

Regular Session, 2014

SENATE BILL NO. 153

BY SENATOR LONG

FUNDS/FUNDING. Establishes the Merit Increase Pay Recoupment Fund in the state treasury to provide certain state employees with pay adjustments. (7/1/14)

1 AN ACT

2 To enact Subpart S of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana
3 Revised Statutes of 1950, to be comprised of R.S. 39:100.137, relative to special
4 treasury funds; to establish the Merit Increase Pay Recoupment Fund in the state
5 treasury; to provide for the deposit of certain monies into the fund; to provide for the
6 uses of monies in the fund; to provide for an effective date; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. Subpart S of Part II-A of Chapter 1 of Subtitle I of Title 39 of the
10 Louisiana Revised Statutes of 1950, to be comprised of R.S. 39:100.137, is hereby enacted
11 to read as follows:

12 **SUBPART S. MERIT INCREASE PAY RECOUPMENT FUND**

13 **§100.137. Merit Increase Pay Recoupment Fund**

14 **A.(1) The legislature has long recognized that state agencies have had to**
15 **manage their funds wisely and use existing agency resources to provide the**
16 **funding needed to pay merit increases as authorized in the General**
17 **Appropriation Act and the Ancillary Appropriation Act. Moreover, beginning**

1 in Fiscal Year 2010-2011 and Fiscal Year 2011-2012, the Civil Service
2 Commission of the state adopted and approved emergency rules suspending
3 authority for merit increases for all classified employees and the governor
4 issued Executive Order Nos. BJ 2010-5 and BJ 2011-9 which froze merit
5 increases for unclassified employees for the same two fiscal years.

6 (2) Following these two years in which merit increases were not
7 authorized, some agencies again provided increases while other agencies did
8 not, thus creating disparities between agencies in state government employees
9 in similar classifications. However, some of the largest agencies in state
10 government which employ thousands of classified workers and have not
11 received merit increases since Fiscal Year 2010-2011, including the Department
12 of Health and Hospitals, the Department of Public Safety and Corrections -
13 Corrections Services, the Department of Education, the Louisiana School for
14 the Visually Impaired, Northwestern State University of Louisiana, the
15 University of New Orleans, and Southeastern University of Louisiana, among
16 others.

17 (3) Over this same time period, other factors have had deleterious effects
18 on state employee morale, effectiveness, and performance such as budget cuts,
19 employee reductions, workload increases, higher turnover rates when compared
20 to prior years, and adding additional responsibilities without commensurate
21 pay, among others.

22 (4) Even as selected agencies have begun to provide merit increases to
23 their classified employees, these increases have not always been to the same
24 levels of the past nor have they been guaranteed to occur again in the future.
25 Further, the legislature recognizes that there are a large number of employees
26 who have suffered economically because of the elimination or reduction of merit
27 increases since Fiscal Year 2010-2011.

28 B. There is hereby established in the state treasury, as a special fund, the
29 Merit Increase Pay Recoupment Fund, hereinafter referred to as the "fund".

1 **C. The source of monies deposited into the fund shall be any monies**
 2 **appropriated annually by the legislature including donations, gifts, grants, or**
 3 **any other monies which may be as provided by law. All unexpended and**
 4 **unencumbered monies in the fund at the end of the fiscal year shall remain in**
 5 **the fund. The monies in the fund shall be invested by the state treasurer in the**
 6 **same manner as monies in the state general fund, and interest earned on the**
 7 **investment of monies shall be credited to the state general fund.**

8 **D. The monies in the fund shall be appropriated for the purpose of**
 9 **providing adjustments to the base salaries of employees to offset opportunity**
 10 **losses to such personnel in agencies which sustained repeated years of no merit**
 11 **increases.**

12 Section 2. This Act shall become effective on July 1, 2014; if vetoed by the governor
 13 and subsequently approved by the legislature, this Act shall become effective on July 1,
 14 2014, or on the day following such approval by the legislature, whichever is later.

The original instrument and the following digest, which constitutes no part
 of the legislative instrument, were prepared by Jay R. Lueckel.

DIGEST

Proposed law provides that the legislature has long recognized that state agencies have had to manage their funds wisely and use existing agency resources for providing the funding needed to pay merit increases as authorized in the General Appropriation Act and the Ancillary Appropriation Act. Moreover, beginning in Fiscal Year 2010-2011 and Fiscal Year 2011-2012, the Civil Service Commission of the state adopted and approved emergency rules suspending authority for merit increases for all classified employees and the governor issued Executive Order Nos. BJ 2010-5 and BJ 2011-9 which froze similar authority to provide merit increases for unclassified employees for the same two fiscal years.

Proposed law provides that following the two years in which merit increases were prohibited, some agencies again provided increases, thus creating disparities between agencies in state government and employees in similar classifications. However, some of the largest agencies in state government which employ thousands of classified workers and have not received merit increases since Fiscal Year 2010-2011, including the Department of Health and Hospitals, the Department of Public Safety and Corrections - Corrections Services, the Department of Education, the Louisiana School for the Visually Impaired, Northwestern State University of Louisiana, the University of New Orleans, and Southeastern University of Louisiana, among others.

Proposed law establishes the Merit Increase Pay Recoupment Fund in the state treasury.

Proposed law provides that the source of monies deposited into the fund shall be any monies appropriated annually by the legislature including donations, gifts, grants, or any other monies which may be provided by law. Proposed law further provides that monies in the

fund shall be appropriated for the purpose of providing adjustments to the base salaries of employees to offset opportunity losses to such personnel in agencies which sustained repeated years of no merit increases.

Effective July 1, 2014.

(Adds R.S. 39:100.137)