

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 147** SLS 16RS 380
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 11, 2016 9:21 AM	Author: GATTI
Dept./Agy.: Education	Analyst: Jodi Mauroner
Subject: Charter School Funding	

SCHOOLS OR INCREASE SG RV See Note Page 1 of 1
 Provides for charter schools to pay a proportionate share of the local school district's of Teachers' Retirement System UAL payment. (6/30/16)

Proposed legislation is intended to facilitate the application of funds to the unfunded accrued liability (UAL). Requires TRSL to calculate the total contribution toward the unfunded accrued liability (UAL) made by 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 Proportion" by dividing the UAL Contribution by the MFP Base and shall submit such to the Department of Education (DOE). DOE shall withhold the "UAL Proportion" from the MFP funds that would otherwise be distributed to charter schools through the MFP and remit those funds to TRSL which shall apply the funds in the same manner as all other employer contributions.

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

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 charter schools. Funds would instead be transferred to the Teachers' Retirement System for payment to UAL costs. 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 utilize all revenue sources to pay TRSL costs.

REVENUE EXPLANATION

There will be an increase in the amount funds received by TRSL for the purpose of funding the UAL as a result of the reallocation of MFP charter school funds.

There are currently 143 authorized charters; 40 are active participants in TRSL and already remit employer contributions to the system. Presumably, these schools would not be impacted by this legislation. There are 103 charters that do not participate in TRSL and would be impacted by this legislation. 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.

For Illustrative Purposes: TRSL reports that in 2015 the total aggregate contribution to the UAL by public K-12 schools (including participating charters and lab schools) was \$754.9 M. The aggregate total of the state portion of MFP Level 1 and 2 (unweighted) in FY 2015 was \$3,143.2 B. The UAL Proportion would equate to 24% (\$754.9 / \$3,143.2). Based on the FY 16 MFP enrollments and per pupil allocations, approximately \$34.5 M would be withheld from non participating charter schools and remitted to TRSL to apply to the UAL. However, charter schools may enroll students from districts and parishes other than the one in which the school is located. The 2016 MFP does not include a district level breakdown for the student attendance at each charter school (formerly Table 8), so for the purpose of this calculation, the LFO assumes all students enrolled in the school are from the district in which the school is located. To the extent a charter school's enrollment is comprised of students from multiple parishes and differing per pupil amounts are used to calculate the total base MFP allocation for the school, this amount could be more or less.

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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} | |

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