

SENATE RESOLUTION NO. 248

BY SENATOR MORRISH

A RESOLUTION

To urge and request the State Board of Elementary and Secondary Education to explain how the minimum foundation program formula is calculated to ensure funding of the unfunded accrued liability of state retirement systems.

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

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

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

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

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

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

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

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

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

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

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

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

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

---

PRESIDENT OF THE SENATE