

Regular Session, 2013

HOUSE BILL NO. 666

BY REPRESENTATIVE PEARSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

BESE: Requires certain payments from minimum foundation program formula funds to the Teachers Retirement System of Louisiana

1 AN ACT

2 To enact R.S. 17:23, relative to payment of certain unfunded accrued liability; to provide
3 relative calculation and distribution of minimum foundation program funds; to
4 provide relative to the powers and duties of the State Board of Elementary and
5 Secondary Education; to provide relative to the obligations of employers in the
6 retirement system; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

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

9 §23. Payments to the Teachers' Retirement System of Louisiana

10 A. The State Board of Elementary and Secondary Education shall allocate
11 annually from the minimum foundation program an amount sufficient to make the
12 annual payment to the Teachers' Retirement System of Louisiana, in this Section, the
13 "retirement system", as required by this Section on behalf of all employers receiving
14 funds through the minimum foundation program formula.

15 B. The retirement system shall annually invoice the department of education
16 for an amount equal to ninety percent of the cost of the mid-year amortization
17 payment on the Original Amortization Base schedule, reflected in the most recent
18 system valuation adopted by the Public Retirement Systems Actuarial Committee.

19 C. The department shall transfer the required amount to the retirement

1 system on behalf of all employers receiving formula funds. The amount to be paid
2 shall be divided into twelve equal payments and paid monthly.

3 D. Remaining funds appropriated for the minimum foundation program after
4 the payment required by this Section shall be distributed and used as otherwise
5 provided by law and the formula approved by the legislature.

6 E. Each employer that receives formula funds and that employs contributing
7 members of the retirement system shall be liable to the retirement system for the
8 balance of amounts due pursuant to RS 11:102.

9 Section 2. The provisions of this Act shall become effective on July 1, 2013.

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)]

Pearson

HB No. 666

Abstract: Provides for payment of the initial unfunded accrued liability (IUAL) of the Teachers' Retirement System of Louisiana (TRSL) by application of minimum foundation program (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 to fund 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 annually removes 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 TRSL to invoice the Dept. of Education each year for an amount sufficient to cover 90% of the IUAL payment for that 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 provides that employers in TRSL remain obligated for the remainder of their required payments to TRSL, including the normal cost payment for the present year's benefits and payments for post-1988 UAL.

Effective Jan. 1, 2013.

(Adds R.S. 17:23)