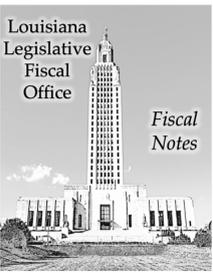


**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **HB 473** HLS 25RS 620  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 9, 2025	2:06 PM	<b>Author:</b> EMERSON
<b>Dept./Agy.:</b> TRSL		
<b>Subject:</b> Eliminates education funds for payment of TRSL UAL		<b>Analyst:</b> Julie Silva

FUNDS/FUNDING REF DECREASE SD RV See Note Page 1 of 2

(Constitutional Amendment) Provides relative to the application of state monies to the unfunded accrued liability of the Teachers' Retirement System of La.

Proposed amendment retains TOPS MSA payment and splits investment earnings of the Millennium Trust equally between the TOPS Fund and Health Excellence Fund after applying an inflationary factor. Proposed amendment liquidates the Education Excellence Fund, Louisiana Education Quality Trust Fund (Permanent Fund), and the Louisiana Quality Education Support Fund (Support Fund) sending the balance to Teachers Retirement System of Louisiana to apply to it oldest amortized unfunded accrued liability (UAL) base. Requires local public school systems to provide a teacher pay raise with savings realized from payment of those retirement system liabilities at a rate of \$2,250 for certificated personnel and at least \$1,225 for noncertificated personnel, as provided by law. Requires additional SGF expenditures for the Minimum Foundation Program relative to such pay raises and directs BESE to submit the total amount of the required adjustment to MFP funding to the legislature for inclusion in the FY 27 general appropriation bill no later than 5/15/26. To be submitted to the electors at the statewide election to be held on 4/18/26.

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

**Annual Total**

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>

**Annual Total**

**EXPENDITURE EXPLANATION**

Proposed legislation dissolves the Louisiana Education Quality Trust Fund (Permanent Fund), the Louisiana Quality Education Support Fund (Support Fund), and the Education Excellence Fund (EEF), and transfers the balances to the amortization base of the Teachers' Retirement System of Louisiana (TRSL). The beginning FY 25 balances in the three funds totaled nearly \$2 B (Permanent Fund - \$1.45 B; Support Fund - \$36.2 M; and EEF - \$482 M)

The elimination of these trust funds as constitutionally protected revenue sources is expected to result in an increase in local fund expenditures to supplant allocations made to educational entities from these funds. While entities with employees enrolled in TRSL will also realize some cost savings, estimated to be \$236.2 M for the K-12 plan, actual impacts will not be known until the time the funds are fully liquidated, their balances transferred to TRSL, and the retirement contribution rate of TRSL is re-amortized. The LFO cannot quantify the net gain or loss any individual system may realize. The proposed constitutional amendment removes these dedicated funding streams and transfers the remaining balances of the funds to the TRSL for the purpose of paying down a portion of its unfunded accrued liability (UAL).

Concerning monies in the Education Excellent Fund, the Department of Treasury is directed to work with the Department of Education (LDOE) to determine the amounts held to the credit of a political subdivision or school and transfer that amount to the Overcollections Fund, where LDOE will be permitted to draw down money without an appropriation through the end of FY 27. Similarly, monies held in the Permanent Fund and the Support Fund that are held to the credit of the Board of Elementary and Secondary Education (BESE) and the Board of Regents (BoR) are to be transferred to the Overcollections Fund, however expenditures will require an appropriation. Transfer of the remaining balances of all three funds to TRSL is to be completed no later than 5/31/26.

**Continued on Page Two**

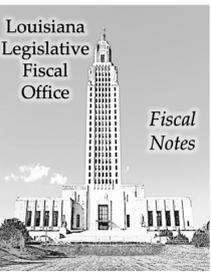
**REVENUE EXPLANATION**

The combined revenue generated from investments and royalties for the three education funds in FY 24 was approximately \$68 M. This recurring source of funding would no longer be available for future appropriation after the funds' dissolution.

Revenues to the TOPS Fund and the Health Excellence Fund are expected to increase as, upon dissolution of the EEF, interest earnings on the Millenium Trust Fund will be deposited evenly between them.

- |  |                            |  |
|--|----------------------------|--|
| <u>Senate</u>  | <u>Dual Referral Rules</u> | <u>House</u>   |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} |                            | <input checked="" 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} |

  
**Patrice Thomas**  
**Deputy Fiscal Officer**



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**CONTINUED EXPLANATION from page one:**

Proposed law stipulates that the net savings of each school system be used to provide pay raises of at least \$2,250 for certificated personnel and at least \$1,125 for noncertificated personnel, plus any associated retirement costs, beginning with the 2026-2027 school year. Proposed legislation further requires LDOE to calculate and submit to the legislature: (1) the cost to fully fund the permanent salary increase and related benefits, if the net savings realized by a school system are insufficient to do so and (2) the total amount needed to provide a permanent salary increase and related benefits for public school system personnel whose employers do not participate in TRSL. This amount is then directed to be included within the general appropriations bill or, if it is included in the MFP formula adopted by BESE and subsequently approved by the legislature, be appropriated through the MFP funding formula.

The Secretary of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the fall statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the April 18, 2026, statewide election. Any expenditure impact would be realized in FY 26.

**Senate**      Dual Referral Rules

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}

  
**Patrice Thomas**  
**Deputy Fiscal Officer**