

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 90** SLS 09RS 442
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 13, 2009 3:00 PM	Author: GRAY
Dept./Agy.: Department of Education	Analyst: Mary Kathryn Drago
Subject: Public school facilities	

EDUCATION DEPARTMENT OR INCREASE EX See Note Page 1 of 2
 Establishes and provides for the Louisiana Statewide Education Facilities Authority. (8/15/09)

The proposed legislation creates the Louisiana Statewide Education Facilities Authority within the Department of Education to provide funding, coordination, assistance, and oversight for the repair, renovation, and construction of public school facilities. The authority will be governed by a board of 7 commissioners. The members will serve without compensation, but may be reimbursed for actual expenses incurred while filling their duties. The board is required to employ an executive director who is responsible for managing and administering the daily functions of the authority. The executive director is required to employ necessary staff which may include a financial director, a chief of architectural services, a liaison for local school systems, and any other support staff to carry out the duties and functions of the authority. The authority is charged with conducting a statewide assessment of public school facilities; collaborating with school boards to determine how best to meet their needs, reviewing applications from school boards for funding for school repairs, renovations, and construction; consulting with the Educational Facilities Authority Advisory Council on all funding decisions; developing (continued on pg. 2)

EXPENDITURES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation will likely result in a significant but indeterminable increase in expenditures. The provisions of this legislation provide for the issuance of debt, including the issuance of notes, bonds, or certificates of indebtedness. The LFO cannot determine the level of indebtedness which may result, but anticipates that a significant amount of debt will result in high annual debt service payments. The legislation allows the Authority to pledge fees, rents, and other available revenues to guarantee the payment of any debt issued. The participation by local school systems is voluntary, but if systems choose to participate they will be required to contribute local funds to the projects.

NOTE: HB 689 of the 2009 Legislative Session creates the Statewide Educational Facilities Fund and the monies in the fund are required to be used solely for the purposes of the Authority.

The board of commissioners of the Authority shall select an executive director and may employ on a contract basis legal counsel, bond counsel, accountants, construction and financial experts, architects, engineers, underwriters, financial advisors, trustees, managers, and consultants to carry out the duties of the Authority. The Authority may also employ a financial director, a chief of architectural services, a liaison for local school systems, and any other support staff necessary. The Department of Education (DOE) estimated approximately \$100,000 may be needed in FY 09-10 for personnel and operating services to establish the office; however, DOE was not able to provide an estimate for the potential costs in subsequent fiscal years. Subsequent year costs are potentially significant depending upon the Authority's use of contracted services and the level of staffing necessary to administer this entity.

The Authority is required to assess public school facilities statewide, consider applications for funding for repair or construction projects, and ensure that funds are allocated to school systems proportionately throughout the state based upon the BESE regions for the Regional Service Centers. It is anticipated that the scope of projects across the state will vary from district to district and the needs of the systems will be significant. The total funding required to meet the needs of each system cannot be determined.

REVENUE EXPLANATION

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

<p><u>Senate</u></p> <p><input checked="" type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input checked="" type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease</p>	<p align="right"><i>H. Gordon Monk</i></p> <hr/> <p align="right">H. Gordon Monk Legislative Fiscal Officer</p>
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Table with 2 columns: Metadata (Date, Dept./Agy., Subject) and Author/Analyst (Author: GRAY, Analyst: Mary Kathryn Drago)

CONTINUED EXPLANATION from page one:

Purpose of the bill - explanation continued:

a formula to assess and prioritize applications for funding; and developing a means for determining the amount of local funds that must be contributed by a school system for each project funded.

The authority may: 1) sue and be sued; 2) accept donations, bequests, equipment, supplies, materials, services, or other forms of financial assistance for education or construction purposes from any public or private person or agency; 3) borrow money and issue notes, bonds, or certificates of indebtedness and pledge fees, rents, and other available revenues to guarantee the payment thereof, with approval of the State Bond Commission and the Joint Legislative Committee on the Budget; 4) appoint, contract with, or employ legal counsel, bond counsel, accountants, construction and financial experts, architects, engineers, underwriters, financial advisors, trustees, managers, and consultants (the authority may fix the compensation of these individuals); 5) provide emergency funds; and 6) establish design specifications for school facilities.

The legislation also creates the Education Facilities Advisory Council comprised of 13 members. The council is required to provide advice and input to the Louisiana Statewide Education Facilities Authority.

Participation in any program implemented by the Authority by school boards is voluntary. Each school board will retain ownership of and control over any school facility where funding was obtained through the Authority for repairs or construction.

The Authority may, in addition to funds provided by the legislature, seek and accept gifts, grants, donations, including federal funds, from any available source. Implementation of the provisions of this legislation that require the expenditure of funds shall be subject to the availability of public or private funds, or both.

Senate Dual Referral Rules

House

[x] 13.5.1 >= \$500,000 Annual Fiscal Cost

[x] 6.8(F) >= \$500,000 Annual Fiscal Cost

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

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

Handwritten signature of H. Gordon Monk

H. Gordon Monk
Legislative Fiscal Officer