

2016 Regular Session

HOUSE BILL NO. 555

BY REPRESENTATIVE GREGORY MILLER

SCHOOLS/FINANCE-MFP: Provides relative to the payment of unfunded accrued liabilities of the Teachers' Retirement System of La. from minimum foundation program funds allocated to charter schools

1 AN ACT

2 To enact R.S. 17:3995(K), relative to funding for charter schools; to provide relative to the  
3 calculation and distribution of minimum foundation program funds; to provide with  
4 respect to the amount of state funds distributed to charter schools; to provide relative  
5 to the payment of certain liabilities of the Teachers' Retirement System of Louisiana;  
6 to provide relative to the powers and duties of the Department of Education; and to  
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 17:3995(K) is hereby enacted to read as follows:

10 §3995. Charter school funding

11 \* \* \*

12 K.(1) For the purposes of this Subsection, the following terms shall have the  
13 following meanings unless another meaning is clearly required by context:

14 (a) "Non-participating school" shall mean a charter school that does not  
15 make employer contributions to the system.

16 (b) "Participating school" shall mean a charter school that makes employer  
17 contributions to the system.

18 (c) "System" shall mean the Teachers' Retirement System of Louisiana.

1           (2) Between July first and July fifteenth of each year the system shall  
2           calculate the total aggregate contribution toward the unfunded accrued liability made  
3           by each participating school and each public school district in the state in the  
4           preceding fiscal year, which shall be referred to as the "UAL Contribution".

5           (3) On or before July fifteenth of each year, each public school district shall  
6           submit to the system a calculation of the aggregate total of the state portion of the  
7           minimum foundation program funds base per pupil amount, inclusive of Level 1 and  
8           Level 2, but not to include any weighted funding, received by the district from the  
9           state in the preceding fiscal year, which shall be referred to as the "Base MFP".

10           (4) For each public school district, the system shall divide the UAL  
11           Contribution by the district's Base MFP and multiply the resulting quotient by one  
12           hundred, which result shall be referred to as the district's "UAL Percentage".

13           (5) The system shall transmit to the Louisiana Department of Education, by  
14           August first of each year, the UAL Percentage attributable to each public school  
15           district.

16           (6)(a) The Louisiana Department of Education shall multiply each public  
17           school district's UAL Percentage by the amount of funding that would otherwise be  
18           provided to all non-participating schools in such public school district, inclusive of  
19           Level 1 and Level 2, but not to include any weighted funding, and withhold the  
20           resulting amount.

21           (b) For charter schools that have no physical location, the department shall  
22           use the UAL Percentage of the public school district which is the home for the  
23           highest number of students enrolled in the charter school.

24           (7) The aggregate dollar amount withheld from each charter school shall be  
25           transmitted to the system at the same time as the remainder of the minimum  
26           foundation program funds is transmitted to each charter school.

27           (8) The system shall apply the funding received in accordance with this  
28           Subsection directly to its oldest outstanding unfunded accrued liability.

1           (9) The provisions of this Subsection requiring withholding of minimum  
2           foundation program funds shall not apply to the following:

3           (a) Any charter school that is a participating school on the June thirtieth  
4           immediately preceding submission of UAL Contribution amounts.

5           (b) Any charter school whose charter proposal is approved prior to July 1,  
6           2016.

7           Section 2. This Act shall become effective upon signature by the governor or, if not  
8 signed by the governor, upon expiration of the time for bills to become law without signature  
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
11 effective on the day following such approval.

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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)]

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HB 555 Original

2016 Regular Session

Gregory Miller

**Abstract:** Establishes a calculation for withholding certain minimum foundation program (MFP) funds from charter schools and remitting the withheld amount to the Teachers' Retirement System of La. (TRSL) for application to the oldest system Unfunded Accrued Liability (UAL).

Present law generally authorizes charter schools to receive the same amount of MFP funds as traditional schools in the same district.

Proposed law, relative to charter schools that *do not* participate in TRSL, requires certain amounts to be withheld from the MFP funds that would otherwise be sent to such schools. Requires TRSL to calculate a percentage based on the total UAL contribution from the prior year and each public school district's base MFP amount (inclusive of level 1 and level 2 funds, but not inclusive of weighted funds). The unique percentage calculated for each district is to be submitted to the Dept. of Education, who shall then use the percentage to calculate the amount to be withheld from each non-participating charter school in the district. Requires the retained amount to be remitted to TRSL for application to the oldest system UAL.

Proposed law requiring withholding of MFP funds applies only to the following:

- (1) Any charter school that was not participating in TRSL at the end of the fiscal year upon which calculations are based.
- (2) Any new charter school whose charter proposal is approved after July 1, 2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 17:3995(K))