

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 143** HLS 24RS 532
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 5, 2024	11:26 AM	Author: BACALA
Dept./Agy.: Education		
Subject: Department of Education Chief Operating Officer		Analyst: Julie Silva

SCHOOLS/FINANCE-MFP OR +\$150,000 GF EX See Note Page 1 of 1

Authorizes the state superintendent to hire a chief operating officer to make recommendations relative to the financial practices of local school systems failing to comply with the MFP's minimum instructional expenditure requirement

Proposed legislation authorizes the state superintendent of education to hire a chief operating officer (COO). Further authorizes the COO to make recommendations relative to the financial practices of local school systems that fail, for two consecutive years, to comply with the requirement that public school systems ensure at least 70% of the system's general fund expenditures are in the areas of instruction and school administration, at the school building level.

Proposed legislation additionally requires the superintendent to include the COO's findings in any report he makes to the Board of Elementary and Secondary Education (BESE), relative to system compliance with the above requirement, and requires local school boards to develop compliance plans based on the COO's recommendations and submit them to the state superintendent for approval prior to implementation.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$750,000
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	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$750,000
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	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

Proposed legislation will require an increase in expenditures, presumable SGF, estimated at \$150,000 annually, in order to contract with two to three consultants to act as chief operating officers (COOs), reporting to the state superintendent of education. The COO, or COOs, will be responsible for facilitating compliance of any local education agency with two consecutive years of noncompliance with the Minimum Foundation Program (MFP) resolution requirement that 70% of MFP funds are to be used for instructional expenditures at the school building level. Based on the role of COOs, and the requirements included in proposed legislation that trigger their need, using multiple contractors is anticipated to be more cost efficient than hiring a single, full-time COO.

The Louisiana Department of Education (LDOE) currently evaluates the 70% requirement annually and presents its findings to the Board of Elementary and Secondary Education (BESE). Based on the most recent LDOE reporting, 51 school systems (17 city or parish districts, 33 charter schools, and one state school) did not meet the MFP 70% instructional requirement in FY 22. This is an increase of 11 over the 40 school systems (17 city or parish districts, 25 charter schools, and one state school) that did not meet the requirement in FY 21. A total of 29 systems were not compliant in both of the previous two reporting years, and would be subject to review by a COO under the proposed legislation. Any school systems in noncompliance are required to internally review their budgets to identify adjustments that can be made as they work towards compliance. They must report these actions to LDOE, who subsequently reports them to BESE. LDOE currently provides high-level technical assistance to these school systems, but does not have the capacity to dedicate staff towards a detailed review, and development of recommendations, for consideration by the superintendents and boards of noncompliant school systems.

The work of the COO will include in-depth, detailed research of current budgeting and expenditure practices of noncompliant school systems. The COO will report all findings and recommendations to the local school board and the state superintendent. This information will also be included in any reports to BESE on the 70% requirement. Under current policy, a local school board that is found to be noncompliant is required to analyze non-instructional expenditures and examine the utilization of federal funds, to ensure these funds are being maximized. These school systems must provide a report to LDOE summarizing a plan, with specific recommended actions, to ensure, going forward, that 70% of MFP expenditures are in the areas of instruction and instructional support at the school building level. Under proposed legislation, the local board is still responsible for developing and submitting a compliance plan to the state superintendent, according to timelines established by BESE; however, this plan is to be based on the COO's recommendations and is subject to approval by the state superintendent, prior to implementation.

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}

Patrice Thomas
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