

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 887** HLS 16RS 205
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 30, 2016 5:52 PM	Author: CARTER, S.
Dept./Agy.: Education	Analyst: Jodi Mauroner
Subject: Residential School for at risk students	

SCHOOLS RE INCREASE GF EX See Note Page 1 of 2
 Creates a residential school for certain at-risk students in grades six through twelve

Proposed legislation creates the Thrive Academy as an independent, residential school in Baton Rouge as a pilot school for certain at risk students in grades six through 12; provides for a board of directors composed of 9 members, including the a member selected by the state superintendent of education, the superintendent of East Baton Rouge parish, the chairs of the House and Senate Education committees, a member appointed by the governor, a faculty member of the school, the secretary of the Department of Children and Family Services, the president of the LA Association of School Superintendents and the district attorney of East Baton Rouge parish. Authorizes the board to enter into agreements with other local public school systems for the enrollment of students. Requires the board to submit a budget to the division of administration. Provides that funding shall be provided through legislative appropriation directly to the school or through the Minimum Foundation Program (MFP) formula or both. Effective July 1, 2017.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0					\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There will be an increase in state expenditures resulting from the creation of the Thrive Academy as an independent, residential school due to a potential increased MFP allocation for student instruction and state general funds increase for the residential component beginning with the 2017-2018 school year.

THRIVE charter school, authorized as a Type 1 charter by the East Baton Rouge Parish School Board (EBRPSB), began operating in the 2012-2013 school year and serves at risk students from the Baton Rouge area in sixth through ninth grade in a residential setting. For the 2015-2016 school year Thrive received \$1.2 M in MFP funding from EBRPSB for 110 students in the sixth through the ninth grade from both state and local revenues for a combined per pupil cost of \$11,313. For the 2016-2017 school year Thrive estimates there will be 160 students in grades six through ten, with projected funding needs of approximately \$1.8 M. Eventual enrollment is targeted at 350 students in grades six through 12. Currently the school utilizes MFP funding for the operations of the school and donations and private grants to fund the residential component costs of \$1.5 M. FY 17 total anticipated funding need is \$3.8 M. Future funding will depend upon actual enrollment; assuming 350 students at the current per pupil amount equates to \$3.9 M instruction costs and \$4.3 M residential costs for a combined \$8.3 M total.

Proposed legislation provides that the school shall be funded through direct appropriations or through the MFP or both. However, it does not provide for the calculation of the MFP allocation so BESE will ultimately determine the funding mechanism through its placement in the MFP formula. If BESE does not include the school in the formula, full funding would have be provided through a direct appropriation.

Assuming the school would be funded in the same manner as some charter schools whereby the state pays the MFP per pupil amount and the local per pupil share will continue to be paid by the local school district in which the student otherwise resides, there would be no anticipated change in the MFP allocation for THRIVE. There may be changes in the MPF to the extent enrollment includes students from surrounding districts with different state per pupil allocations. However, there will be an increase in state general fund expenditures to support the residential component beginning in FY 18, to the extent donations and other self-generated revenues are insufficient to fully fund those costs. The cost is indeterminable and will depend upon the number and characteristics of students enrolled and the amount of donations received by the school. **Continued on Page Two**

REVENUE EXPLANATION

There will be an increase in self generated revenues for state agencies such as the Teachers Retirement System of Louisiana (TRSL), Office of Group Benefits, Office of Risk Management, Civil Service, Office of the Legislative Auditor, Office of Telecommunications Management and other state agencies that collect user fees from state entities as a result of THRIVE becoming a state school. The amount of such impact is indeterminable at this time.

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| <u>Senate</u> | <u>House</u> |
| <u>Dual Referral Rules</u> | |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued From Page Two

Assuming the school would be funded in the same manner as the LA School for the Math, Science, and the Arts (LSMSA) whereby the state pays both the state and the local share as determined by the parish in which the student otherwise resides, the state would pay the full \$11,313 per pupil amount noted above which is currently funded through both state and local revenues. In addition to the MFP allocation, LSMSA receives state general fund direct appropriations to support the residential component. As such there will be an increase in MFP funding for these students beginning in FY 18, as well as an increase in state general fund expenditures associated with the residential cost to the extent donations and other self-generated revenues are insufficient to fully fund those costs. The cost is indeterminable and will depend upon the number and characteristics of students enrolled and the amount of donations received by the school.

For comparative purposes, for the 2015-2016 school year, the LSMSA enrolled 291 students. The appropriated budget totaled \$9 M; \$5.1 M SGF (58%), \$3.2 M MFP (36%), \$442K SGR (5%), and \$165K Stat Ded and Federal (1% each).

There will likely be increased operating expenses for the Thrive Academy as a result of becoming a state entity. All state agencies are required to participate in the state retirement system and group insurance, as well as share the cost of support services such as risk management, telecommunications, procurement, state buildings and grounds, civil service and the legislative auditor. However, those costs are indeterminable at this time.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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