

Regular Session, 2009

HOUSE CONCURRENT RESOLUTION NO. 164

BY REPRESENTATIVES PATRICIA SMITH, ARMES, AUSTIN BADON, CARMODY,
CHANDLER, CHANEY, DOWNS, HOFFMANN, AND LEGER

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, to recommend solutions for meeting this substantial
7 responsibility and to submit a written report of its findings and recommendations,
8 including any recommendations for legislation relative to the issue, to the House
9 Committee on Education and the Senate Committee on Education not later than sixty
10 days prior to the beginning of the 2010 Regular Session of the Legislature.

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

15 WHEREAS, in a study completed in February of this year by Dr. James A.
16 Richardson of Louisiana State University, assisted by Mr. Roy L. Heidelberg, and submitted
17 to the House Committee on Education by the State Board of Elementary and Secondary
18 Education in response to House Resolution No. 151 of the 2008 Regular Session of the
19 Legislature, it is noted that health care benefits for school system retirees are a legitimate
20 cost that must be met by a school system, and such benefits are a fixed obligation that cannot

1 be readily reduced in reaction to an abrupt change in a school system; such costs are not
2 related to current employment levels but to prior employees who have retired from the
3 school system; and

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

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

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

26 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
27 urge and request the State Board of Elementary and Secondary Education to conduct an in-
28 depth study of the financial burden on local school systems imposed by the necessity of
29 meeting the rising costs of providing for health care for school system retirees, particularly
30 for those school systems that are losing student population to the Recovery School District

1 or for other reasons such as natural disasters; to examine a wide spectrum of potential
2 remedies; to recommend a solution or solutions for meeting this substantial responsibility;
3 and to submit a written report of its findings and recommendations, including any
4 recommendations for legislation relative to the issue, to the House Committee on Education
5 and the Senate Committee on Education not later than sixty days prior to the beginning of
6 the 2010 Regular Session of the Legislature.

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

12 (1) Impacted school systems, including East Baton Rouge Parish, Orleans Parish,
13 Caddo Parish, Pointe Coupee Parish, St. Bernard Parish, Cameron Parish, and Plaquemines
14 Parish.

15 (2) The Louisiana School Boards Association.

16 (3) The Louisiana Federation of Teachers.

17 (4) The Louisiana Association of Educators.

18 (5) Associated Professional Educators of Louisiana.

19 (6) The office of the governor.

20 (7) The Department of Education.

21 (8) The division of administration.

22 (9) The Teachers' Retirement System of Louisiana.

23 (10) The Office of State Group Benefits.

24 (11) The Louisiana Association of Public Charter Schools.

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

 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)]

Patricia Smith

HCR No. 164

Requests the State Board of Elementary and Secondary Education (BESE) 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 Teachers' Retirement System of La.
- (10) The Office of State Group Benefits.
- (11) The La. Association of Public Charter Schools.

Provides that BESE shall submit a written report of its findings and recommendations, including any recommendations for legislation relative to the issue, to the legislature's education committees not later than 60 days prior to the 2010 R.S.

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Education to the original resolution.

1. Adds provision providing for a representative of the La. Association of Public Charter Schools to serve on the study group.
2. Adds provision relative to BESE submitting a written report of its findings and recommendations to the legislature's education committees not later than 60 days prior to the 2010 R.S.

Committee Amendments Proposed by House Committee on House and Governmental Affairs to the engrossed resolution.

1. Removes provisions for representatives of the House and Senate education committees serving on the study group.