



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 25** SLS 25RS 86
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.: **REVISED**

| | | |
|--|---------|-----------------------------|
| Date: May 8, 2025 | 4:07 PM | Author: EDMONDS |
| Dept./Agy.: Education/MFP | | |
| Subject: St. George Community School System | | Analyst: Julie Silva |

SCHOOLS EG +\$2,457,390 GF EX See Note Page 1 of 2

Constitutional amendment to grant the St. George community school system in East Baton Rouge Parish the same authority granted to parishes to operate a school system. (2/3 - CA13s1(A))

The proposed constitutional amendment grants the St. George Community School System in East Baton Parish the same authority granted parishes for purposes of Article VIII, Section 13 of the Constitution of Louisiana, including purposes related to the minimum foundation program (MFP), funding for certain school books and instructional materials, and the raising of certain local revenues for the support of elementary and secondary schools. To be submitted to the electors at a statewide election to be held on April 18, 2026.

| EXPENDITURES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|----------------|-----------|-----------|-------------|-----------|-----------|---------------|
| State Gen. Fd. | SEE BELOW | \$0 | \$2,457,390 | INCREASE | INCREASE | \$2,457,390 |
| 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 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |
| REVENUES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 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 | SEE BELOW | SEE BELOW | SEE BELOW | \$0 |
| Annual Total | \$0 | \$0 | | | | \$0 |

EXPENDITURE EXPLANATION

The constitutional amendment grants the St. George Community School System authority to operate as a school system. The LFO historically has included the estimated costs involved in such measures in the fiscal note for the enabling legislation, in this case SB 243 of the 2025 Regular Session; however, they are included here to reflect the impact to governmental expenditures anticipated if both pieces of legislation are enacted by the legislature, and this constitutional amendment is adopted by the electorate.

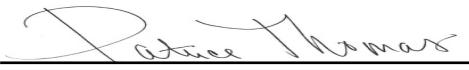
Adoption of the constitutional amendment requires approval by a majority of the voters statewide as well as a majority of the voters in East Baton Rouge Parish at an election to be held on April 18, 2026. The Secretary of State may incur minimal ballot processing costs associated with this measure. As a regular practice, the Secretary of State typically budgets for up to 10 constitutional amendments and statewide propositions for the spring statewide elections. To the extent the ballot includes more than 10 constitutional amendments and statewide propositions, the Secretary of State may require additional SGF resources for the April 18, 2026, statewide election. Any expenditure impact would be realized in FY 26.

Operation of the St. George Community School System is anticipated to begin at the start of FY 28. Using the FY 25-26 Minimum Foundation Program (MFP) budget letter to prepare a proposed estimate, SGF expenditures through the MFP would increase by approximately \$2.4 M to include the St. George Community School System in the formula. The East Baton Rouge Parish School System’s state MFP allocation is calculated to decrease by \$17.6 M and the newly created St. George Community School System’s estimated state allocation is \$20 M. Note: The actual impact may change based on the MFP formula in effect when the new system begins operations. It is anticipated that local school district expenditures will increase in FY 26 and FY 27 for St. George Community School System startup costs.

Continued on Page Two

REVENUE EXPLANATION

The current revenues generated by the proposed St. George Community School system will not be considered new revenues because it is essentially transferred from one system to another system. For informational purposes, to the extent additional taxes are implemented to sustain the cost of education in either school system, there may be an increase in local revenues.

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| Senate | Dual Referral Rules | House | |
| <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} |  Patrice Thomas Deputy Fiscal Officer |
| <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} | |



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CONTINUED EXPLANATION from page one: Page 2 of 2

East Baton Rouge Parish School System: The East Baton Rouge Parish School System will be required to transfer the land, buildings and facilities, instructional materials, equipment, and required number of buses to the St. George Community School System. According to the MFP simulation used for these estimates, the state funding available to the East Baton Rouge Parish School System through the MFP will be approximately \$177.4 M (or \$17.6 M less than the current year). While the total state funding allocated to the East Baton Rouge Parish School System will be less, the MFP simulation calculates East Baton Rouge to have \$261 more per pupil from the state allocation. The MFP formula now recognizes East Baton Rouge Parish to be less wealthy when taking into account the demographics of the students remaining and available revenue remaining, thus causing the state’s share of the cost to increase. East Baton Rouge Parish is left with a higher state per pupil allocation. Approximately \$87 M in local revenue could be transferred to the St. George Community School System from the East Baton Rouge Parish School System. The impact to the East Baton Rouge Parish School System as a result of this revenue loss, outside of impacts to the MFP, is unknown.

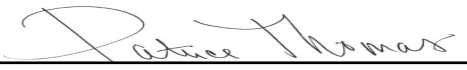
St. George Community School System: Approximately \$20 M in SGF will be available from the state through the MFP for the new system. According to estimates provided by the East Baton Rouge Parish School System and LDOE, the new system could have up to \$87 M in local revenues available for education funding. The local revenue as well as any federal funding associated with the schools and students will be transferred; this is not new funding. The amount of federal dollars that will be transferred has not yet been determined. The St. George Community School System would be able to expend all of these revenues on the education of their students. The estimated base student enrollment count for the St. George Community School System used for this example is approximately 6,230. The interim school board members will serve without compensation. This fiscal note assumes that local resources will be obtained and used for expenditures for the start up costs for the St. George Community School System. The school system may have to increase revenues through additional taxes to meet expenditure needs in the future.

Impact to other districts: As a result of changes in the local revenues of the East Baton Rouge Parish School System and the new St. George Community School System recognized in the MFP formula, other school systems could realize a reduction in their MFP allocation. Beginning the July after the creation of the school system and continuing through an additional four fiscal years, the Board of Elementary and Secondary Education (BESE) is required to identify the districts that are negatively impacted by the creation of the St. George Community School System and determine the amount of the negative impact and subtract that total from St. George to be redistributed to the other school systems, thereby negating any negative impact.

Legacy costs: East Baton Rouge Parish School System is required to annually itemize all post-employment benefits to be paid for the benefit of every individual hired by the St. George Community School System as a full-time employee. The itemized list will be submitted to St. George for reimbursement until all benefits have been paid. The St. George School Legacy Benefit Trust will be established, and within 12 months of beginning operation, and annually thereafter, the St. George Community School System will deposit an initial sum, equal to the total amount of benefits for employees hired by the St. George Community School System divided by the number of students enrolled in the East Baton Rouge Parish School System for the year prior to July 1, 2027. For the 2028-2029 school year and thereafter, the per pupil amount is to be multiplied by the total number of students enrolled in the St. George Community School System. It is not clear what this actual per pupil amount may be. A report titled *School District Restructuring and Reform* prepared by James Richardson and Roy Heidelberg in August 2012 indicates a legacy cost per pupil of \$866 in East Baton Rouge Parish as of 2011-12. For illustrative purposes, if St. George was required to pay \$866 per pupil into the trust, the total cost could be \$5.4 M (\$866 x 6,230 students). A per pupil amount will be deposited each year from St. George Community School System resources until it is determined by an actuary that there are sufficient funds to pay the proportionate share of the legacy costs. It is not clear what the initial payments will be to the EBR school system, thus, it is not clear what the actual impact to either school system will be.

Construction debt payments: No later than June 1, 2027, the East Baton Rouge Parish School System will provide to the St. George Community School System a schedule of values for any construction completed within the boundaries of the new system with the proceeds of Qualified School Construction Bonds that were issued prior to the effective date of this legislation, along with an accounting of payments made and to be made through the effective date of the legislation on the construction bonds and a payment schedule showing the unpaid principal and interest due for the construction projects. Additionally, beginning July 1, 2027, the St. George Community School system will reimburse the East Baton Rouge Parish Educational Facilities Improvement District an amount equal to the percentage of the debt service paid in the preceding fiscal year attributable to the construction completed within the boundaries of the St. George Community School System.

Proposed legislation also permits students enrolled in a high school in either district to remain at that high school until graduation, regardless of their residency. These students, along with students in elementary and middle schools who are permitted to remain at their current schools for up to two years following the effective date of this legislation, are to be included in the membership count for the school system in which they are enrolled, not the system in which they reside. It is indeterminable how many students this will affect, and therefore how funding to either system will be impacted. However, these impacts are a short-term consideration, as after any students who are enrolled in high school at the time the new system is operational matriculate through, this provision will be discontinued. In contrast to this provision, students within either system are eligible to apply for a magnet school in either system. These students are to be funded according to the MFP allocation for their resident system. Depending on actual student enrollment, there may be issues related to the capacity of both school systems. It is possible that some schools may be reconfigured to address the capacity issues. However, any additional capacity issues resulting from this legislation may necessitate an increase in expenditures related to providing additional classroom space.

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| <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} | |
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