

2017 Regular Session

SENATE BILL NO. 87

BY SENATOR MORRISH

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

BESE. Requires allocation of certain amounts of minimum foundation program formula funds to the unfunded accrued liability of the Teachers' Retirement System. (gov sig)

1 AN ACT

2 To enact R.S. 17:25.2, relative to distribution of minimum foundation program funds; to

3 provide relative to payment of certain unfunded accrued liability of the Teachers'

4 Retirement System of Louisiana; to provide relative to the powers and duties of the

5 State Board of Elementary and Secondary Education; to provide relative to the

6 obligations of employers to the retirement system; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 17:25.2 is hereby enacted to read as follows:

9 **§25.2. Minimum foundation program; payments to the Teachers' Retirement**

10 **System of Louisiana**

11 **A. Notwithstanding any provision of law to the contrary, beginning in**

12 **Fiscal Year 2017-2018 and continuing each year thereafter until all unfunded**

13 **accrued liability in the Teachers' Retirement System of Louisiana is fully**

14 **liquidated, the State Board of Elementary and Secondary Education shall**

15 **allocate annually from the funds appropriated for the minimum foundation**

16 **program an amount sufficient to make the annual payment to the retirement**

17 **system, as required by this Section on the system's oldest outstanding positive**

1 amortization base, on behalf of all employers receiving funds through the
2 minimum foundation program formula.

3 B. The Teachers' Retirement System of Louisiana shall annually
4 determine the amount of the midyear amortization payment on the oldest
5 outstanding positive amortization base, provided in the most recent system
6 valuation adopted by the Public Retirement Systems' Actuarial Committee,
7 which reflects the percentage of the payment allocated to elementary and
8 secondary education employers. The retirement system shall annually invoice
9 the state Department of Education for this amount.

10 C. The state Department of Education shall divide the amount invoiced
11 into twelve equal payments and on a monthly basis directly transmit to the
12 retirement system the amount allocated on behalf of all employers receiving
13 funds through the minimum foundation program formula.

14 D. The minimum foundation program funding allocations which remain,
15 following the direct payment of the unfunded accrued liability retirement costs
16 required by this Section, shall be distributed and used as otherwise provided by
17 law and the formula approved by the legislature.

18 E. Each employer that receives minimum foundation formula funds and
19 that employs contributing members of the Teachers' Retirement System of
20 Louisiana shall be liable to the retirement system for the balance of amounts
21 due pursuant to R.S. 11:102.

22 Section 2. 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 and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Serrett.

DIGEST

SB 87 Original

2017 Regular Session

Morrish

Present law (R.S. 11:102) establishes the calculation for annual employer contribution rates for employers in the state retirement systems, including the Teachers' Retirement System of Louisiana (TRSL). Part of the annual contribution is paid to fund debt service on the unfunded accrued liability (UAL).

Present constitution requires the state Board of Elementary and Secondary Education (BESE) to annually develop and adopt a formula to determine the cost of a minimum foundation program(MFP) of education in all public elementary and secondary schools and equitably allocate the funds to parish and city school systems.

Proposed law retains present law and constitution.

Proposed law requires BESE to allocate annually from the funds appropriated for the MFP an amount sufficient to cover the portion of the oldest outstanding UAL payment owed by elementary and secondary employers in TRSL and to remit the payment to TRSL on behalf of all employers receiving MFP funds. Such allocations shall be made until all unfunded accrued liability in TRSL is fully liquidated.

Proposed law requires TRSL to annually determine the percentage of the year's oldest UAL payment attributable to elementary and secondary employers and to invoice the Department of Education (DOE) each year for that amount.

Proposed law requires DOE to transfer the required amount to the TRSL on behalf of all employers receiving MFP formula funds in 12 equal monthly payments.

Proposed law further provides that employers participating in TRSL are liable for the remainder of their required payments to TRSL.

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

(Adds R.S. 17:25.2)