

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 643** HLS 13RS 1100
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 6, 2013	5:57 PM	Author: MILLER
Dept./Agy.: Education		Analyst: Mary Kathryn Drago
Subject: Retirement payment from MFP		

SCHOOLS/FINANCE-MFP OR SEE FISC NOTE GF EX Page 1 of 1

Provides with respect to the payment of UAL and other retirement obligations from MFP to determine state-funded per pupil allocation for charter schools, course providers, and scholarship schools

The proposed legislation changes the amount calculated per pupil for charter schools, course provider and scholarship schools. The per pupil allocation will now exclude employer retirement costs. Employer retirement costs means the cost per pupil of retirement expenses paid by the school district and includes the normal cost and unfunded accrued liability payments paid by the school district to the Teachers' Retirement System of Louisiana and the Louisiana School Employees' Retirement System as well as costs paid by the school district to cover health care or health insurance for retired teachers and school employees. The employer retirement costs shall be calculated as follows: [(current employer contribution rate x # of employees in such system) + cost of post employment benefits paid for retirees in the retirement system] ÷ most recent student census figure. The figures shall be calculated for each retirement system and added together to yield a total per pupil employer retirement cost.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The potential overall impact of the legislation is indeterminable, however, charter schools will receive less funding per pupil if the legislation is enacted. Schools receiving funds for scholarship students and course choice providers could potentially receive less funding as well. The proposed legislation removes "employer retirement costs" from the state-funded portion the charter school is to receive on a per pupil basis through the MFP. The legislation requires this figure to be calculated and deducted from the per pupil amount charter schools receive. The legislation is not clear whether the state or the school district would retain the difference per pupil. Using statewide totals for "employer retirement costs", the potential decrease for charter schools is an average of approximately \$1,780 per pupil.

The legislation defines "employer retirement costs" to include retirement costs for employees in the Teachers Retirement System and the School Employees Retirement System as well as the cost of post-employment benefits (health care benefits) for retirees in the state retirement system. This figure is to be withheld from the state per pupil allocation of the district before sending it to the charter school. The legislation requires this calculated figure to be used as the basis to determine funding for scholarship students and course choice providers as well. The initial figure used to calculate the amount to be allocated to each participating scholarship school and course provider will be less. If the actual cost of tuition of a participating scholarship school or the actual cost of the course offered by the course provider exceeds the figure calculated per this legislation, the school or course provider will receive less funding. For example, if the state per pupil amount in East Baton Rouge Parish currently is \$4,188 and the local per pupil amount is \$4,548, scholarship school students would have a total of \$8,736 available to be used towards tuition at a scholarship school. In the current year, there is a participating school in East Baton Rouge Parish with tuition in the amount of \$7,461. The state and per pupil amount provided in East Baton Rouge Parish would cover this tuition amount. However, if the legislation is enacted and approximately \$1,780 is deducted from the state per pupil amount, the total amount available for a scholarship student would be \$6,956. This amount is approximately \$500 less than the tuition charged at the particular school. It is not clear whether the state or local school district would retain any portion of the "employer retirement cost" figure when it is deducted from the amount a scholarship school or course provider could receive.

REVENUE EXPLANATION

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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}

Evan Brasseaux

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