

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 292** SLS 18RS 704
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP SEN COMM AMD**
 Sub. Bill For.:

Date: March 21, 2018 5:52 PM	Author: BARROW
Dept./Agy.: Education	Analyst: Jodi Mauroner
Subject: Charter schools	

SCHOOLS OR INCREASE GF EX See Note Page 1 of 1

Prohibits a chartering authority from approving or renewing charters until the legislative auditor conducts certain performance audits. (gov siq)

Present law provides for independent public schools (charters) that provide a program of elementary and/or secondary education. Type 1, Type 3 and Type 3B schools operate pursuant to a charter agreement with a local school board; Type 2 and Type 5 schools operate pursuant to an agreement between the state board of education (BESE); Type 4 operate pursuant to an agreement between a local school board and BESE. Provides for renewal of charter agreements subject to demonstrated improvement in academic performance of students and criteria and procedures provided by the chartering authority. **Proposed law** requires the legislative auditor to conduct a review and assessment of all charters in the state in operation on July 1, 2018 to ensure that each school is in substantial compliance with the provisions of law. Provides that until each charter is found to be in substantial compliance, no new charter may be authorized and no existing charter may be renewed. Effective upon governor's signature.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There will be an increase in the expenditures of the legislative auditor to conduct the review and assessment of charter schools currently operating in the state. Actual expenditures will depend upon the scope, complexity, and length of each review, and the available staffing resources of the auditor.

There are 153 charter schools currently operating in 24 parishes of the state; 93 BESE authorized charters and 60 authorized by the local school district. The auditor estimates a cost of \$110 per hour. The potential length of time required for the review and assessment and the possible increase in staffing needs in order to complete these audits in a timely manner will vary depending upon multiple factors, including the size and location of the charter school, the availability of data, and the extent to which the review covers all students enrolled at the school or whether a sampling can be used. Furthermore, it is not clear what constitutes substantial compliance which could further impact the data analysis and extend the time to complete the review.

The auditor's office estimates a limited review and assessment could potentially be completed in approximately 100 hours by a single auditor (a cost of \$11,000). If all reviews were conducted within this time frame the cost would be approximately \$1.68 M. A more comprehensive study with onsite review and data analysis could require up to 250 hours or more and require multiple auditors (\$27,500). At this time, the auditor is unable to determine the scope and complexity of the charter school audits in order to develop a more definitive cost estimate. The Performance Audit division is currently staffed with 30 auditors and typically has 10-15 audits in progress at a given time. Since the proposed legislation does not identify a time frame for completing the required audits, it is unknown whether the auditor would utilize existing staff and extend the time to complete all audits, or whether additional staff would be added in order to expedite the audit process.

REVENUE EXPLANATION

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

Senate
 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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