

2018 Regular Session

SENATE RESOLUTION NO. 248

BY SENATOR MORRISH

BESE. Requests the State Board of Elementary and Secondary Education to explain how the minimum foundation program is calculated to ensure funding of the unfunded accrued liability.

1 A RESOLUTION

2 To urge and request and direct the State Board of Elementary and Secondary Education to
3 explain how the minimum foundation program formula is calculated to ensure
4 funding of the 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

1 public educational system; and

2 WHEREAS, the Constitution of Louisiana, Article X, Section 29(E)(1), requires that
3 the actuarial soundness of state and statewide retirement systems shall be attained and
4 maintained, and the legislature shall establish the particular method of actuarial valuation
5 employed by the systems; and

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

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

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

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

20 WHEREAS, some charter schools, although recipients of MFP block grant money,
21 do not participate in the Teachers' Retirement System of Louisiana or the Louisiana School
22 Employees' Retirement System.

23 THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana
24 does hereby urge and request the State Board of Elementary and Secondary Education to
25 submit to the senate an explanation of how the MFP formula is designed to fulfill the
26 legislature's obligation to fund the unfunded accrued liability of the state retirement systems
27 as well as the legacy cost of the state retirement systems otherwise referred to as the IUAL.

28 BE IT FURTHER RESOLVED that the Teachers' Retirement System of Louisiana
29 and the Louisiana School Employees' Retirement System are directed to provide any
30 calculations of unfunded accrued liability attributable to either system as may be requested

1 by the State Board of Elementary and Secondary Education.

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

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Nancy Vicknair.

SR 248 Original

DIGEST
2018 Regular Session

Morrish

Requests 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.