



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 466** HLS 25RS 1010
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: April 23, 2025	7:55 PM	Author: CARLSON
Dept./Agy.: Education		
Subject: Teacher pay increase		Analyst: Julie Silva

TEACHERS/SALARY

EG INCREASE GF EX See Note

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Requires school systems to provide a salary increase for teachers and other school employees using savings attributable to the state's payment of certain unfunded accrued liability of the Teachers' Retirement System of Louisiana

Requires school systems to provide a salary increase for teachers and other school employees using savings attributable to the state's payment of certain unfunded accrued liability of the Teachers' Retirement System of Louisiana. Proposed legislation is dependent on the adoption of the proposed constitutional amendment currently under consideration by the legislature as HB 473, which liquidates the balances of the Education Excellence Fund, the Louisiana Education Quality Trust Fund, and the Louisiana Quality Education Support Fund and transfers those balances to the Teacher's Retirement System of Louisiana (TRSL) for payment of the system's total unfunded accrued liability (IUAL/UAL).

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0	\$0				\$0

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

The estimated total cost to provide the pay raises included in proposed legislation is \$199.6 M (\$184.2 local funds and \$15.4 M SGF) in FY 28 and annualized in the following FYs. The pay down of a portion of the Teacher's Retirement System of Louisiana's (TRSL) unfunded accrued liability (UAL), if the constitutional amendment currently under consideration as HB 473 is approved, is estimated to decrease contribution payments to TRSL across all local elementary and secondary education school systems for employees in the K-12 plan by \$238.7 M. While the savings realized across all systems statewide exceeds the total estimated amount of the pay raises as provided in proposed legislation, due to the varying savings across school systems, some may realize more or less than the funding needed for their individual responsibility. LDOE estimates this would result in a total cost of \$184.2 M in local funds and \$15.4 M SGF. Any excess savings realized by local school systems are available for specific uses. Further explanation of how this funding is anticipated to impact local and SGF expenditures is outlined below and on page two of this note.

The proposed law is anticipated to impact SGF and local fund expenditures. Impacts to local funds will vary by school system and total impacts to SGF expenditures will be dependent on the ability of local school systems to fully fund supplemental payments using the savings realized as a result of the adoption of the proposed constitutional amendment currently under consideration by the legislature as HB 473. If adopted by the legislature, the proposed constitutional amendment will be voted on by the electorate at the statewide election scheduled for November 6, 2026. If approved, the treasurer is required to transfer the balances of the Louisiana Quality Education Trust Fund (Permanent Fund), the Louisiana Education Quality Support Fund (Support Fund), and the Education Excellence Fund (EEF) to the Teacher's Retirement System of Louisiana (TRSL) for payment to the system's unfunded accrued liability (UAL). Local school systems would then be required to apply the savings realized from the UAL paydown to provide pay increases for certificated and noncertificated public school employees beginning in the following (2027-2028) academic year. As provided in proposed legislation, "public school systems" means any city, parish, or other local public school board, charter school, or other elementary or secondary school governing authority that participates in TRSL. Eligibility for the increase will be limited to certificated and noncertificated personnel in positions that were eligible for the 2023-2024 and 2024-2025 stipends provided by the legislature.

Continued on Page Two

REVENUE EXPLANATION

Proposed legislation, in conjunction with proposed constitutional amendment, is anticipated to result in a net zero impact to local fund revenues.

Senate

☒ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

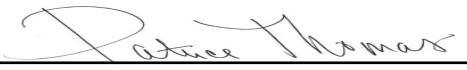
☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

Dual Referral Rules

House

☒ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



Patrice Thomas
Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

The FY 25 beginning balances of the Permanent Fund (\$1.45 B), the Support Fund (\$36 M), and the EEF (\$482 M) will result in a pay down of an estimated \$1.96 B of the total UAL. Local education agencies are expected to see a decrease in local fund expenditures resulting from the transfer of these fund balances to TRSL.

TRSL provided a \$325.4 M reduction to TRSL participant employer payroll contributions is expected based on the assumed impact of the additional \$1.96 B payment to the UAL balances. The agency only provided an estimate of the rate reduction decrease and was unable to project the total employer contribution rate in FY 28 as other factors, including investment performance, salary changes, and any other legislative appropriations to the UAL that may occur before the transfer of the three fund balances are unknown. The impact of the \$325.4 M reduction is assumed to be distributed proportionately; therefore, the employer contribution for the K-12 plan is projected to decrease by \$238.7 M, assumed to be a combination of Local Funds and distributions from the MFP.

Proposed law stipulates that the net savings of each school system be used to provide pay raises of at least \$2,000 for certificated personnel and at least \$1,000 for noncertificated personnel, plus any associated retirement costs, beginning with the 2027-2028 school year. If the amount of net savings realized by a school system is in excess of the amount needed to fully fund the salary increases in the amounts specified, plus any related benefits, the school system is permitted to spend such savings on only the following: 1) employing personnel that qualify for differentiated compensation allocations in critical shortage areas; 2) employing personnel for Summer enrichment programs pursuant to R.S. 17:401.11; 3) early childhood education as authorized by the Cecil J. Picard LA 4 Early Childhood Program, pursuant to R.S. 17:407.26; and 4) school security enhancements.


If the net savings realized by a school system is insufficient to fully fund the salary increases in the amounts specified, plus any related benefits, the remaining amount necessary to fully fund the increases shall be provided for in the MFP formula. La. Const. Art. 8, Sec. 13 mandates that BESE annually develop and adopt a formula used to determine the cost of, and equitably allocate the funding for, education in all public elementary and secondary schools. The legislature, prior to its approval of the formula, may return it to BESE and recommend changes for consideration by the board; however, it may not amend or alter the formula approved by BESE in any way. In order for the funding to be included in future MFP formulas, BESE is required to adopt a formula including such a provision and that formula must subsequently be approved by the legislature. Based on this, the LFO is unable to definitively state whether proposed legislation will impact future fiscal year SGF expenditures. **The amount of excess or deficiency realized by each school system depends on several variables and actual impacts will not be known until the time the funds named in HB 473 are fully liquidated, their balances transferred to TRSL, and the retirement contribution rate of TRSL is re-amortized.**

For informational purposes, the Louisiana Department of Education (LDOE) provides that based on current staffing data, the projected cost of pay raises for the city and parish school systems, state schools, lab schools, and charter schools participating in TRSL would be approximately \$184.2 M; the one state school (Office of Juvenile Justice) and all charter schools not participating in TRSL would cost approximately \$15.4 M.

Note: LDOE reports there may also be impacts to MFP expenditures due to the change in TRSL contribution rates effectuated by the proposed constitutional amendment (HB 473). A series of prior year pay raises, provided by the legislature, are included within the formula. These raises also include payments for applicable retirement costs, which should also realize an actuarial rate reduction. This would result in an estimated \$10 M reduction in MFP Level 4 costs.

Senate
☒ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
☒ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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