



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 194** HLS 22RS 285
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 28, 2022	1:47 PM	Author: BUTLER
Dept./Agy.: Education		
Subject: Education Savings Account Program		Analyst: Garrett Ordner

SCHOOLS/CHOICE OR INCREASE GF EX See Note Page 1 of 2

Creates and provides for a program to provide state funding for the education of students with exceptionalities not enrolled in public school

Proposed law creates an Education Savings Account (ESA) Program to be administered by the Department of Education (LDE) in accordance with Board of Elementary and Secondary Education (BESE) rules. Rules must provide for eligibility, audits, and LDE authority to deem students ineligible and to contract with nonprofit organizations for administration. Requires LDE to allocate, from funds appropriated or otherwise made available, an amount equal to the state's per-pupil allocation as provided in the Minimum Foundation Program (MFP) formula, and to develop a system for parents to direct account funds to participating providers. Provides that funds must be used for qualified educational expenses. Up to 50% of total funds deposited into the account in a school year may roll over if unused; funds may be returned to the state general fund under certain circumstances. Provides for student, school, and service provider eligibility. Requires the use of a nationally norm-referenced test or statewide assessment in participating schools. Provides for reporting requirements by the LDE.

EXPENDITURES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
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	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total						
REVENUES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There will be an increase in state expenditures to develop and fund the Education Savings Accounts (ESA) Program. The Department of Education (LDE) anticipates program planning and administration will cost the department \$223,954 per year. All funding for awards must be appropriated by the legislature. The LDE also estimates that in addition to the funding appropriated for ESA awards, approximately 5% of funding made available for the program will be needed to contract with an outside vendor to perform the majority of administrative duties, as well as paying other administrative costs that include equipment, systems, and other potential operating costs. There will be reduced MFP costs and increased costs to the ESA program by an equivalent amount for students that leave public schools to participate in the program. State costs will increase to the extent a student participates in the ESA program who would otherwise not have attended public school; however, this is indeterminable. Local school systems may experience reduced costs due to reduced enrollment.

Participants will receive funding equal to the state's per-pupil allocation as provided in the Minimum Foundation Program (MFP) formula, considering all student characteristics. According to the LDE, the proposed 2022-23 MFP average state per pupil allocation is \$5,436; however, amounts will vary by district. Eligible students must be eligible to enroll in Kindergarten or have been enrolled in a Louisiana public school during the previous school year and be a student with an exceptionality other than being gifted or talented.

The LDE reports it will require \$223,954 to create one (1) Education Program Consultant 4 position (\$82,441 salary and \$37,098 related benefits) and one (1) Budget Analyst 4 or Budget Manager position (\$72,010 salary and \$32,405 related benefits). The Education Program Consultant will be responsible for the implementation of the program, policy and guidance development, partner/vendor management, and public outreach. The Budget Analyst 4 will manage the fiscal portion of the program and, in collaboration with other Education Finance staff and/or the external vendor, ensure that the program has appropriate fiduciary accountability. The LDE anticipates that FY 23 will be a planning year in which the department will research the viability of contracting with an external vendor to carry out a portion of the program administration and conduct an RFP to identify potential vendors.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

There may be a decrease in MFP allocations to local school districts to the extent that the proposed legislation causes students to attend nonpublic schools in lieu of public schools; however, the extent of such losses is indeterminable. The ESA shall be closed and the funds in the account shall be returned to the state general fund if the student is determined to be no longer eligible, if an account has been inactive for two consecutive years, or if a parent fails to comply with the provisions of proposed law or state board rules pertaining to the program.

<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}
<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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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The LDE estimates that in addition to funding for the needed positions and ESA awards, approximately 5% of funds made available to the program will be needed to cover the cost of the vendor to administer the program, as well as administrative costs that include equipment, systems, and other potential operating costs.

Outside of program administrative costs, there will be no additional costs to the state for students that participate in the ESA program if they are already enrolled in public school. This legislation would result in a reduction in the MFP state funding allocation, and the LDE would allocate an equivalent amount per student to the ESA program. For illustrative purposes, if 2,000 public school students participate in the ESA program and awards average \$5,436, MFP costs will decrease by \$10.9 M and deposits into ESAs will increase by \$10.9 M. The legislature would need to appropriate this \$10.9 M plus an additional 5% (\$545,000) for vendor and administrative costs. Actual amounts will vary based on the number of students and their residency. Local school systems may experience reduced instructional costs due to a decrease in enrollment; however, this is indeterminable.

There will be increased state costs to the extent a student participates in the ESA program who would otherwise not have attended public school. Kindergarten-eligible students with exceptionalities whose parents were planning to homeschool the students or place them in a nonpublic school will be eligible for this program, representing a net cost to the state. The number of such children is indeterminable.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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