



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **SB 313** SLS 24RS 491  
 Bill Text Version: **RE-REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 20, 2024	3:46 PM	<b>Author:</b> EDMONDS
<b>Dept./Agy.:</b> EDUCATION		
<b>Subject:</b> Education Scholarship Account Program		<b>Analyst:</b> Julie Silva

EDUCATION DEPARTMENT RR INCREASE GF EX See Note Page 1 of 2  
 Relative to Educational Saving Accounts for schools. (gov sig)

Proposed legislation creates the Louisiana Giving All True Opportunity to Rise (LA GATOR) Scholarship Program, a universal education scholarship account (ESA) program for students in grades K-12. Provides the program is administered either directly 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 select student participants, beginning in the 2025-26 school year, until the program opens to all students in the 2027-28 school year. **Account deposit amounts are to be determined by BESE based on funds appropriated by the legislature for such purpose**, and allows unused funds to remain in the account from year to year. Defines qualified education expenses that account funds may be used to purchase. 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), effective 6/30/25 and provides for the transition of SSEEP participants to the LA GATOR program. **Program implementation is contingent upon the appropriation of funds by the legislature for its purpose. 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>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</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 an increase in state governmental expenditures. Actual impacts, beyond the expected costs incurred by LDOE for the development of the program, are not able to be projected. Proposed legislation authorizes BESE to determine the timeline of the phase-in of enrollment eligibility and to set the amount of account deposits for participants; however, **total expenditures for LA GATOR ESAs and program administration are limited by the appropriation of funds by the legislature each year for this purpose.** All local funds raised for public education purposes will remain at the local level.

Based on data provided by LDOE, **expenditures are expected to total \$1.8 M to support program development.** Details of these costs, in addition to how administrative costs will be impacted once implementation of the program begins, are included on page two of this note. **The LFO is unable to provide an estimate of potential annual costs to implement the program as the two primary variables upon which such costs will be based are unknown at this time and are to be determined by BESE: the timeline of eligibility phase-in and the amount of account deposits.** Additional information concerning account deposits is also included on page two of this note.

The reporting requirements in proposed legislation are also expected to lead to an increase in state governmental expenditures. The scope of the proposed report will result in an additional workload for the LDOE and BESE in the first two-quarters of FY 25, but specific costs are unknown at this time. LDOE currently collects several of the reporting items enumerated in proposed legislation; however, evaluations to determine its ability to collect and report on a few items is ongoing. The LFO will continue to work with the department and this fiscal note will be revised to reflect any updated information once it has been received and reviewed.

Proposed legislation requires the assessment standards and practices that the department adopts for LA GATOR also become the official school and district accountability system of the state. LDOE estimates the state will be awarded \$1.5 B in Federal education funding that is contingent on the inclusion of certain components in the school and district accountability system. Additionally, the department is limited on what requirements it can legally impose on nonpublic schools. LDOE reports research on standards and assessments that will allow them to comply with the provisions of proposed law, existing law, and federal funding guidelines are ongoing.

**CONTINUED ON PAGE TWO**

**REVENUE EXPLANATION**

SGF revenues may shift depending on how ESAs impact the annual amount of tax credits claimed for nonpublic school tuition expenses. This tax credit 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, though this impact is not anticipated to be significant within the five-year projection timeframe. LEAs may also experience increased revenues to the extent that 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.

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

  
**Patrice Thomas**  
 Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

LA GATOR ESA Deposits Program Implementation

Proposed legislation provides for a phase-in of student eligibility, but sets no defined terms for advancement from one phase to the next. In phase one the following students are eligible: (1) any student entering kindergarten; (2) those who attended a public school in the prior year; or (3) a student with a family income below 250% of federal poverty guidelines. In phase two, in addition to those eligible in phase one, students with a family income below 400% of federal poverty guidelines are able to apply, and phase three provides for "universal" eligibility. LDOE reports there are currently an estimated 5,634 students participating in SSEEP, 650,369 public students, and 149,795 nonpublic students statewide. NOTE: Nonpublic refers to all K-12 students enrolled in nonpublic schools and BESE-approved or LDOE-registered homestudy programs. While the program does not permit homestudy students to participate, these students could still apply and be eligible for accounts if they choose to enroll in a nonpublic school or take select courses at a public school participating in the program. These "part-time" students are not to be considered enrolled students of the public school and are not to be included in student counts upon which MFP funding is based.

Account deposit amounts are to be set by BESE and are unknown at this time. The bill requires LDOE to begin enrolling students according to this phase-in schedule no later than 3/01/25, ensuring accounts are available for the start of the 2025-26 school year; however, proposed legislation will not be effective until the legislature appropriates funding to LDOE for the development of the program. Assuming an appropriation is made for this purpose for FY 25 and the legislature makes an appropriation in FY 26 for the purpose of implementation of the LA GATOR program, this deadline can be met. In the event an initial appropriation for development is not made for FY 25, the LFO assumes implementation of the program will be delayed until the year following such appropriation.

As a result of BESE being granted the authority to determine the timeline of how the proposed phase-in will progress, it is not possible to project how many students may apply in a given year. Regardless of the timeline, once phase three is implemented, it is expected enrollment will continue to be limited. First and foremost, funding of ESAs is dependent on the amount appropriated by the legislature each year. In addition to this, proposed legislation requires that priority for enrollment be granted to students who meet the criteria for the School Choice Program for Certain Students with Exceptionalities (R.S. 17:4031(B)(2)) and those with a family income below 250% of the federal poverty guidelines, with equal consideration. Effectively, this means once phase three begins and all students are universally eligible to apply, actual student participation in the program will continue to be determined by the amount of funding available to the department for deposit into accounts. Participation by students not currently enrolled in a nonpublic school will also be limited by capacity. Any student seeking to enroll in a nonpublic school will be required to apply and meet the requirements set by that school. As a result, students who apply for LA GATOR and receive an account deposit but are not accepted into a nonpublic school may opt to return to the public school system. In this case, an increase in participation by existing nonpublic students is likely to occur.

While expenditures will remain limited by the amount appropriated each year, once nonpublic students who are not currently included in MFP formula calculations and therefore do not receive state funding are eligible, opt to apply for the LA GATOR program, and receive account deposits, they will represent an entirely new education cost to the state. Students currently enrolled in public schools who enroll in LA GATOR will result in an indeterminable offset in expenditures, depending on ESA account deposit amounts, as they are removed from the MFP formula. The termination of SSEEP may also offset expenditures, though any impact will not be fully realized until future fiscal years. This is due to the provision that a student who continues enrollment at the same school once they transition from SSEEP to LA GATOR is eligible to be funded the same amount of their original SSEEP scholarship until that student leaves that school. For example, a student who enters kindergarten in the 2025-26 school year and is enrolled in SSEEP may not leave a school offering kindergarten through twelfth grade until they graduate high school in the 2037-38 school year. NOTE: Funds reclaimed through student attrition from the MFP will be delayed until updated counts are provided each year, and may change depending on the flow of students that is likely to occur between the LA GATOR program and the public school system.

LA GATOR Program Administration Program Development

Upon the effectiveness of proposed legislation, LDOE reports that it will require \$261,726 to create one (1) Education Program Consultant (EPC) 4 position (\$84,989 base salary, \$37,098 related benefits, and \$16,500 operating expenses) and one (1) Budget Analyst (BA) 4 position (\$74,235 base salary, \$32,404 related benefits, and \$16,500 operating expenses). The EPC 4 will be responsible for the implementation of the program, policy and guidance development, partner/vendor management, and public outreach. The BA 4 will manage the fiscal portion of the program and, in collaboration with other LDOE finance staff and/or the external vendor, ensure that the program has appropriate fiduciary accountability. Proposed legislation requires the program begin enrolling students for the start of the 2025-26 school year and that the department may contract with a program manager for the administration of the program. This would include the development of a system for parents to direct account funds to participating schools and service providers by electronic or online funds transfer. Based on previously implemented systems, LDOE estimates a one-time setup cost of \$1 M. Setup includes working with a vendor to design a process for review and approval of expenditures, a payment process, and to develop program reports. The department reports an additional \$500,000 will be required to cover communications costs to promote the program.

Year One of Program Implementation and Beyond (Increases in these costs will be proportionate to enrollment in each year of operation; for the purposes of this explanation a flat participation rate of 10,000 students is used.)

LDOE assumes an annual 4% increase in salaries and related benefits, and an annual 5% increase in operating expenses. As a result, employee costs in the first year of implementation will total \$272,525. The department reports the cost of communications outreach will lessen as the program becomes more widely known, and accordingly reduces estimated expenditures for this purpose once implementation of the program begins and in each following year will total \$250,000. Contracted auditing services are estimated to cost \$850,000 and the contracted program manager an additional \$150,000. LDOE estimates the following based on the enrollment of 10,000 families in year one of program implementation. Licenses for similar programs usually cost between \$15 to \$50, per user. Assuming a cost of \$30 per license, total associated costs are estimated to be \$300,000 (\$30 x 10,000). Similar systems typically charge a transaction fee for each transaction made on an account. These transaction rates or amounts vary, but for the purposes of this fiscal note, \$20 per transaction is assumed. Based on this, and the assumption each account will have, at a minimum, one transaction per month, it is estimated total transaction fees will equal \$2.4 M (\$20 x 12 x 10,000). Finally, the vendor charges a fee for account management/ customer service, and provides such services for eight hours a day, five days a week. Costs for this are estimated, based on similar systems, to be \$100 per account, per year or \$1 M.

Senate Dual Referral Rules
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[ ] 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