

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 432** SLS 16RS 1032

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 20, 2016	3:46 PM	Author: PETERSON
Dept./Agy.: Education		Analyst: Jodi Mauroner
Subject: Recovery School District school transfers		

SCHOOLS EG DECREASE SG EX See Note Page 1 of 2
Provides for return of certain RSD schools to the transferring school board. (gov sig)

Proposed legislation provides that not later than July 1, 2018 certain schools transferred to the Recovery School District (RSD) shall be returned to the governance, administration and jurisdiction of the local school system from which the school transferred. Provides for a Type 5 charter to be converted to a Type 3B which may choose to operate as its own local educational agency. Provides for the transfer of all buildings, facilities and property and assets; provides for the RSD to continue to retain certain facilities under construction. Requires school boards to establish policies to address district level funding allocations of MFP formula funds; use of local revenues from new or repurposed taxes; parish-wide enrollment systems and student expulsion processes, including lottery preferences, annual enrollment projections and targets, and enrollment limitations. Provides for the distribution of deferred local revenues which are higher or lower than projections including carryforward provisions. Provides for charter school autonomies, the payment of charter fees and test monitoring prior to contract renewals. Requires the RSD to establish an advisory committee to assist in the development of a plan to effect the transfer of schools due on September 1, 2016; provides date specific progress reports; and provisions for postponement of transfers.

EXPENDITURES	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.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

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.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

There will be no impact to MFP formula funding as a result of this legislation. There will be a significant decrease in RSD expenses and an increase in the operating expenses of the Orleans Parish School Board (OPSB), due to the transfer of self-generated revenues and federal funding from the RSD. Additionally there could be a change in the amount of funds distributed to a school based on the district level allocation formula which is required.

There are 62 Type 5 Charters operating under the RSD; 52 in Orleans, 9 in East Baton Rouge and 1 in Caddo. Proposed legislation would transfer all schools in New Orleans under the RSD back to the Orleans Parish School Board (OPSB) no later than July 1, 2018. The RSD currently has 88 employees for a cost of \$9.0 M in salaries and related benefits and approximately \$1.5 M in operating expenses funded with a mix of self-generated revenues and federal funding. This would be reduced to 12 employees with an annual cost of approximately \$2 M to provide for the continued oversight and completion of the School Facilities Master Plan projects funded by FEMA and other related funds until those projects are substantially complete as provided in the legislation.

REVENUE EXPLANATION

There is no anticipated net change in revenues as a result of the transfer of schools from RSD to the OPSB. Current law allows for the assessment of a 1.75% fee based on the per pupil amount received by the district for administrative overhead costs incurred by the chartering authority for monitoring and oversight of the school, collecting data and reporting on school performance. Conversion schools transferred back to the originating school district are labeled Type 3B charters and as such would continue to pay the charter fee to the school boards. For FY 17 the \$2.5 M projected amount paid to the RSD by the schools would transfer to the school board as a result of this legislation. Actual amounts will change based on enrollment at the schools.

Senate Dual Referral Rules House

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|---|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input 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

Evan Brasseaux
Staff Director

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CONTINUED EXPLANATION from page one:
Expenditure Explanation continued from page 1

There will be an increase in expenditures of local and self generated revenues of the OPSB as a result of the transfer. There will be increased costs associated with the advisory committee charged with the development of the transition plan to effect the transfer of schools. Costs will depend upon the number and location of meetings and are indeterminable. The OPSB reports additional staffing needs and operating expenses between \$2.45 M and \$2.85 M annually and \$300K - \$500K in one time transition expenses. It anticipates \$2.5 M in revenues from the authorized fee paid by charters to the school board would be used to offset these expenses. Further Act 543 of 2014 provides set aside funding for a facilities preservation program to redirect local revenues used for debt service on bond issued for capital improvements to be used for facilities preservation and improvements upon retirement of outstanding bonds. As schools are returned, funds associated with this program would be transferred to OPSB.

There may be changes to the allocation and distribution of MFP funds to schools due to the requirement that the district adopt a policy to establish district level funding allocations based on student characteristics or needs to be effective July 1, 2017. Any change will depend upon the characteristic of the students enrolled and the allocation formula adopted by the Board and cannot be determined at this time.

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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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