 (May 1996).

§1907. Qualification for Benefit to Handicapped Children

A. Totally physically disabled or mentally handicapped children of deceased members who are not dependent upon the surviving spouse of the member or some other legal guardian and who do not also receive state assistance are eligible under the provisions of Chapter 19.

B. In order to cover this area not addressed by the statute, it will be the policy of the Louisiana State Employees' Retirement System to pay survivor's benefits to otherwise qualified physically disabled or handicapped children of deceased members who have neither a surviving parent or legal guardian if such child, or a person holding a power of attorney or other legal authority to act on behalf of such child, provides to the system adequate annual documentation demonstrating that benefit payments will be used exclusively for the support and care of the child.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

§1909. Children of Previous Marriage

A. If a married member has major children of a prior marriage and no minor children of the present marriage, that member may direct LASERS to divide the benefit for a surviving spouse without minor children between the member's current spouse and the children of the prior marriage on a pro rata basis with the interest of the current spouse based on the ratio of the length of the current marriage to the total state service of the member. For this benefit to be effective, the member must notify LASERS, in writing, that the member desires this benefit. LASERS must receive this notification prior to the member's death.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:475 and R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996).

Chapter 25. Procedures for Processing Disability Applications

§2501. Application for Disability Retirement

A. Applications for disability retirement shall be submitted in accordance with instructions provided to the applicant or applicant's employer by LASERS, and shall be reviewed as follows.

1. Upon receipt of a disability application, LASERS shall verify applicant's eligibility within five business days of receipt of the application.

2. The application, examining physician's report, the disability report by immediate supervisor, and report by applicant's human resource administrator shall be reviewed for completeness.

3. If the application or any of the required forms are incomplete or missing, the applicant shall be notified in writing, and will have 10 business days to furnish the requested information. If the applicant fails to comply with this request the application shall be rejected as ineligible.

B. Whether the applicant is determined to be eligible or ineligible to apply for disability, the applicant shall be notified in writing by LASERS within 10 business days of the determination.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996), amended LR 24:1957 (October 1998), LR 27:1580 (September 2001).

§2503. Disability Board Physician's Recommendation

A. LASERS shall determine the appropriate State Medical Disability Board physician to perform the initial medical review, based on the area of medical specialty most closely related to applicant's disability.

B. If the State Medical Disability Board does not have a physician practicing in the requisite specialty, LASERS shall appoint a physician who practices in the requisite specialty to the board or as an alternate physician to perform the initial medical review.

C. The State Medical Disability Board physician shall determine from his review whether to conduct a medical examination of the applicant, or waive the medical examination because obvious and overwhelming medical evidence of disability exists to his satisfaction.

D. State Medical Disability Board physician shall determine that a medical examination is needed to determine whether an applicant is eligible for a disability retirement, LASERS shall schedule an appointment with the appropriate board physician. The applicant shall be notified of the appointment date and time in writing. The initial examination shall be completed within six weeks of the date the completed disability application is received and eligibility is verified by LASERS.

E. LASERS shall pay the cost of the initial medical examination, including cost of laboratory tests, X-rays, and other direct examination procedures. If the applicant fails to appear for this medical examination and the physician charges a cancellation fee, the applicant shall be responsible for this fee.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:515.

HISTORICAL NOTE: Promulgated by the Department of Treasury, Board of Trustees of the State Employees' Retirement System, LR 22:373 (May 1996), amended LR 24:1958 (October 1998), LR 27:1580 (September 2001).