

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 555** HLS 16RS 941

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 16, 2016 10:57 AM	Author: MILLER, G.
Dept./Agy.: Education	Analyst: Jodi Mauroner
Subject: Charter School Funding	

SCHOOLS/FINANCE-MFP OR INCREASE SG RV See Note Page 1 of 1
Provides relative to the payment of unfunded accrued liabilities of the Teachers' Retirement System of La. from minimum foundation program funds allocated to charter schools

Proposed legislation defines charter schools which makes employer contributions to the Teachers' Retirement System of Louisiana (TRSL) as "participating" and those that do not make contributions as "non-participating". Requires TRSL to calculate the total contribution toward the unfunded accrued liability (UAL) made by participating schools and each public school district for the "UAL Contribution". The "Base MFP" is calculated using the unweighted MFP per pupil amount inclusive of Level 1 and 2. TRSL shall calculate a "UAL Percentage" by dividing the UAL Contribution by the MFP Base and shall submit such to the Department of Education (DOE). DOE shall use the UAL Percentage to calculate a contribution amount for all non-participating schools, withhold that amount from the MFP funds that would otherwise be distributed through the MFP and remit those funds to TRSL which shall apply the funds to its oldest outstanding unfunded accrued liability. Applies only to those schools not participating at the end of the fiscal year upon which calculations are based and new charters approved after July 1, 2016. Effective upon governor's signature.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	SEE BELOW					
Ded./Other	SEE BELOW					
Federal Funds	SEE BELOW					
Local Funds	SEE BELOW					
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There will be no change to the MFP level of funding as a result of this legislation, however, there will be a reduction in the distribution of funds to those charter schools approved after July 1, 2016 which do not participate in the TRSL. Funds would instead be transferred to the Teachers' Retirement System for payment on the oldest outstanding unfunded accrued liability (UAL). This could lead to a reduction in future contributions for all TRSL participants to the extent shared UAL costs decrease. The expenditure reductions reflected in all means of finance is due to the fact that agencies use all revenue sources to pay these costs.

There are currently 143 authorized charters; 40 are active participants in the TRSL and would not be impacted by this legislation. There are 103 charters that do not participate in TRSL but would not be impacted by this legislation as they were authorized prior to July 1, 2016. This includes 8 schools which previously participated but have indicated they wish to withdraw from TRSL. Note: Per an Attorney General Opinion (11-0257) from March 2012, LA R.S. 17:3997 in conjunction with LA Const. Art X Sec 29(A) does not allow for charter schools to modify their teacher retirement plan during their charter contract. However, these schools have stopped remitting payments to TRSL.

REVENUE EXPLANATION

There will be an increase in the amount funds paid to TRSL for the purpose of reducing the unfunded accrued liability which could lead to a reduction in future contributions to the extent shared UAL costs decrease.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

Evan Brasseaux

Evan Brasseaux
Staff Director