

Regular Session, 2009

HOUSE CONCURRENT RESOLUTION NO. 164

BY REPRESENTATIVE PATRICIA SMITH

SCHOOLS/DISTRICTS: Requests the State Board of Elementary and Secondary Education to conduct an in-depth study of the financial burden on local school systems imposed by rising costs of providing retiree health care benefits and to recommend a solution

1 A CONCURRENT RESOLUTION

2 To urge and request the State Board of Elementary and Secondary Education to conduct an  
3 in-depth study of the financial burden on local school systems imposed by the rising  
4 costs of providing for health care benefits for school system retirees, particularly for  
5 school systems losing student population to the Recovery School District or for other  
6 reasons such as natural disasters, and to recommend solutions for meeting this  
7 substantial responsibility.

8 WHEREAS, meeting the rising cost of providing for the health care of retirees is a  
9 major financial responsibility affecting all levels of government, as recognized by the  
10 Government Accounting Standards Board (GASB), which relatively recently required that  
11 governments report liability for post-employment benefits on their financial statements; and

12 WHEREAS, in a study completed in February of this year by Dr. James A.  
13 Richardson of Louisiana State University, assisted by Mr. Roy L. Heidelberg, and submitted  
14 to the House Committee on Education by the State Board of Elementary and Secondary  
15 Education in response to House Concurrent Resolution No. 151 of the 2008 Regular Session  
16 of the Legislature, it is noted that health care benefits for school system retirees are a  
17 legitimate cost that must be met by a school system, and such benefits are a fixed obligation  
18 that cannot be readily reduced in reaction to an abrupt change in a school system; such costs  
19 are not related to current employment levels but to prior employees who have retired from  
20 the school system; and

1           WHEREAS, the growing size of the burden of these costs is reflected in Dr.  
2 Richardson's study, which examined only the East Baton Parish school system and reported  
3 the escalation in health care costs for retirees for this single system from just over twelve  
4 million dollars in 2000 to over twenty-eight million dollars in 2008; and

5           WHEREAS, the liability of school systems for meeting the costs of paying for health  
6 care for retirees constitutes a substantial burden if only because of the new GASB  
7 requirements and the increasing costs of health care and related costs of health insurance  
8 premiums; however, school systems have been faced with other issues that have greatly  
9 magnified this burden, such as the impact of hurricanes in many parishes, which have greatly  
10 reduced student populations on which school funding is based, as well as reductions in  
11 student populations by removal of students from school systems by placement of schools  
12 under the Recovery School District (RSD), and Dr. Richardson's study noted the additional  
13 burden on school systems that results when their schools are placed in the RSD, which does  
14 not share responsibility for the costs of the former system's retirees; and

15           WHEREAS, it is critical to the financial stability of the school systems of the state  
16 that an in-depth study be conducted to determine a solution for this problem so as to relieve  
17 school systems of this burgeoning fiscal responsibility for paying for retiree health care  
18 costs; that all available remedies be considered, such as placing school system retirees in a  
19 state retiree health care program, identifying or providing a recurring revenue stream for  
20 districts with declining enrollment due to moving students to the Recovery School District,  
21 and changes in the policy of providing health care benefits to retirees; and that a broad scope  
22 of affected systems, agencies, and organizations be included in examining this issue.

23           THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby  
24 urge and request the State Board of Elementary and Secondary Education to conduct an in-  
25 depth study of the financial burden on local school systems imposed by the necessity of  
26 meeting the rising costs of providing for health care for school system retirees, particularly  
27 for those school systems that are losing student population to the Recovery School District  
28 or for other reasons such as natural disasters; to examine a wide spectrum of potential  
29 remedies; and to recommend a solution or solutions for meeting this substantial  
30 responsibility.

1 BE IT FURTHER RESOLVED that the State Board of Elementary and Secondary  
2 Education, in the conduct of this study, shall convene a study group to provide input,  
3 recommendations, and advice with representatives of the following, as well as any other  
4 persons, entities, and organizations possessing particular knowledge of this school system  
5 problem and possible solutions:

6 (1) Impacted school systems, including East Baton Rouge Parish, Orleans Parish,  
7 Caddo Parish, Pointe Coupee Parish, St. Bernard Parish, Cameron Parish, and Plaquemines  
8 Parish.

9 (2) The Louisiana School Boards Association.

10 (3) The Louisiana Federation of Teachers.

11 (4) The Louisiana Association of Educators.

12 (5) Associated Professional Educators of Louisiana.

13 (6) The office of the governor.

14 (7) The Department of Education.

15 (8) The division of administration.

16 (9) The Senate Committee on Education, appointed by the Senate president.

17 (10) The House Committee on Education, appointed by the speaker of the House of  
18 Representatives.

19 (11) The Teachers' Retirement System of Louisiana.

20 (12) The Office of State Group Benefits.

21 BE IT FURTHER RESOLVED that a copy of this Resolution shall be transmitted  
22 to Mr. Keith Guice, president of the State Board of Elementary and Secondary Education  
23 and to Ms. Amy Westbrook, executive director of the board's staff.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Patricia Smith

HCR No. 164

Requests the State Board of Elementary and Secondary Education to conduct an in-depth study of the financial burden on local school systems imposed by the necessity to meet the rising costs of providing for health care for school system retirees, particularly for school systems that are losing student population to the Recovery School District or for other

reasons such as natural disasters, to examine a wide spectrum of potential remedies, and to recommend a solution(s).

Provides that BESE, in conducting the study, shall convene a study group to provide input, recommendations, and advice with representatives of the following, as well as any other persons, entities, and organizations possessing particular knowledge of the problem and possible solutions:

- (1) Impacted school systems, including East Baton Rouge Parish, Orleans Parish, Caddo Parish, Pointe Coupee Parish, St. Bernard Parish, Cameron Parish, and Plaquemines Parish.
- (2) The La. School Boards Association.
- (3) The La. Federation of Teachers.
- (4) The La. Association of Educators.
- (5) Associated Professional Educators of La..
- (6) The office of the governor.
- (7) The Dept. of Education.
- (8) The division of administration.
- (9) The Senate Committee on Education, appointed by the Senate president.
- (10) The House Committee on Education, appointed by the speaker of the House of Representatives.
- (11) The Teachers' Retirement System of La..
- (12) The Office of State Group Benefits.