

2020 Regular Session

HOUSE BILL NO. 25

BY REPRESENTATIVE IVEY

RETIREMENT/STATE SYSTEMS: Provides relative to payment of initial unfunded accrued liabilities to the Teachers' Retirement System of Louisiana by the Legislature of Louisiana

1 AN ACT

2 To enact R.S. 17:23, relative to payment of certain unfunded accrued liability of the
3 Teachers' Retirement System of Louisiana; to require payment by the Legislature of
4 Louisiana; and to provide for related matters.

5 Notice of intention to introduce this Act has been published
6 as provided by Article X, Section 29(C) of the Constitution
7 of Louisiana.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 17:23 is hereby enacted to read as follows:

10 §23. Payments to the Teachers' Retirement System of Louisiana; general
11 appropriation

12 In the annual general appropriations bill, the Legislature of Louisiana shall
13 appropriate funds to the Teachers' Retirement System of Louisiana on behalf of all
14 employers receiving funds through the minimum foundation program formula. The
15 amount appropriated pursuant to this Subsection shall be sufficient to make the
16 mid-year amortization payment on the original amortization base schedule reflected
17 in the most recent system valuation adopted by the Public Retirement Systems
18 Actuarial Committee. The State Board of Elementary and Secondary Education shall

1 consider this appropriation when formulating the minimum foundation program
2 formula and make appropriate adjustments to the formula.

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)]

HB 25 Original

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Ivey

Abstract: Provides for payment of the initial unfunded accrued liability (IUAL) of the Teachers' Retirement System of La. (TRSL) by general appropriation by the Legislature of La.

Present law establishes the calculation for annual employer contribution rates for employers in the state retirement systems—of which TRSL is one. Part of the annual contribution is used to fund debt service on the IUAL amount.

Present constitution creates the minimum foundation program (MFP), which is designed to provide minimum education funding for public schools in the state. The MFP monies are used by school districts to cover education-related expenses, including salaries and retirement costs for the teachers and school employees in the district.

Proposed law requires the legislature to appropriate sufficient funds annually to cover the IUAL payment to TRSL through the general appropriations bill. Further requires the State Bd. of Elementary and Secondary Education to consider the appropriation when formulating the MFP formula and to make appropriate adjustments.

(Adds R.S. 17:23)