



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 38** HLS 21RS 224
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 2, 2021	12:02 PM	Author: EDMONDS
Dept./Agy.: Education		
Subject: School Board Fiscal Transparency		Analyst: Garrett Ordner

FISCAL CONTROLS RE1 INCREASE GF EX See Note Page 1 of 2
 Provides for school board information to be accessible on the Louisiana Fiscal Transparency Website known as Louisiana Checkbook
 Proposed legislation requires public school governing authorities with annual enrollment of more than 2,500 students to provide budget, debt, employment, payroll, and tax data for publishing on the state's fiscal transparency website LA Checkbook. Requires LA Checkbook to include such data in a format that is searchable by public school governing authority. Provides that such data is subject to audit by internal auditors and the legislative auditor. Requires the Board of Elementary and Secondary Education to develop policies requiring all other public school governing authorities to post their annual budget, annual independent audit results, and quarterly reports on their websites. Proposed legislation becomes effective on January 1, 2022.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$309,760	\$134,420	\$32,120	\$32,120	\$32,120	\$540,540
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

There will be an increase in state and local expenditures to incorporate public school system data into the LA Checkbook website; costs will be greatest within the first two years of implementation. The Division of Administration (DOA), Office of Technology Services (OTS) reports that the provisions of proposed law will require a minimum of one year of development, with implementation occurring in year two, pending the ability of the school districts to provide the required data. The LA Legislative Auditor (LLA) will incur additional SGR expenditures related to compliance reviews. Local school systems will experience a significant increase due to one-time programming costs, as well as ongoing expenses.

OTS reports that implementation will require approximately \$309,760 in FY 22, \$134,420 in FY 23, and \$32,120 for recurring expenditures in subsequent fiscal years (assumed as SGF in this fiscal note). This will fund the workload associated with 3 T.O. positions in FY 22 (including two IT Management Consultant 2 positions, and one IT Program Analyst 2), two T.O. positions in FY 23 (one IT Management Consultant 2 position, and one IT Program Analyst 2), and maintenance of IT equipment. The table below provides a breakdown of projected object category expenditures by fiscal year.

	FY 22	FY 23	FY 24	FY 25	FY 26
Operating Expenses	\$4,560	\$15,120	\$15,120	\$15,120	\$15,120
Other Charges	\$305,200	\$119,300	\$17,000	\$17,000	\$17,000
Total	\$309,760	\$134,420	\$32,120	\$32,120	\$32,120

The proposed legislation will also result in increased costs for local public school systems for upfront system modifications and programming costs, as well as ongoing support and maintenance costs. The Department of Education (LDE) estimates potential one-time costs of \$15,000 to \$20,000 for programming, as well as \$500 in annual maintenance costs. At \$15,000 per district, initial implementation costs would require \$765,000, and annual maintenance costs would be \$25,500 for the 50 out of 69 city/parish school systems and one virtual charter school system with more than 2,500 students in the February 2021 enrollment count.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

The LA Legislative Auditor (LLA) will realize an indeterminable, potentially significant increase in SGR associated with compliance reviews for the 50 out of 69 city/parish school systems and one virtual charter school system with more than 2,500 students in the February 2021 enrollment count. LLA reports that it bills an hourly rate of \$110, but cannot quantify the scope, complexity, or frequency of the required compliance reviews. The total impact on revenues is therefore indeterminable and can vary from year to year.

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



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Actual costs will vary by district, and will depend on the format in which data is provided to the state for publishing on LA Checkbook and the school systems' contracts with financial software vendors. School districts will also be responsible for paying costs to the LA Legislative Auditor for periodic compliance reviews.

The LLA will realize an indeterminable, potentially significant SGR expenditure increase due to the workload required by the proposed law. Because the proposed law does not provide for a minimum number of reviews or specify the degree of detail to be included, the LLA cannot provide an estimated expenditure impact. The LLA would bill for such reviews at its hourly rate of \$110, but the average number of hours per review cannot be determined due to the varying size and complexity of local school systems, as well as the varying quality and completeness of their records, systems, and controls.

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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