

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 946** HLS 14RS 695

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 18, 2014 3:19 PM	Author: SCHRODER
Dept./Agy.: Education	Analyst: Jodi Mauroner
Subject: Student information	

STUDENTS OR DECREASE FF RV See Note Page 1 of 2
Provides for limitations and prohibitions on the collection and sharing of student information and provides penalties for violations

The proposed legislation prohibits local public schools from collecting, transmitting or sharing certain student information with any person, entity or agency. The bill defines personally identifiable student information as that which includes but is not limited to, name, social security numbers, place and date of birth, and information which can be linked to an individual, including medical and educational data. Prohibits schools from including any personally identifiable information in a student's cumulative record. The bill allows public schools to share only aggregated data with school boards, the Department of Education (DOE) and the Board of Elementary and Secondary Education (BESE). Requires that unique student identification numbers be assigned to every student no later than August 1, 2014. Limits public school computer system access to local school employees and restricts access by any person, private or public entity. Provides a punishment of imprisonment for not more than six months or fines of not more than ten thousand dollars for violators of the law.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0		\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

There will be a reduction in the distribution of state and federal funding by the DOE to local school systems to the extent student level data required by multiple federal grant programs is no longer available. There is a potential decrease in the distribution of federal funding in an amount up to **\$893,769,422**. In addition, the bill could potentially reduce state general fund distributions from the MFP and other DOE programs by up to **\$793,865,656** if local school systems can no longer identify students with special characteristics. The bill would prohibit the schools and school systems from sharing anything other than aggregated data with the DOE which would limit the ability of the department to comply with state and federal funding eligibility and audit requirements and restrict the flow of state and federal funds to the local school systems.

Pursuant to state and federal eligibility criteria, the DOE requires local schools to transfer certain student data which is used to determine the allocation and distribution of state and federal funds. Data from the DOE's Student Information System (SIS) is used to allocate federal funds based on the characteristics of children who are neglected and delinquent, homeless, migrant, receive food and nutrition supplements and participate in early childhood programs. For MFP funds, the data helps determine whether students meet the special needs criteria, (such as at-risk, special education, and gifted and talented), to receive special funding consideration. Residency data allows the DOE to accurately charge student costs to the correct school district for schools such as the SSD, LSDVI, LSMSA, NOCCA and OJJ. Continued on Page 2.

REVENUE EXPLANATION

To the extent student level data required by multiple federal grant programs is no longer available, the proposed legislation will result in a potential decrease of up to **\$893,769,422** in federal funding to the state and subsequent transfers from the DOE to the local school systems. The bill would prohibit the schools and school systems from sharing anything other than aggregated data with the DOE which would limit the ability of the department to comply with federal funding eligibility and audit requirements and restrict the flow of federal funds to state and the local school systems.

There is a potential increase in revenues for local governments as a result of the fines authorized by the bill. Any revenue generated through the imposition of fines would accrue to local governments.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

In addition, there is a potential expenditure increase for local school systems if they are required to hire technology information staff at costs higher than existing third party administrator contracts for IT services. The bill prohibits any person or public or private entity from access to a public school computer system where any student information is stored without the written consent of the student's parent or legal guardian. The bill further provides that only local school employees may have access and that can not include third party administrators. Virtually all school boards and public charter schools (approximately 115 at this time) utilize third party administrators for Student Information System management and operations. The bill would restrict access by these contractors to the data system.

The Legislative Fiscal Office is unable to gather total IT Administrator contract expenditures at this time, however, it is possible personnel costs for internal IT staff could exceed the cost of existing third party contracts. In addition to the salary and operating expenses, school systems would be required to make retirement and health insurance contributions for those employees. The employer contribution rate to the Louisiana School Employees Retirement System is 33% for FY 14-15. For illustrative purposes, annual retirement contributions for an employee earning \$50,000 is an additional \$16,500. Employer health insurance contributions are generally a percentage of the total premium and will vary according to insurance plans and member classification. Using the same employee above, for a school board participating in the Office of Group Benefits (OGB), the annual employer contributions could be \$4,810 for an employee that is single or as much as \$8,786 for an employee with family.

Furthermore, there will be an increase in state general fund expenditures for the Office of Financial Assistance (OSFA) to implement an alternative data sharing system. OSFA uses student data (ACT scores, course and grade information) to determine a student's TOPS eligibility. Until the office is able to develop an alternative to the current student information system, there will be a delay in eligibility determinations as well as tuition payments to the campuses. Additionally, OSFA, through a third party administrator, manages Louisiana Connect, an online college and career planning resource which allows students and their parents to track individual academic progress, build profiles to highlight skills and achievements and engage in career planning strategies. If third party administrators are restricted access to student information, OSFA would be required to hire staff to manage the program. The increase will depend upon the alternatives developed and OSFA was unable to provide a cost projection at this time.

Finally, there is a potential increase in the expenditures for local law enforcement agencies as a result of the penalties authorized by the bill. The penalty is a misdemeanor; therefore, these offenders are not sentenced to the Department of Public Safety and Corrections. Local law enforcement agencies may realize an indeterminable increase in expenditures associated with prison costs. The cost increase will depend on the number of persons convicted, the minimum sentence an offender serves, and the cost per day for a local law enforcement agency to incarcerate an offender.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

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

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