

Regular Session, 2014

HOUSE BILL NO. 89

BY REPRESENTATIVE MILLER

SCHOOLS/FINANCE: Provides relative to the payment of accrued liabilities of retirement systems and other retirement obligations from minimum foundation program funds allocated to charter schools

1 AN ACT

2 To amend and reenact R.S. 17:3995(A), relative to public funds for education; to provide  
3 relative to the amount of funds transferred to charter schools by school districts; to  
4 provide for definitions; to provide for calculations; 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. 17:3995(A) is hereby amended and reenacted to read as follows:

10 §3995. Charter school funding

11 A.(1) For the purpose of funding; a Type 1, 3, 3B, or 4 charter school the  
12 employees of which participate in the Teachers' Retirement System of Louisiana and  
13 the Louisiana School Employees' Retirement System ~~Type 1, Type 3, Type 3B, and~~  
14 ~~Type 4 charter school~~ shall be considered an approved public school of the local  
15 school board entering into the charter agreement and shall receive a per pupil amount  
16 each year from the local school board based on the October first membership count  
17 of the charter school. Type 1B and ~~Type 2~~ charter schools the employees of which  
18 participate in the Teachers' Retirement System of Louisiana and the Louisiana  
19 School Employees' Retirement System shall receive a per pupil amount each year

1 authorized by the state board each year as provided in the minimum foundation  
2 program approved formula. The per pupil amount provided to a such a Type 1, 1B,  
3 2, 3, 3B, or 4 charter school shall be computed annually and shall be equal to no less  
4 than the per pupil amount received by the school district in which the charter school  
5 is located from the following sources based on the district's October first  
6 membership count:

7 (a) The state-funded per pupil allocation received by the district pursuant to  
8 the most recent legislatively approved minimum foundation program formula  
9 resolution, including all levels.

10 (b)(i) Local revenues received during the prior year by the school district  
11 from the following sources:

12 (aa) Sales and use taxes, less any tax collection fee paid by the school  
13 district.

14 (bb) Ad valorem taxes, less any tax collection fee paid by the school district.

15 (cc) Earnings from sixteenth section lands owned by the school district.

16 (ii) For the purposes of this Subparagraph, local revenues shall exclude any  
17 portion which has been specifically dedicated by the legislature or by voter approval  
18 to capital outlay or debt service.

19 (iii) For the purposes of this Subparagraph, local revenues of the Orleans  
20 Parish School Board also shall exclude the amounts set forth in R.S.  
21 17:1990(C)(2)(a)(iii) until such provisions relative to the specified amounts expire.

22 (c) The provisions of this Paragraph permitting the calculation of the per  
23 pupil amount to be provided to a Type 1, 1B, 2, 3, 3B, or 4 charter school to exclude  
24 any portion of local revenues specifically dedicated by the legislature or by voter  
25 approval to capital outlay or debt service, shall be applicable only to a charter school  
26 housed in a facility or facilities provided by the district in which the charter school  
27 is located.

28 (2) For the purpose of funding, a Type 1, 3, 3B, or 4 charter school the  
29 employees of which do not participate in either the Teachers' Retirement System of

1        Louisiana or the Louisiana School Employees' Retirement System shall be  
2        considered an approved public school of the local school board entering into the  
3        charter agreement and shall receive a per pupil amount each year from the local  
4        school board based on the October first membership count of the charter school.  
5        Type 1B and 2 charter schools the employees of which do not participate in either  
6        the Teachers' Retirement System of Louisiana or the Louisiana School Employees'  
7        Retirement System shall receive each year a per pupil amount authorized each year  
8        by the state board as provided in the minimum foundation program approved  
9        formula. The per pupil amount provided to such a Type 1, 1B, 2, 3, 3B, or 4 charter  
10       school shall be computed annually from the following sources based on the district's  
11       October first membership count:

12                (a)(i) The state-funded per pupil allocation received by the district pursuant  
13                to the most recent legislatively approved minimum foundation program formula  
14                resolution, including all levels; however, this amount shall not include employer  
15                retirement costs. For the purposes of this Subparagraph, "employer retirement costs"  
16                means the per pupil cost of retirement expenses paid by the school district including  
17                the normal cost and unfunded accrued liability payments paid by the school district  
18                to the Teachers' Retirement System of Louisiana and the Louisiana School  
19                Employees' Retirement System as well as costs paid by the school district to cover  
20                health care or health insurance for retired teachers and school employees.

21                (ii) The per pupil employer normal cost shall be calculated by multiplying  
22                the salary amount of the employees of the school district who are members of the  
23                applicable state retirement system by the employer's normal cost rate for that system  
24                as contained in the most recently approved system valuation and then dividing the  
25                resulting figure by the district's October first membership count. The resulting  
26                amount shall be multiplied by the number of pupils in the applicable charter school,  
27                and the total resulting therefrom shall be retained by the school district.

28                (iii) The per pupil unfunded accrued liability cost shall be calculated by  
29                subtracting from the employer's contribution rate for the applicable system the

1        normal cost percentage for the applicable retirement system and multiplying the  
2        resulting figure by the salary amount of the employees of the school district who are  
3        members of such system. The resulting figure shall then be divided by the district's  
4        October first membership count. The resulting amount shall be multiplied by the  
5        number of pupils in the applicable charter school, and the total resulting therefrom  
6        shall be remitted directly to the applicable retirement system by the chartering  
7        authority.

8                (iv) The per pupil cost of providing healthcare or health insurance for retired  
9        teachers and school employees shall be calculated by summing the applicable costs  
10        and dividing the resulting figure by the district's October first membership count.  
11        The resulting amount shall be multiplied by the number of pupils in the applicable  
12        charter school, and the total resulting therefrom shall be retained by the school  
13        district.

14                (b)(i) Local revenues received during the prior year by the school district  
15        from the following sources:

16                (aa) Sales and use taxes, less any tax collection fee paid by the school  
17        district.

18                (bb) Ad valorem taxes, less any tax collection fee paid by the school district.

19                (cc) Earnings from sixteenth section lands owned by the school district.

20                (ii) For the purposes of this Subparagraph, local revenues shall exclude any  
21        portion which has been specifically dedicated by the legislature or by voter approval  
22        to capital outlay or debt service.

23                (iii) For the purposes of this Subparagraph, local revenues of the Orleans  
24        Parish School Board also shall exclude the amounts set forth in R.S.  
25        17:1990(C)(2)(a)(iii) until such provisions relative to the specified amounts expire.

26                (c) The provisions of this Paragraph permitting the calculation of the per  
27        pupil amount to be provided to a Type 1, 1B, 2, 3, 3B, or 4 charter school to exclude  
28        any portion of local revenues specifically dedicated by the legislature or by voter  
29        approval to capital outlay or debt service shall be applicable only to a charter school

1        housed in a facility or facilities provided by the district in which the charter school  
2        is located.

3                (3) For the purpose of funding, a Type 1, 3, 3B, or 4 charter school the  
4        employees of which participate in either the Teachers' Retirement System of  
5        Louisiana or the Louisiana School Employees' Retirement System, but not both  
6        systems shall be considered an approved public school of the local school board  
7        entering into the charter agreement and shall receive a per pupil amount each year  
8        from the local school board based on the October first membership count of the  
9        charter school. Type 1B and 2 charter schools the employees of which participate  
10       in either the Teachers' Retirement System of Louisiana or the Louisiana School  
11       Employees' Retirement System, but not both systems, shall receive each year a per  
12       pupil amount authorized each year by the state board as provided in the minimum  
13       foundation program approved formula. The per pupil amount provided to such a  
14       Type 1, 1B, 2, 3, 3B, or 4 charter school shall be computed annually from the  
15       following sources based on the district's October first membership count:

16                (a)(i) The state-funded per pupil allocation received by the district pursuant  
17        to the most recent legislatively approved minimum foundation program formula  
18        resolution, including all levels; however, this amount shall not include employer  
19        retirement costs. For the purposes of this Subparagraph, "employer retirement costs"  
20        means the cost per pupil of retirement expenses paid by the school district and  
21        includes the normal cost and unfunded accrued liability payments paid by the school  
22        district to the Teachers' Retirement System of Louisiana or the Louisiana School  
23        Employees' Retirement System as well as costs paid by the school district to cover  
24        health care or health insurance for retired teachers and school employees.

25                (ii) The per pupil employer normal cost shall be calculated by multiplying  
26        the salary amount of the employees of the school district who would have been  
27        members of the applicable state retirement system if they were employees of the  
28        school board but are not members of the system by the employer's normal cost rate  
29        for that system as contained in the most recently approved system valuation and then

1 dividing the resulting figure by the district's October first membership count. The  
2 resulting amount shall be multiplied by the number of pupils in the applicable charter  
3 school, and the total resulting therefrom shall be retained by the school district.

4 (iii) The per pupil unfunded accrued liability cost shall be calculated by  
5 subtracting from the employer's contribution rate for the system not being  
6 participated in by the charter school the normal cost percentage for the applicable  
7 retirement system not being participated in and multiplying the resulting figure by  
8 the salary amount of the employees of the school district who are members of such  
9 system. The resulting figure shall then be divided by the district's October first  
10 membership count. The resulting amount shall be multiplied by the number of pupils  
11 in the applicable charter school, and the total resulting therefrom shall be remitted  
12 directly to the applicable system by the chartering authority.

13 (iv) The per pupil cost of providing healthcare or health insurance for retired  
14 teachers and school employees shall be calculated by summing the applicable costs  
15 and dividing the resulting figure by the district's October first membership count.  
16 The resulting amount shall be multiplied by the number of pupils in the applicable  
17 charter school, and the total resulting therefrom shall be retained by the school  
18 district.

19 (b)(i) Local revenues received during the prior year by the school district  
20 from the following sources:

21 (aa) Sales and use taxes, less any tax collection fee paid by the school  
22 district.

23 (bb) Ad valorem taxes, less any tax collection fee paid by the school district.

24 (cc) Earnings from sixteenth section lands owned by the school district.

25 (ii) For the purposes of this Subparagraph, local revenues shall exclude any  
26 portion which has been specifically dedicated by the legislature or by voter approval  
27 to capital outlay or debt service.

1            (iii) For the purposes of this Subparagraph, local revenues of the Orleans  
2            Parish School Board also shall exclude the amounts set forth in R.S.  
3            17:1990(C)(2)(a)(iii) until such provisions relative to the specified amounts expire.

4            (c) The provisions of this Paragraph permitting the calculation of the per  
5            pupil amount to be provided to a Type 1, 1B, 2, 3, 3B, or 4 charter school to exclude  
6            any portion of local revenues specifically dedicated by the legislature or by voter  
7            approval to capital outlay or debt service shall be applicable only to a charter school  
8            housed in a facility or facilities provided by the district in which the charter school  
9            is located.

10           (4)(a) Initial allocation of the per pupil amount required in Paragraph (1)  
11           Paragraphs (1), (2), and (3) of this Subsection shall be based on estimates provided  
12           by the state Department of Education using the most recent projected prior year local  
13           revenue data and projected pupil counts available. Allocations shall be adjusted  
14           during the year to reflect actual pupil counts and actual prior year local revenue  
15           collections.

16           (b) In order to provide for adjustments in allocations made to Type 2 charter  
17           schools as a result of changes in enrollment, the State Board of Elementary and  
18           Secondary Education may provide annually for a February fifteenth pupil  
19           membership count to reflect any changes in pupil enrollment that may occur after  
20           October first of each year. Any allocation adjustment made pursuant to this  
21           Subparagraph shall not be retroactive and shall be applicable for the period from  
22           March first through the end of the school year. The provisions of this Subparagraph  
23           relative to an allocation adjustment shall not be applicable to any Type 2 charter  
24           school that has had an increase or decrease in student enrollment of five percent or  
25           less in any school year for which the February fifteenth membership count occurs.

26           ~~(3)~~ (5) Notwithstanding Paragraph (1) of this Subsection, a district with one  
27           or more Type 3B charter schools shall distribute minimum foundation program  
28           formula funds to each Type 1, 3, 3B, and 4 charter school using the weighted  
29           allocations provided for in the most recently adopted minimum foundation program

1 formula, except that any school board in a parish that contains a municipality with  
 2 a population of three hundred thousand or more persons according to the latest  
 3 federal decennial census shall use the allocation method provided for in this  
 4 Paragraph no earlier than the 2018-2019 fiscal year for all Type 1 and 3 charter  
 5 schools authorized by the school board and in operation prior to the 2013-2014  
 6 school year. Until that time, those schools shall be funded as provided in Paragraph  
 7 (1) of this Subsection. For all other Type 1, 3, and 4 charter schools in such a parish,  
 8 the school board may request the use of a differentiated distribution methodology to  
 9 be approved by the state Department of Education prior to implementation.

10 ~~(4)~~ (6)(a)(i) The state board, a local school board, and a local charter  
 11 authorizer may annually charge each charter school they authorize a fee in an amount  
 12 equal to two percent of the total per pupil amount as defined by this Subsection that  
 13 is received by a charter school for administrative overhead costs incurred by the  
 14 chartering authority for considering the charter application and any amendment  
 15 thereto, providing monitoring and oversight of the school, collecting and analyzing  
 16 data of the school, and for reporting on school performance. Such fee amount shall  
 17 be withheld from the per pupil amount in monthly increments and shall not be  
 18 applicable to any federal money or grants received by the charter school.  
 19 Administrative overhead costs shall not include any cost incurred by the chartering  
 20 authority to provide purchased services to the charter school. As provided by  
 21 Subparagraph (b) of this Paragraph, a chartering authority or the Recovery School  
 22 District, if applicable, may provide other services for a charter school and charge the  
 23 actual cost of providing such services, but no such arrangement shall be required as  
 24 a condition for authorizing the charter school.

25 (ii) The state Department of Education may withhold and retain from state  
 26 funds otherwise allocated to a local public school system through the minimum  
 27 foundation program formula an amount equal to one quarter of one percent of the fee  
 28 amount charged to a Type 3B charter school pursuant to Item (i) of this

1 Subparagraph for administrative costs incurred by the department for providing  
2 financial oversight and monitoring of such charter schools.

3 (b) A charter school may contract with the chartering authority, or with the  
4 Recovery School District for a Type 5 charter school, for the direct purchase of  
5 specific services in addition to those included in administrative overhead costs,  
6 including but not limited to food services, special education services, transportation  
7 services, custodial and maintenance services, media services, technology services,  
8 library services, health services, and health benefits for active and retired employees.  
9 Such services shall be provided to the charter school at the actual costs incurred by  
10 the chartering authority or the Recovery School District as applicable. The amount  
11 paid by a charter school for such purchased services shall be in accordance with a  
12 written agreement entered into for this purpose by the charter school and the  
13 chartering authority or the Recovery School District as applicable. Such agreement  
14 shall be negotiated and executed prior to the beginning of each school year. Absent  
15 such an agreement as provided by this Subparagraph, the chartering authority or, if  
16 applicable, the Recovery School District shall have no authority to withhold from the  
17 charter school any funds relative to providing such services.

18 (c) At least thirty days prior to the beginning of each fiscal year, each charter  
19 school shall be provided by its chartering authority with a projected budget detailing  
20 anticipated administrative overhead costs and planned uses for fees charged for such  
21 costs. By not later than ninety days following the end of each fiscal year, each  
22 charter school shall be provided by its chartering authority an itemized accounting  
23 of all administrative overhead costs. Additionally, by not later than ninety days  
24 following the end of each fiscal year, each charter school shall be provided by its  
25 chartering authority or the Recovery School District, if applicable, an itemized  
26 accounting of the actual cost of each purchased service provided to the charter  
27 school.

28 ~~(5)~~ (7) Within fifteen days of the receipt of any state, local, or other funding  
29 to which the charter school is entitled or which came as a result of students enrolled

1 in the charter school, the chartering authority shall ensure that those funds are  
2 available for use by such charter schools.

3 ~~(6)~~ (8)(a) A Type 2 school that participates in a state retirement system  
4 which has been renewed as provided in R.S. 17:3992(A) annually shall be funded in  
5 the full amount calculated as provided for in Paragraph (1) of this Subsection, as  
6 applicable. Such full funding shall be provided as a priority prior to the allocation  
7 of state funding to any other charter school funded by the state.

8 (b) The full funding required in this Subsection shall include in any  
9 calculation all pupils enrolled pursuant to any authority of a renewed Type 2 charter  
10 to increase the enrollment of such school whether caused by increasing the number  
11 of pupils in authorized grades or by adding sequential grades pursuant to the school's  
12 charter or other authority granted by the state board.

13 \* \* \*

14 Section 2. The Louisiana State Law Institute shall redesignate any citations in the  
15 law affected by the renumbering by this Act of Paragraphs in R.S. 17:3995(A), including  
16 changing the citation to "R.S. 17:3995(A)(2)" in R.S. 39:75(C)(1)(c) to "R.S. 17:3995(A)(3)"  
17 and the citation to "R.S. 17:3995(A)(6)" in R.S. 17:3992(A)(3) to "R.S. 17:3995(A)(8)".

18 Section 3. This Act shall become effective on July 1, 2014; if vetoed by the governor  
19 and subsequently approved by the legislature, this Act shall become effective on July 1,  
20 2014, or on the day following such approval by the legislature, whichever is later.

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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)]

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Miller HB No. 89

**Abstract:** Provides for calculation and distribution of certain public funds for charter schools.

Present law (R.S. 17:3995) provides generally for the funding of charter schools.

Present law provides for two sources of funding for charter schools: (1) the state-funded per pupil allocation the school district receives from the minimum foundation program (MFP) and (2) certain local revenues generated for supporting education. Proposed law retains present law relative to local revenues. Proposed law modifies present law relative to the

state-funded portion of charter school funds. Under present law a charter school is entitled to receive, per pupil enrolled, an amount not less than the full state-funded amount per pupil the district receives. Proposed law removes "employer retirement costs" from the state-funded portion the charter school is entitled to receive per pupil. Proposed law further defines "employer retirement costs" as the cost per pupil of retirement expenses paid by the school district and includes the normal cost and unfunded accrued liability costs paid by the district to the Teachers' Retirement System of La. (TRSL) and the La. School Employees' Retirement System (LSERS), as well as costs paid by the district to cover health insurance and health care for retired teachers and school employees.

Proposed law establishes a calculation for determining the "employer retirement cost" as applicable to each charter school and retirement system involved. The sum of the calculation is the amount subtracted from the state-funded portion of the charter school monies.

Effective July 1, 2014.

(Amends R.S. 17:3995(A))