
DIGEST

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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)