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## DIGEST

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Pearson

HB No. 37

**Abstract:** Provides for an annual direct transfer of minimum foundation program (MFP) funds from the Dept. of Education to the Teachers' Retirement System of Louisiana (TRSL) to pay the portion of the system's required annual initial unfunded accrued liability (IUAL) payment attributable to elementary and secondary education employers. Provides for distribution and use pursuant to present law for all remaining MFP funds.

Present law (R.S. 11:102) 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 paid to debt service on the IUAL amount.

Present constitution creates the minimum foundation program, 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 Dept. of Education to pay annually an amount sufficient to cover the portion of the IUAL payment owed by elementary and secondary employers in TRSL from the MFP monies before such monies are distributed to school boards.

Proposed law requires that TRSL annually determine what percent of the year's IUAL payment is attributable to elementary and secondary education employers and to invoice the Dept. of Education for that amount. Further requires the invoiced amount to be reviewed and approved by the Public Retirement Systems' Actuarial Committee (PRSAC) when the committee reviews and adopts an actuarial valuation for TRSL each year.

Under proposed law, the department shall transfer the required amount to the retirement system on behalf of all employers receiving formula funds. The department shall pay 12 equal monthly payments to satisfy the obligation created by proposed law.

Proposed law further requires that TRSL to calculate the balance of amounts due from contributing employers as a percentage of payroll. Requires such calculation to be reviewed and approved by PRSAC when the committee adopts a valuation for TRSL. Provides that participating employers remain obligated for the remainder of their required payments to TRSL.

Effective June 3, 2014.

(Adds R.S. 11:102.3)