

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 513** HLS 18RS 333
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 21, 2018 5:47 PM **Author:** CARTER, S.
Dept./Agy.: La Early Childhood Education Fund **Analyst:** Alan M. Boxberger
Subject: Requires dedication of a portion of the Unclaimed Property

FUNDS/FUNDING OR -\$10,000,000 GF RV See Note Page 1 of 2

Requires a portion of the monies in the Unclaimed Property Leverage Fund to be dedicated to the Louisiana Early Childhood Education Fund

Present law provides for the deposit of proceeds from the sale of abandoned property and requires \$15 M to be deposited each year into the Unclaimed Property Leverage Fund for bonds and direct payments of highway construction on I-49. Present law provides that monies in the Louisiana Early Childhood Education Fund shall be awarded to local entities approved by the Board of Elementary and Secondary Education (BESE) for the purpose of funding early childhood care and education slots through the Child Care Assistance Program.

Proposed law adds a requirement that \$10 M of the proceeds from the sale of abandoned property to be deposited each year into the Louisiana Early Childhood Education Fund. Proposed law adds to the purposes of the Louisiana Early Childhood Education Fund and requires that BESE ensure that funds be used to eliminate any waitlist for the Child Care Assistance Program prior to awarding monies to local entities.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)	(\$50,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$50,000,000
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law would revise the flow of certain unclaimed property collections within the state's accounting system. Proposed law directs the state treasurer to deposit \$10 M each fiscal year from proceeds from the sale of abandoned property into the Louisiana Early Childhood Education Fund. Unclaimed property proceeds currently flow into the SGF and provide for general operations of state government. The Louisiana Early Childhood Education Fund currently does not have a recurring, dedicated revenue source and there is no existing appropriation from the fund or balance in the fund.

Proposed law specifies that in the event there are eligible parents or legal custodians of children on the Child Care Assistance Program (CCAP) waitlist maintained by the state Department of Education, BESE shall ensure that funds be used to support those parents or legal custodians in the order in which their applications have been approved. Upon elimination of the waitlist, proposed law would permit monies in the fund to be awarded per present law (to local entities for early childhood care and education slots).

The Department of Education (DOE) reports that 4,563 eligible children (excluding foster children) were on the CCAP waitlist as of 2/28/18. DOE reports that it expends approximately \$4,200 per child receiving assistance through the CCAP. The annual cost to provide full-time CCAP services to the current waitlist would be approximately \$19.2 M (4,563 children X \$4,200). Given the requirement that funding in the Louisiana Early Childhood Education Fund be prioritized to address the waitlist before the purposes provided in present law, proposed law would allow DOE to effectively reduce the existing waitlist by approximately 2,381, or roughly half.

NOTE: Proposed law does not establish a prioritization of fund transfers from unclaimed property proceeds. Present law provides for the deposit of proceeds from the sale of abandoned property and requires that \$15 M of this amount be deposited each year into the Unclaimed Property Leverage Fund for bonds and direct payments of highway construction for projects on I-49. R.S. 9:165.1(J) stipulates that when any bonds shall have been issued hereunder, neither the legislature, the commission, nor any other entity may discontinue or decrease the revenues pledged to the payment of the bonds authorized hereunder or permit to be discontinued or decreased the revenues in anticipation of the collection of which such bonds have been issued, or in any way make any change in the allocation and dedication of the revenues which would diminish the amount of the revenues to be received by the commission, until all of such bonds shall have been retired as to principal and interest.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

Proposed law will divert unclaimed property revenue deposits from the SGF into the statutorily dedicated Louisiana Early Childhood Education Fund. The existing REC forecast projects excess revenue from unclaimed property in FY 19 at \$50 M. Of this amount, \$15 M is transferred into the Unclaimed Property Leverage Fund for projects associated with I-49 North and South. Proposed law would transfer an additional \$10 M from the SGF into the Louisiana Early Childhood Education Fund for specified purposes.

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}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1

The Treasury reports that lacking a statutory prioritization of allocations, if revenues in any given fund or pool fall short of projections, the actual collections would be prorated between outstanding obligations by existing practice. In FY 16, gross Unclaimed Property collections were approximately \$87.7 M. Roughly \$50 M of this amount generally reverts to the SGF for appropriation when property owners do not timely claim owned assets. Of this amount, \$15 M is obligated to I-49 and any obligated bond payments. Proposed law would obligate approximately \$25 M of the \$50 M currently recognized by the REC (\$15 M for I-49 and \$10 M for Early Childhood Education). The Treasury reports that should available funds ever fall below the \$25 M threshold, either due to lower collections, enhanced capacity to notify owners and return private assets, or some other factor, proposed law would create a funding conflict between eligible allocations without a statutory prioritization and could potentially limit the capacity of the state to make the full bond payments from the current revenue source.

Senate Dual Referral Rules
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