

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 42** SLS 09RS 379
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 11, 2009 10:16 AM	Author: MURRAY
Dept./Agy.: Department of Education/State Aid to Local Governments	Analyst: Mary Kathryn Drago
Subject: Hurricane Recovery Health Insurance Premium Fund	

FUNDS/FUNDING EG -\$10,388,280 GF RV See Note Page 1 of 1

Dedicates state funds for the purpose of providing for health insurance premiums of certain plan members on hurricane effected areas. (7/1/09)

Proposed legislation creates the Hurricane Recovery Health Insurance Premium Fund, into which the treasury is to annually transfer state general fund revenue, subject to an annual appropriation by the legislature, to provide for health insurance premiums for certain plan members of the Cameron Parish School Board, the Orleans Parish School Board, the Plaquemines Parish School Board and the St. Bernard Parish School Board. Proposed legislation provides that the allocation to the fund is to equal 40% of the premiums but shall not be less than the amounts appropriated within Act 642 of the 2006 Regular Legislative Session for this purpose (\$10,388,280). This fund is subject to annual appropriation by the Legislature. The distribution of the fund is to be: 1.) 63.3% to the Orleans Parish School Board, 2.) 4.9% to the Cameron Parish School Board, 3.) 10.4% to the Plaquemines Parish School Board, and 4.) 21.4% to the St. Bernard Parish School Board. Monies within this fund shall not revert to the State General Fund and shall remain within the fund. Effective July 1, 2009.

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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

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.	(\$10,388,280)	(\$10,388,280)	(\$10,388,280)	(\$10,388,280)	(\$10,388,280)	(\$51,941,400)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$10,388,280	\$10,388,280	\$10,388,280	\$10,388,280	\$10,388,280	\$51,941,400
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

Legislation provides for the following expenditures from the Hurricane Recovery Health Insurance Premium Fund:
 1.) Orleans Parish School Board - statutory dedication shall be used to reduce the employee portions of health insurance premiums for certain system retirees.
 2.) Cameron Parish School Board, Plaquemines Parish School Board, St. Bernard Parish School Board - statutory dedication shall be used for subsidy of health insurance premiums.

REVENUE EXPLANATION

Proposed legislation will decrease the State General Fund in the minimum amount of approximately \$10.4 million in FY 09 and in subsequent fiscal years and increase dedications by a like amount. Legislation provides that the state treasurer deposit into the Hurricane Recovery Health Insurance Premium Fund an amount equal to 40% of the premiums necessary for the targeted school systems, but no less than the amount appropriated in Act 642 of the 2006 Regular Legislative Session (\$10,388,280).

The bill appears to be establishing a permanent dedication for expenditures that have been made in the three previous fiscal years. Act 642 of the 2006 regular session appropriated state general fund resources to the Orleans Parish School Board - \$6,573,940, St. Bernard Parish School Board - \$2,223,288, Cameron Parish School Board - \$505,978, and the Plaquemines Parish School Board - \$1,085,074. The total amount appropriated for these expenditures in 2006 was \$10,388,280.

Act 203 of the 2007 regular session appropriated state general fund resources to the Orleans Parish School Board - \$2,291,570, St. Bernard Parish School System - \$5,640,000, Cameron Parish School Board - \$1,075,146, Plaquemines Parish School System - \$636,000, and the Bogalusa School System - \$1,356,514. Total appropriations were \$10,999,230.

Act 1287 of the 2008 Regular Session appropriated state general fund resources to the Orleans Parish School Board, St. Bernard Parish School System, Cameron Parish School Board, Plaquemines Parish School System, and the City of Bogalusa School System. Total appropriations were \$4,777,768. The appropriation provided in Act 1287 of the 2008 Regular Session is not 100% of the retiree health care costs for the school systems in the legislation. According to information provided in the FY 07-08 Annual Financial Report of Expenditures of the local school systems, the total expenditures related to retiree health care for the systems in the legislation is as follows: Orleans Parish School Board - \$2,238,921, St. Bernard Parish School System - \$5,793,684, Cameron Parish School Board - \$1,158,349, Plaquemines Parish School Board - \$834,216. The total expenditures related to the 4 school systems mentioned in the legislation was \$10,025,170. Therefore, the amount appropriated in Act 642 would be required to be deposited in the fund.

Senate

Dual Referral Rules

House

13.5.1 >= \$500,000 Annual Fiscal Cost

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

H. Gordon Monk
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Legislative Fiscal Officer