



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: HB 364 HLS 09RS 889
Bill Text Version: REENGROSSED
Opp. Chamb. Action: w/ SEN COMM AMD
Proposed Amd.:
Sub. Bill For.:

Date: June 21, 2009 8:57 PM Author: FANNIN
Dept./Agy.: Funds Analyst: Travis McIlwain
Subject: Statewide Education Facilities Fund, Hurricane Recovery

FUNDS/FUNDING RE1 -\$85,388,280 GF RV See Note Page 1 of 2
Dedicates federal monies received as a result of the American Recovery and Reinvestment Act of 2009 into a special fund

Proposed law creates the Statewide Educational Facilities Fund. The source of monies deposited into the fund shall be any monies appropriated or transferred to the fund by the legislature, including federal monies, donations, gifts, grants, or any other monies which may be provided by law. Monies in the fund shall be used solely for purposes of the Louisiana Statewide Educational Facilities Authority. This bill with adopted Senate committee amendments 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: (Cont. on Page 2)

Table with 7 columns: EXPENDITURES, REVENUES, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total for both expenditures and revenues.

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

Statewide Educational Facilities Fund

The proposed legislation creates the Statewide Educational Facilities Fund in the state treasury. The fund can receive any monies appropriated to it by the legislature from any source, including federal monies, donations, gifts, grants, or any other monies which may be provided by law. The fund is to be used for the purposes of the Statewide Educational Facilities Authority. The Authority is to collaborate with public school boards to assess the condition of existing public school facilities to determine the deficiencies and needs. Monies in the fund shall be used for school repair, renovation, and construction projects. This bill provides for no specific revenue stream into this specific fund.

Hurricane Recovery Health Insurance Premium Fund

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, which was \$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.

(Cont. on Page 2)

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
Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one:

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. Proposed legislation provides for the state treasury to transfer the amount of \$75.0 million out of the Insure Louisiana Incentive Program Fund to be deposited in and credited to the state general fund. The provisions of this act shall supersede provisions in HB 802 of the 2009 Regular Legislative Session, SB 193 of the 2009 Regular Legislative Session or any Act of the 2009 Regular Legislative Session concerning the Insure Louisiana Incentive Program. Effective July 1, 2009.

CONTINUED REVENUE EXPLANATION:

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.

Insure Louisiana Incentive Program Fund

This bill directs the state treasurer to transfer \$75.0 million from this fund to the state general fund and provides that provisions within this legislation supersede the provisions in HB 802 of the 2009 Regular Legislative Session, SB 193 of the 2009 Regular Legislative Session and any Act of the 2009 Regular Legislative Session concerning the Insure Louisiana Incentive Program. As of June 1, the fund balance of this fund is \$75,541,379.

Senate

Dual Referral Rules

House

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