

2018 Regular Session

HOUSE RESOLUTION NO. 224

BY REPRESENTATIVE PEARSON

RETIREMENT/CONTRIBUTIONS: Directs BESE to explain how the MFP is calculated to fund the unfunded accrued liability of state retirement systems

1 A RESOLUTION

2 To authorize and direct the State Board of Elementary and Secondary Education to explain  
3 how the minimum foundation program formula is calculated to ensure funding of the  
4 unfunded accrued liability of state retirement systems.

5 WHEREAS, the Constitution of Louisiana, Article VIII, Section 13(B), requires that  
6 the State Board of Elementary and Secondary Education (BESE) annually develop and adopt  
7 a formula which shall be used to determine the cost of a minimum foundation program  
8 (MFP) of education in all public elementary and secondary schools as well as to equitably  
9 allocate the funds to parish and city school systems; and

10 WHEREAS, BESE has set up an MFP formula to determine the minimum cost of  
11 education based on the education needs of each student, and the MFP formula determines  
12 a per pupil amount that is distributed as a block grant to all public schools, including charter  
13 schools; and

14 WHEREAS, the MFP formula does not explicitly take into consideration whether a  
15 school participates in the Teachers' Retirement System of Louisiana or the Louisiana School  
16 Employees' Retirement System; and

17 WHEREAS, the Constitution of Louisiana, Article X, Section 29(A), provides that  
18 the state shall guarantee retirement benefits payable to teachers and other employees of the  
19 public educational system; and

20 WHEREAS, the Constitution of Louisiana, Article X, Section 29(E)(1), requires that  
21 the actuarial soundness of state and statewide retirement systems shall be attained and

1 maintained, and the legislature shall establish the particular method of actuarial valuation  
2 employed by the systems; and

3 WHEREAS, the Constitution of Louisiana, Article X, Section 29(E)(2)(c), requires  
4 that the legislature provide for the amortization of the unfunded accrued liability of the state  
5 retirement systems existing as of June 30, 1988; and

6 WHEREAS, the unfunded accrued liability existing as of June 30, 1988, is a legacy  
7 cost referred to as the initial unfunded accrued liability (IUAL); and

8 WHEREAS, in *East Baton Rouge Parish School Board, et al v. Louisiana School*  
9 *Employees' Retirement System*, the First Circuit Court of Appeal found that the requirement  
10 that the legislature appropriate funds for employer contributions payable to the state  
11 retirement systems is satisfied where the legislature appropriates funding to the school  
12 boards through the MFP block grant, so funding the normal cost or UAL payment as a  
13 separate line item is not required; and

14 WHEREAS, the UAL payments attributable to public kindergarten through twelfth  
15 grade employers and owed to the Teachers' Retirement System of Louisiana and the  
16 Louisiana School Employees' Retirement System are funded with MFP money; and

17 WHEREAS, some charter schools, although recipients of MFP block-grant money,  
18 do not participate in the Teachers' Retirement System of Louisiana or the Louisiana School  
19 Employees' Retirement System.

20 THEREFORE, BE IT RESOLVED that the House of Representatives of the  
21 Legislature of Louisiana does hereby authorize and direct the State Board of Elementary and  
22 Secondary Education to submit to the House of Representatives an explanation of how the  
23 MFP formula is designed to fulfill the legislature's obligation to fund the unfunded accrued  
24 liability of the state retirement systems as well as the legacy cost of the state retirement  
25 systems otherwise referred to as the IUAL.

26 BE IT FURTHER RESOLVED that the Teachers' Retirement System of Louisiana  
27 and the Louisiana School Employees' Retirement System are directed to provide any  
28 calculations of unfunded accrued liability attributable to either system as may be requested  
29 by the State Board of Elementary and Secondary Education.

1 BE IT FURTHER RESOLVED that a suitable copy of this Resolution be forwarded  
2 to the State Board of Elementary and Secondary Education, the Teachers' Retirement System  
3 of Louisiana and the Louisiana School Employees' Retirement System.

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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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HR 224 Original

2018 Regular Session

Pearson

Directs the State Bd. of Elementary and Secondary Education to explain how the MFP formula is designed to fulfill the legislature's obligation to fund the unfunded accrued liability of state retirement systems.