

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 636** SLS 14RS 1614
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 12, 2014	4:31 PM	Author: WHITE
Dept./Agy.: Education		Analyst: Jodi Mauroner
Subject: Organization of certain school systems		

SCHOOLS RE SEE FISC NOTE LF EX Page 1 of 2
 Provides relative to the organization and management of large school systems. (8/1/14)

The proposed legislation provides increased authority and decision making power to school principals within certain large school systems, defined as one serving a parish with a population in excess of 440,000 and which is served by at three school systems. The bill provides for the responsibilities of the school board, including the allocation of funds to schools on an equitable basis. The school system shall retain revenues for retiree legacy costs, construction, maintenance and repair of immovable properties and bonded indebtedness as well as a maximum of four and one half percent of the total per pupil amount established for each student enrolled to cover system costs, including operations. Further provides for responsibilities of the Superintendent including: entering into management contracts with the principal of each school; establishing enrollment zones, and reviewing school budgets. The Superintendent, if requested, shall provide support service for schools pursuant to written agreements for services such as school food, financial and accounting, student transportation, special education, maintenance, technology, library, and health benefits. **Continued on Page 2**

EXPENDITURES	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	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	\$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 proposed legislation will have an indeterminable impact on expenditures for the East Baton Rouge Parish School System (EBRPSS). (EBR is the only school system meeting the definition of a large school system in the proposed legislation). There is no impact to the distribution of state Minimum Foundation Program (MFP) funding, and other state and federal funding distributions to the EBR school system as a result of this bill. However, the delegation of authority to principals for certain operating services could result in an increase in operating costs for the system overall and a subsequent reduction in the available level of funding for instructional services.

The proposed legislation requires funding from all revenue sources to be distributed equitably to each school on a per-pupil basis using weights for special characteristics for MFP and unrestricted funds and in accordance with specified uses for restricted funds. The bill states that in determining equity consideration shall be given to the funding needs of special populations including, but not limited to students with disabilities and at risk students. However, this distribution methodology does not take into account the age and condition of the school facility, the ratio of high cost teachers which may require a higher per pupil amount than what is required to fund a newly constructed school, or one with a younger teaching staff (earning lower salaries). The proposed funding distribution could result in a school receiving a smaller allocation than that necessary to meet the requirements of the management agreement.

There could be increases in expenditures for both the school system and local schools due to the proposed change in the provisions of support services. The bill requires eligible principals to procure certain services such as financial and accounting, transportation, and food services as well as employee health benefits which are currently provided through the school board. The bill allows the school to contract with the school board for services, but in the event an individual school chooses not to do so, the cost of obtaining the service could be higher than the cost through the school board's purchasing cooperative. Furthermore, there could be potential impacts to future RFP's for contracts such as liability and risk management if the number of participating sites and employees to be covered is not known. The economies of scale previously enjoyed by the school system could be at risk. To the extent a local school chooses to operate independently, it could incur staffing costs for resource management and procurement which could be duplicative of staffing in the system office. Ctd on page 2

REVENUE EXPLANATION

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

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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:

The local school shall reimburse the school board for the actual cost of the service. The bill states that the Superintendent shall develop and implement policies that allow the local school to have the right to use designated buildings and property but shall be responsible for extensive repairs. Further provides for management contracts between the Superintendent and the principal; only those principals rated "highly effective" are eligible to enter into management agreements for FY 2014 -2015. The bill provides that the principal shall be the school's chief executive officer and defines minimum responsibilities, including: development of a school budget, personnel management, student discipline, student health and safety, daily school schedules, development of a school curriculum, instruction, assessments, school operations, including but not limited to resource management and procurement, and professional development. Each principal shall be accountable for achieving specified performance goals defined in management contracts which shall be no more than 2 years in duration. The bill creates community school councils which shall be advisory only, to support school leaders, act as an advocate for schools, and engage surrounding communities; further provides for the membership and responsibilities of the council which shall serve without compensation. The bill provides for a community academic coordinator which may assist the council who is hired by, paid for, and shall report to the principal. Requires the superintendent to complete a plan for implementation by August 1, 2015 and for full implementation not later than July 1, 2017. Effective July 1, 2014

CONTINUED EXPENDITURE EXPLANATION from page one:

To the extent additional professional development training is required, there may also be an increase in school board expenditures. The bill requires the school board to provide training relative to principal empowerment associated with the implementation plan.

Senate

Dual Referral Rules

House

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

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

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

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

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

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