

2019 Regular Session

HOUSE BILL NO. 19

BY REPRESENTATIVE PEARSON

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RETIREMENT/TEACHERS: Requires certain payments from minimum foundation program formula funds to the Teachers' Retirement System of Louisiana

1 AN ACT

2 To enact R.S. 17:23, relative to payment of certain unfunded accrued liability of the
3 Teachers' Retirement System of Louisiana; to provide relative calculation and
4 distribution of minimum foundation program funds; to provide relative to the powers
5 and duties of the State Board of Elementary and Secondary Education; to provide
6 relative to the obligations of employers in the retirement system; and to provide for
7 related matters.

8 Notice of intention to introduce this Act has been published
9 as provided by Article X, Section 29(C) of the Constitution
10 of Louisiana.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 17:23 is hereby enacted to read as follows:

13 §23. Payments to the Teachers' Retirement System of Louisiana

14 A. The State Board of Elementary and Secondary Education shall allocate
15 annually from the minimum foundation program an amount sufficient to make the
16 annual payment to the Teachers' Retirement System of Louisiana, in this Section, the
17 "retirement system", as required by this Section on behalf of all employers receiving
18 funds through the minimum foundation program formula.

19 B. The retirement system shall annually invoice the department of education
20 for an amount equal to ninety percent of the cost of the mid-year amortization

1 payment on the original amortization base schedule reflected in the most recent
2 system valuation adopted by the Public Retirement Systems Actuarial Committee.

3 C. The department shall transfer the required amount to the retirement
4 system on behalf of all employers receiving formula funds. The amount to be paid
5 shall be divided into twelve equal payments and paid monthly.

6 D. Remaining funds appropriated for the minimum foundation program after
7 the payment required by this Section shall be distributed and used as otherwise
8 provided by law.

9 E. Each employer that receives formula funds and that employs contributing
10 members of the retirement system shall be liable to the retirement system for the
11 balance of amounts due pursuant to RS 11:102, including balance of original
12 amortization base payments.

13 Section 2. The provisions of this Act shall become effective on July 1, 2019.

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)]

HB 19 Original

2019 Regular Session

Pearson

Abstract: Provides for payment of the initial unfunded accrued liability (IUAL) of the Teachers' Retirement System of La. (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 is 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, 2019.

(Adds R.S. 17:23)