

Regular Session, 2009

HOUSE CONCURRENT RESOLUTION NO. 164

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

A CONCURRENT RESOLUTION

To urge and request 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 rising costs of providing for health care benefits for school system retirees, particularly for school systems losing student population to the Recovery School District or for other reasons such as natural disasters, to recommend solutions for meeting this substantial responsibility and to submit a written report of its findings and recommendations, including any recommendations for legislation relative to the issue, to the House Committee on Education and the Senate Committee on Education not later than sixty days prior to the beginning of the 2010 Regular Session of the Legislature.

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

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

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

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

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

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request 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 of meeting the rising costs of providing for health care for school system retirees, particularly for those 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; to recommend a solution or solutions for meeting this substantial responsibility; and to submit a written report of its findings and recommendations, including any recommendations for legislation relative to the issue, to the House Committee on Education

and the Senate Committee on Education not later than sixty days prior to the beginning of the 2010 Regular Session of the Legislature.

BE IT FURTHER RESOLVED that the State Board of Elementary and Secondary Education, in the conduct of this 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 this school system 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 Louisiana School Boards Association.

(3) The Louisiana Federation of Teachers.

(4) The Louisiana Association of Educators.

(5) Associated Professional Educators of Louisiana.

(6) The office of the governor.

(7) The Department of Education.

(8) The division of administration.

(9) The Teachers' Retirement System of Louisiana.

(10) The Office of State Group Benefits.

(11) The Louisiana Association of Public Charter Schools.

(12) The author of House Concurrent Resolution No. 164.

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

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE