



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 1347** HLS 08RS 1338
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:
Sub. Bill For.:

Date: May 28, 2008	7:13 AM	Author: BADON, AUSTIN
Dept./Agy.: Education		
Subject: Student scholarships		Analyst: Mary Kathryn Drago

STUDENT/LOANS-SCHOLARSHP

RE1 INCREASE GF EX See Note

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Provides relative to student scholarships

The proposed legislation establishes the Student Scholarships for Educational Excellence Program which will be administered by the Department of Education. The program will be implemented in a district that is academically in crisis in a parish having a population of at least 475,000 persons according to the latest federal decennial census, and the Recovery School District to the extent it operates in such parish. Students eligible to participate receive a scholarship for kindergarten, or first through third grade if they attended a public school in the district in the previous year. The amount of the scholarship is equivalent to 90% of the per pupil amount the covered district would have received from combined state and local sources, or the tuition and fees plus costs for administering accountability tests. Added to the scholarship amount shall be the full amount equivalent to any special education funding provided from federal sources for any student eligible to receive special education services. The legislation provides for the responsibilities of the Department of Education and the participation requirements of the nonpublic schools.

EXPENDITURES	2008-09	2009-10	2010-11	2011-12	2012-13	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2008-09	2009-10	2010-11	2011-12	2012-13	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
To the extent that eligible students participate in the scholarship program, State General Fund expenditures will increase. If the maximum number of eligible students participate in the program and receive special education services, State General Fund expenditures could increase by approximately \$11.3 million in FY 08-09 to provide scholarships, and for the administration of the program. The cost for independent financial audits is indeterminable. The actual cost of the program is dependent upon available seats, the number of schools participating, and participation by eligible students. It should be noted that HB 1 Original of the 2008 Regular Session provides \$10 million in the Department of Education for a scholarship program.

Local fund expenditures may decrease if a student chooses to transfer to a nonpublic school as they would no longer be responsible to educate the students. However, if a student chooses to transfer to an eligible public school, the school system’s expenditures could increase to some extent over what was provided to that system from the scholarship.

Federal fund expenditures may decrease when students participate in the program. The decrease in expenditures would depend on the federal program dollars that were being used to educate a particular student because each federal program has a different formula used to calculate the allocations. For example, 85% of special education funding allocations are based upon public and nonpublic student counts. Therefore, that portion of the allocation will not change if students transfer to nonpublic schools. However, the amount of funding the public school would receive will decrease.

Expenditures for scholarships:
The total cost for scholarships is estimated to be \$9,555,724 in FY 08-09, and could increase to \$15.6 million by FY 12-13. These costs are calculated on the number of students estimated to be eligible to participate in the program each year, and the estimated scholarship amount. The Department of Education estimates 1,502 students in Orleans Parish in grades K-3 would be eligible to participate. The state and local per pupil amount provided to Orleans Parish through the Minimum Foundation Program (MFP) in FY 07-08 is \$7,069, and 90% of that amount is \$6,362.

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REVENUE EXPLANATION
There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate

☒ 13.5.1 >= \$500,000 Annual Fiscal Cost

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change

Dual Referral Rules

House

☐ 6.8(F) >= \$500,000 Annual Fiscal Cost

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

The total costs may be higher if a participating student is eligible for special education services. According to the Department of Education, an additional \$2,330 per student would be added to each scholarship for students receiving special education services. According to the Department of Education, 450 students may be eligible to receive special education services in FY 08-09. If all of these students participated in the program, State General Fund expenditures could increase by an additional \$1,048,500.

State General Fund expenditures are estimated to increase over \$1 million each year based upon increases in students eligible to participate. However, the net increase in State General Fund expenditures in subsequent fiscal years will be reduced when a student that was previously counted in the MFP formula is no longer counted in the district for funding purposes. Currently, the MFP state share in Orleans Parish is \$3,109.

State administrative expenditures:
Employee related costs: The Department of Education (DOE) estimates State General Fund expenditures to increase by \$465,341 in FY 08-09 and increase to \$502,153 in FY 12-13 for the administration of the program. The DOE anticipates the need for 4 budget analysts, 1 auditor, and 1 education program consultant at a cost of \$200,030 in FY 08-09 for salary and related benefits. The operating expenses associated with the positions is estimated to be \$30,000 in the initial year for equipment purchases, and \$42,000 each year for operating services/supplies and travel. The Legislative Auditor estimates State General Fund expenditures will increase by at least \$66,800 for salary and related benefits for a senior auditor. The Legislative Auditor cannot determine the increase in costs related to reviewing the independent financial audits of the participating schools.

Professional services: The DOE estimates costs for advertising and media services, a program evaluation contract, website data collection, and system development and maintenance to be approximately \$210,000 in the initial year, but will be reduced to \$115,000 each year thereafter. The cost for independent financial audits is indeterminable, and depends on the number of schools participating.

NOTE: The proposed legislation defines a covered district as a public school system which is academically in crisis, and is located in a parish with a population in excess of 475,000 according to the latest federal decennial census. The Legislative Fiscal Office assumes a parish that is currently eligible by this definition will remain a covered district. The legislation states "a covered district that is eligible for inclusion in the program on the effective date of this Chapter shall be considered a covered district for the duration of the program".