

# Louisiana State Employees' Retirement System (LASERS)

Program Authorization: Const. Art. 10, Section 29; R.S. 11:401 et seq.

## Agency Description

LASERS is a public trust fund created in 1946 to provide retirement allowances and other benefits for state officers, employees and their beneficiaries.

## FY 2019-2020 Budget Summary

	<u>Prior Year</u>	<u>Existing</u>	<u>Proposed</u>	<u>Total</u>	
	<u>Actual</u>	<u>Operating</u>	<u>Operating</u>	<u>Proposed</u>	<u>%</u>
	<u>FY 17-18</u>	<u>Budget</u>	<u>Budget</u>	<u>Over/Under</u>	<u>Change</u>
		<u>FY 18-19</u>	<u>FY 19-20</u>	<u>Existing</u>	
<b>Means of Financing:</b>					
<b>State General Fund by:</b>					
Fees and Self-generated Revenues	\$ 50,338,058	\$ 53,215,300	\$ 56,259,000	\$ 3,043,700	5.7%
<b>Total Means of Financing</b>	<b>\$ 50,338,058</b>	<b>\$ 53,215,300</b>	<b>\$ 56,259,000</b>	<b>\$ 3,043,700</b>	<b>5.7%</b>
<b>Expenditures &amp; Request:</b>					
Personnel Services	\$ 14,325,192	\$ 15,477,700	\$ 15,908,800	\$ 431,100	2.8%
Operating Expenses	2,829,066	3,280,600	3,495,200	214,600	6.5%
Professional Services	753,264	754,000	627,000	(127,000)	-16.8%
Acquisitions & Major Repairs	219,754	203,000	228,000	25,000	12.3%
<b>Total Administrative Expenses</b>	<b>\$ 18,127,276</b>	<b>\$ 19,715,300</b>	<b>\$ 20,259,000</b>	<b>\$ 543,700</b>	<b>2.8%</b>
Investment Management Fees	\$ 32,210,782	\$ 33,500,000	\$ 36,000,000	\$ 2,500,000	7.5%
<b>Total Expenditures &amp; Request:</b>	<b>\$ 50,338,058</b>	<b>\$ 53,215,300</b>	<b>\$ 56,259,000</b>	<b>\$ 3,043,700</b>	<b>5.7%</b>
<b>Authorized Full-Time Equivalents:</b>					
Classified	125	125	125	0	0.0%
Unclassified	12	12	12	0	0.0%
<b>Total FTEs</b>	<b>137</b>	<b>137</b>	<b>137</b>	<b>0</b>	<b>0.0%</b>

## Source of Funding

Funding for LASERS' operating budget comes from three (3) sources: employer contributions, employee contributions, and earnings from trust fund investments. LASERS had \$1.91 billion in revenues for the fiscal year ending June 30, 2018.

## Major Changes From Existing Operating Budget: LASERS

\$	53,215,300	<b>FY 18-19 Existing Operating Budget</b>
\$	431,100	Personnel Services
\$	(1,500)	Travel
\$	216,100	Operating Services
\$	(127,000)	Professional Services
\$	25,000	Acquisitions
\$	2,500,000	Investment Management Fees
\$	<b>3,043,700</b>	<b>Total Proposed Adjustments</b>
\$	<b>56,259,000</b>	<b>FY 19-20 Proposed Operating Budget</b>

## FY 2019-20 Budget Summary-LASERS

	<u>Prior Year</u> <u>Actual</u> <u>FY 17-18</u>	<u>Existing</u> <u>Operating</u> <u>Budget</u> <u>FY 18-19</u>	<u>Proposed</u> <u>Operating</u> <u>Budget</u> <u>FY 19-20</u>	<u>Total</u> <u>Proposed</u> <u>Over/Under</u> <u>Existing</u>	<u>%</u> <u>Change</u>
<b>Expenditures &amp; Request:</b>					
<b>Personnel Services</b>					
Salaries (Staff)	\$ 9,551,568	\$ 10,027,500	\$ 10,290,800	\$ 263,300	2.6%
Overtime	5,503	18,300	11,500	(6,800)	-37.2%
Termination/Temporary Wages	15,080	78,500	62,700	(15,800)	-20.1%
Wages	90,961	116,000	99,000	(17,000)	-14.7%
Other Compensation-Board Members	6,075	16,200	10,000	(6,200)	-38.3%
Related Benefits	4,656,006	5,221,200	5,434,800	213,600	4.1%
<b>Total Personnel Services</b>	<b>\$ 14,325,193</b>	<b>\$ 15,477,700</b>	<b>\$ 15,908,800</b>	<b>\$ 431,100</b>	<b>2.8%</b>
<b>Travel Expenses</b>	<b>\$ 145,566</b>	<b>\$ 182,500</b>	<b>\$ 181,000</b>	<b>\$ (1,500)</b>	<b>-0.8%</b>
<b>Operating Expenses</b>					
Computer Maintenance	\$ 324,984	\$ 437,600	\$ 644,000	\$ 206,400	47.2%
Building/Equipment/Vehicle Maint.	10,921	14,800	13,600	(1,200)	-8.1%
Miscellaneous Operating Services	4,802	8,500	7,500	(1,000)	-11.8%
Advertising/Public Relations	4,926	7,000	7,000	-	0.0%
Printing	97,832	140,000	120,000	(20,000)	-14.3%
Insurance	82,163	105,000	100,000	(5,000)	-4.8%
Rentals/Computer License Software	823,394	825,800	983,000	157,200	19.0%
Building Rentals	700,171	716,000	706,000	(10,000)	-1.4%
Dues and Subscriptions	49,410	63,600	59,100	(4,500)	-7.1%
Bank Fees	28,738	60,000	30,000	(30,000)	-50.0%
Mail, Delivery & Postage	187,456	285,000	205,000	(80,000)	-28.1%
Telephone/Internet/Cable Services	144,490	140,000	153,700	13,700	9.8%
Civil Service/CPTP/Local Training	104,915	94,800	105,300	10,500	11.1%
Operating Supplies	119,296	200,000	180,000	(20,000)	-10.0%
<b>Total Operating Services</b>	<b>\$ 2,683,498</b>	<b>\$ 3,098,100</b>	<b>\$ 3,314,200</b>	<b>\$ 216,100</b>	<b>7.0%</b>
<b>Professional Services</b>					
Accounting and Auditing	\$ 99,192	\$ 112,000	\$ 90,000	\$ (22,000)	-19.6%
Professional Services Expenditures	376,879	167,000	172,000	5,000	3.0%
Legal	62,081	150,000	90,000	(60,000)	-40.0%
Medical/Disability	35,850	80,000	60,000	(20,000)	-25.0%
Actuarial	178,771	245,000	215,000	(30,000)	-12.2%
Professional Travel	491	-	-	-	0.0%
<b>Total Professional Services</b>	<b>\$ 753,264</b>	<b>\$ 754,000</b>	<b>\$ 627,000</b>	<b>\$ (127,000)</b>	<b>-16.8%</b>
<b>Acquisitions</b>	<b>\$ 219,754</b>	<b>\$ 203,000</b>	<b>\$ 228,000</b>	<b>\$ 25,000</b>	<b>12.3%</b>
<b>Total Administrative Expenses</b>	<b>\$ 18,127,275</b>	<b>\$ 19,715,300</b>	<b>\$ 20,259,000</b>	<b>\$ 543,700</b>	<b>2.8%</b>
<b>Investment Expenses</b>	<b>\$ 32,210,782</b>	<b>\$ 33,500,000</b>	<b>\$ 36,000,000</b>	<b>\$ 2,500,000</b>	<b>7.5%</b>
<b>Total Expenditures &amp; Request:</b>	<b>\$ 50,338,057</b>	<b>\$ 53,215,300</b>	<b>\$ 56,259,000</b>	<b>\$ 3,043,700</b>	<b>5.7%</b>

## Investment Management Fees: LASERS

**Funding of Investment Expenses:** Investment manager fees are treated as a direct offset to investment income. Senate Resolution No. 175 requires a quarterly report of the amount of funds invested, a listing of each investment and with whom, the annual returns and fees paid for services to the Senate Retirement Committee.

\$	12,174,100	Emerging Markets Investment Advisors
\$	1,514,000	Domestic Small Cap Investment Advisors
\$	875,000	International Large Cap Investment Advisors
\$	19,000	Domestic Large Cap Investment Advisors
\$	1,118,000	High Yield Fixed Income Investment Advisors
\$	3,737,000	International Small Cap Investment Advisors
\$	5,154,000	Global Multi Sector Fixed Income
\$	840,900	Investment Operational Expenses
\$	1,593,000	Emerging Market Debt
\$	1,590,000	Core Fixed Income Investment Advisors
\$	753,000	Investment Consultant
\$	<u>6,632,000</u>	Risk Parity
<u>\$</u>	<u>36,000,000</u>	<b>Total Investment Management Fees</b>

## Multi-Year Project: LASERS

The LASERS Board of Trustees authorized a budget total of \$5.05 million for a multi-year project in FY 2013-14 & FY 2015-16 to upgrade LASERS imaging system based on the results of requests for information issued on the project. The initial hardware expenditures were incurred in the 4th quarter of FY 2015-16. Work with the vendor began in the 1st quarter of FY 2016-17. For the FY 2018-19 an additional \$300k was authorized for the continued customization of the system to create web-based e-forms which will enhance our members' ability to perform routine services online. A brief description of the project appears below:

**Enterprise Content Management Project (ECM)** - The imaging system, now known as Optimus, will be upgraded from IBM's Content Manager for iSeries version 5.4 to Content Manager P8 in the Window's environment. The initial phase of the project was complete at the end of FY 2017-18. Customization of the system is ongoing for a mobile application, an enhanced Member Self-Service portal and web-based e-forms to follow.

### Multi-Year Project Budget

FY 2015-16 actual	\$ 145,770
FY 2016-17 actual	\$ 1,967,447
FY 2017-18 actual	\$ 1,650,345
FY 2018-19 budget*	\$ 1,585,889
FY 2019-20 budget*	\$ 1,585,889

\*The budgeted amount for FY 2018-19 is the remaining approved amount for the initial project. A \$300,000 increase to the project was approved for the FY 2018-19 to add additional features to the system such as web-based e-forms. The anticipated project completion date is now during the FY 2019-20. Any funds remaining at the end of FY 2018-19 will be moved to FY 2019-20.

## Performance Information: LASERS

	<u>Actual</u> <u>6/30/2017</u>	<u>Actual</u> <u>6/30/2018</u>	<u>Projected</u> <u>6/30/2019</u>
<b>Membership Census</b>			
1) Retirees	52,473	52,726	53,000
2) Actives	39,055	39,293	39,300
3) DROP	1,520	1,398	1,400
<b>Annual Benefits</b>	\$1,274,461,022	\$1,317,635,325	n/av
<b>Asset Valuation</b>	\$11,976,792,982	\$12,360,520,632	n/av
<b>Experience Account</b>	\$10,455,340	\$11,241,902	n/av
<b>Investment Yield</b>			
Market Value	14.51%	8.79%	n/av
Actuarial Value	7.62%	7.52%	n/av
<b>Unfunded Accrued Liability</b>	\$6,815,312,579	\$6,743,119,532	n/av
<b>Funded Ratio</b>	63.7%	64.7%	n/av
<b>Employee Contribution Rate</b>	7.980%	8.010%	8.020%
<b>Employer Contribution Rate (Aggregate)</b>			
Normal Cost	4.0%	3.9%	3.8%
<u>UAL</u>	<u>33.8%</u>	<u>34.0%</u>	<u>37.0%</u>
Total	37.8%	37.9%	40.8%

*n/av = not yet available*