

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 541** HLS 17RS 731

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

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Dept./Agy.: Education		Analyst: Jodi Mauroner
Subject: Early Graduation Incentives		

STUDENTS OR +\$7,922,000 GF EX See Note Page 1 of 1
Provides relative to early graduation from high school including incentives for students and savings redirected for certain other educational purposes

Proposed legislation provides incentives for students who graduate from a public high school in three years and reallocates the savings from the Minimum Foundation Program (MFP) funding to provides funding to the Child Care Assistance Program (CCAP) (49%) for the administration of the program; Early College Scholarships (49%) for onetime scholarships to students completing graduation requirements and receiving a diploma by the end of grade eleven; and the Louisiana Office of Student Financial Assistance (OSFA) (2%) to defray the cost of administering the scholarship program.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$7,922,000	\$7,922,000	\$7,922,000	\$7,922,000	\$7,922,000	\$39,610,000
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$7,922,000	\$7,922,000	\$7,922,000	\$7,922,000	\$7,922,000	\$39,610,000

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There will be an increase in SGF expenditures for the initiatives defined in the proposed legislation, however, to the extent there is continued enrollment growth in public schools, a corresponding reduction in MFP funding is unlikely. Funding for the MFP is based on actual student enrollment counts each year with mid-year adjustments to account for the movement of students in and out of the public school system during the school year. Any reduction in student enrollment due to a student's early graduation will be captured in these counts and MFP funding will be adjusted accordingly. Historically such adjustments have required that additional funding be provided in a supplemental appropriation bill. The reallocation of any projected savings accrued by early graduates will require a separate SGF appropriation.

The Louisiana Department of Education indicates that there were 2,221 high school students who graduated early in 2015-2016. The legislation proposes that the allocations shall be calculated using the base per pupil amount contained in the MFP. For FY 17 the base per pupil amount is \$3,961. Assuming the number of graduates cited above, the proposed allocations would be as follows: $\$3,961 * 49\% = \$1,941 * 2,000 \text{ students} = \underline{\$3,882,000}$ for the Child Care Assistance Program; $\$3,961 * 49\% = \$1,941 * 2,000 \text{ students} = \underline{\$3,882,000}$ for the Early College Scholarship Program (one time award limited to \$1,941 per student); and $\$3,961 * 2\% = \$80 * 2,000 = \underline{\$160,000}$ for the Office of Student Financial Assistance. Future costs assume a flat base per pupil amount and an average 2,000 early graduates annually.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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}

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