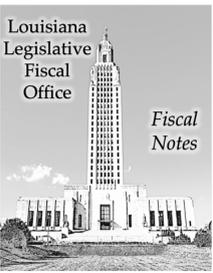


LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 71** SLS 25RS 91
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2025	7:56 PM	Author: FOIL
Dept./Agy.: Education		
Subject: Charter School Start-Up and Expansion Loan Fund		Analyst: Julie Silva

FUNDS/FUNDING EG SEE FISC NOTE SD EX Page 1 of 1

Provides relative to the administration of the Louisiana Charter School Start-Up Loan Fund and expands the authorized uses of the fund. (gov sig)

Proposed legislation renames the Charter School Start-Up Loan Fund to the Charter School Start-Up and Expansion Loan Fund and adds expansion costs for existing charter school operations and facilities as an authorized use. Removes the requirement that any loans be issued as no-interest loans and authorizes the Board of Elementary and Secondary Education to be reimbursed using the fund for any costs incurred through its administration of the fund. Directs BESE to adopt certain requirements through the rule-making process concerning eligibility, application and processing, security and collateral provisions, terms of loan agreements, and definitions of eligible costs, among other items. Removes the requirement that the Louisiana Department of Education reduce state payments to eligible charter schools for loan repayment, but authorizes this as an available repayment option. Requires the annual financial statements of eligible charter schools receiving loans to be accompanied by a supplemental schedule and directs the legislative auditor to develop such a schedule including but not limited to specific information as enumerated in proposed legislation. Effective upon the governor's signature.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					

Annual Total

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

Proposed legislation expands the allowable uses of the Louisiana Charter School Start-Up Loan Fund (renamed the Louisiana Charter School Start-Up and Expansion Loan Fund) to include the issuance of loans for existing charter school operations and facilities. Expanding the allowable uses of loans from the fund is expected to increase actual utilization, which may result in the fund balance being depleted more quickly; however, all loan payments, including interest, are to be deposited back into the fund for future loans. The Board of Elementary and Secondary Education (BESE) is directed to set the conditions of loans issued from the fund including the term, repayment schedule, and the interest rate charged.

Note: Deposits into the Charter School Start-Up Loan Fund are from private and public donations, grants, appropriations, and loan repayments. Under proposed legislation, interest charged on loans issued will also be deposited into the fund. As of 4/17/25, the balance of the fund is \$506,431.

LDOE, as the administrative arm of BESE, has historically absorbed management costs of the loan program; however, proposed legislation is anticipated to increase utilization and may result in an increase in the cost to administer it. BESE/LDOE may contract with outside vendors to manage the operation of the fund, though at this time the agencies do not know if contracting will be necessary. The LFO assumes, based on the current balance of the fund, that any increase in utilization of the program will be minimal and can continue to be absorbed by LDOE. Whether contracted or continued in house, proposed legislation authorizes that expenses for the administration of the program can be reimbursed from the fund. If BESE/LDOE seeks reimbursement from the fund, this would constitute an increase in statutory dedication expenditures that, unlike any loans issued, will not be paid back to the fund.

Currently, charter schools that receive loans from the fund are required to submit sworn annual financial statements to the Louisiana Legislative Auditor (LLA). Proposed legislation requires these submissions to be accompanied by a supplemental schedule developed by the LLA. The agency reports this work can be absorbed by existing staff at no additional cost; however, charter schools may realize an increase in the cost of auditing services.

REVENUE EXPLANATION

Proposed legislation removes the prohibition on charging interest on loans issued from the fund. Depending on the interest rate included in BESE's loan agreements with recipients, there may be an increase in revenues deposited to the fund as loans are repaid.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Patrice Thomas
Deputy Fiscal Officer