



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 745** HLS 24RS 389  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 9, 2024 7:43 AM	<b>Author:</b> EMERSON
<b>Dept./Agy.:</b> EDUCATION/BESE	
<b>Subject:</b> LA GATOR Scholarship Program	<b>Analyst:</b> Julie Silva

SCHOOLS/CHOICE RE INCREASE GF EX See Note Page 1 of 2  
 Creates and provides for the LA GATOR Scholarship Program, a universal school choice program

Proposed legislation creates the Louisiana Giving All True Opportunity to Rise (LA GATOR) Scholarship Program, a universal education scholarship account (ESA) for students in grades K-12. Provides the program is administered either by the Louisiana Department of Education (LDOE) or by a program manager selected by LDOE in accordance with Board of Elementary and Secondary Education (BESE) rules. Provides for a three-year phase-in of student participants, beginning one year after program implementation, until the program opens to all students in year three. Provides for three tiers of account funding based on a student's characteristics and allows unused funds to remain in the account year to year. Defines qualified education expenses that account funds may be used for. Allows LDOE to refer cases of misuse of account funds to the attorney general for recovery. Provides criteria that a participating school or service provider must meet to accept students under the program. Terminates the Student Scholarships for Excellence Program (SSEEP) and provides for the transition of its participants to LA GATOR. **Establishment of the program is effective upon the appropriation of funds for its implementation; the repeal of SSEEP is effective one year later. This fiscal note contemplates an appropriation for program establishment is made in FY 25, with enrollment beginning in FY 26. Accounts will only be funded with state dollars.**

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						
REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	\$0	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>\$0</b>
Local Funds	\$0	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

The creation and implementation of the LA GATOR program will result in a significant increase in state governmental expenditures. Total impacts are situational and difficult to project as a result of the many variables involved. Based on data provided by LDOE, expenditures are expected to total \$1.8 M in FY 25 to support system development, increase to \$45.9 M in FY 26 as student enrollment begins, and continue to increase in proportion to program participation and reach an estimated minimum of \$276.8 M by FY 29. This fiscal note provides a broad overview of how the program may impact governmental expenditures, but all numbers and costs should be considered illustrative rather than a definitive projection of potential costs. All LA GATOR program **deposits are calculated based on the state and local per pupil average allocation referenced in the MFP formula**. As of the June 2023 MFP calculation, this base amount is **\$9,437**. Students will fall within one of three tiers, dependent on specific characteristics, with per pupil deposits at each tier calculated by applying a weighted percentage to the annually determined base amount. Additional details about this methodology are provided on the bottom of page two of this note. **The local allocation referenced above is solely for the calculation of annual account deposits. All local funds raised for public education purposes will remain at the local level.** Program expenditures will depend on the number of nonpublic, charter, and public schools that opt to participate to the extent they are permitted within proposed legislation and capacity levels. Enrollment, due to phase-in limiting eligibility in years one (FY 26) and two (FY 27), will be gradual. In year three (FY 28), when the program opens to all K-12 students with no contingencies, enrollment is expected to expand significantly. Estimates are intended to be illustrative of how a universal ESA program may impact SGF expenditures. **Impacts could be more significant than those provided.**

**The most substantial cost to the state will result from students currently enrolled in nonpublic schools who are not included in MFP formula calculations. Once these students are eligible and opt to enroll in the LA GATOR program, they will represent a new education cost to the state.**

**ESA Account Cost Projections**

**FY 26 - \$41.7 M (\$50.6 M ESAs - \$9 M MFP Reduction; Transfer of SSEEP Students \$37.3 M)**

In year one of the program LA GATOR deposits are estimated to total \$50.6 M for 7,260 participants. The majority of participants in the first year of implementation will be those currently enrolled in SSEEP (5,634). Assuming a 100% utilization rate for this group, their deposits will average \$6,624 and total \$37.3 M. The remaining students represent 0.25% of each group of public school students that fall within the three funding formulas: 235 under formula one (\$3.6 M), 1,015 under formula two (\$7.7 M), and 376 under formula three (\$2 M). State allocations to the MFP will be reduced by an estimated \$9 M as a result of these students leaving the public school system.

**CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

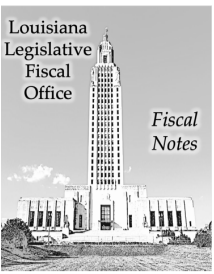
SGF revenues may shift depending on how ESAs impact the annual amount of tax deductions claimed for nonpublic school tuition expenses. This tax deduction permits parents to annually claim up to \$6,000 of nonpublic school tuition costs. LEAs may see a **reduction in the amount of state MFP allocations** they receive. This impact is not anticipated to be significant within the five-year projection timeframe. LEAs may also experience increased revenues to the extent students who are part-time or taking specific courses opt to use LA GATOR funding for that purpose. Federal revenues based on student enrollment may also be impacted as a result of proposed legislation.

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**  
 Deputy Fiscal Officer

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Table with 2 columns: Information (Date, Dept./Agy., Subject) and Author/Analyst (Author: EMERSON, Analyst: Julie Silva).

CONTINUED EXPLANATION from page one:

FY 27 - \$45.2 M (\$69 M ESA Deposits - \$24 M MFP Reduction; Transfer of SSEEPP Students \$33.6 M)

Due to expansion of the program in year two, ESA deposits are anticipated to increase to a total of \$69 M for 9,363 students. Former SSEEPP students are assumed to decrease by 10% annually until all current participants have matriculated out of the program.

FY 28 - \$258.1 M (\$297.2 M ESA Deposits - \$39.1 M MFP Reduction; Transfer of SSEEPP Students \$29.9 M)

Year three is expected to have the most significant fiscal impact as this is the first year of universal eligibility and all current nonpublic school students will have the option to participate. The total cost of deposits into LA GATOR accounts is projected to reach \$297.2 M for 41,425 students.

FY 29 - MINIMUM \$259.8 M (\$297.9 M ESA Deposits - \$39.1 M MFP Reduction; Transfer of SSEEPP Students \$26.1 M)

LDOE reports participation levels beyond FY 28 are too uncertain to develop an accurate projection, and therefore maintain FY 29 participation and costs at FY 28 levels. Based on participation increases in other states, the LFO expects nonpublic participation in the program will increase year over year, potentially to a significant degree, until capacity is reached.

All costs provided may be higher (or lower) depending on actual participation levels, the funding methodology students fall under, and whether opening up the program to include all students results in a significantly higher level of participation by current nonpublic school students than contemplated.

LA GATOR Program Administration (Proposed legislation allocates 5% of LA GATOR appropriations to LDOE for this purpose)

LDOE will incur additional SGF expenditures each year to administer the LA GATOR program. Below is an estimation of what these costs will be in FY 25 and how they will change during the first year of implementation.

FY 25 - \$1.8 M

Beginning in FY 25, LDOE reports that it will require \$261,726 to create one (1) Education Program Consultant (EPC) 4 (\$84,989 base salary, \$37,098 related benefits, and \$16,500 operating expenses) and one (1) Budget Analyst (BA) 4 (\$74,235 base salary, \$32,404 related benefits, and \$16,500 operating expenses).

FY 26 - FY 29 - \$4.2 M + (Increases in these costs are expected to be proportionate to enrollment in each year of operation)

LDOE assumes an annual 4% increase in personal costs and a 5% increase in operating expenses. As a result, employee costs in FY 26 will total \$272,525. The department reports the cost of communications outreach will lessen as the program becomes more widely known, and reduces estimated expenditures for this purpose in FY 26 and beyond to \$250,000.

Deposit Amount Formula One - \$9,437 x 160% = \$15,099

This amount is available only to students who meet the eligibility qualifications in R.S. 17:4031(B)(2) for the School Choice Program for Certain Students with Exceptionalities. While the total impact for these students will be proportionately higher than those under other methodologies, this population is also expected to remain relatively small as there are a limited number of seats in nonpublic schools that offer the highly specialized education services many of these students require.

Deposit Amount Formula Two - \$9,437 x 80% = \$7,550

This amount is available only to students who have a household income below 250% of the FPG. In year one of implementation, this would include the all 5,634 students in SSEEPP. Proposed legislation permits a student enrolled in SSEEPP in the year prior to its termination to continue receiving the amount allocated to them through that program (the full cost of tuition) until they leave the school in which they were enrolled while in SSEEPP, or upon graduation.

Deposit Amount Formula Three - \$9,437 x 55% = \$5,190

This amount is available to all students participating in the LA GATOR program, unless they qualify for one of the other formulas. This population is expected to have the largest participation rate, but will also receive the smallest account deposit, at 55% of the determined base amount.

Senate Dual Referral Rules
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[ ] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[X] 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}

Signature of Patrice Thomas
Patrice Thomas
Deputy Fiscal Officer