

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 216** HLS 10RS 253  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 20, 2010 2:15 PM	<b>Author:</b> FOIL, FRANKLIN
<b>Dept./Agy.:</b> Education	<b>Analyst:</b> Mary Kathryn Drago
<b>Subject:</b> School Choice	

SCHOOLS/CHOICE OR SEE FISC NOTE EX Page 1 of 2  
 Provides for a school choice pilot program for certain students with exceptionalities

The proposed legislation creates the School Choice Pilot Program for Certain Students with Exceptionalities beginning with the 2010-11 school year. The pilot program will be for two years in each parish having a population in excess of 190,000 according to the most recent federal decennial census. An eligible student is one who meets the following criteria: 1) student has an exceptionality as defined in R.S. 17:1942, excluding those deemed gifted and talented, 2) student resides within the pilot program parish, 3) the student is eligible to attend public school and is entering kindergarten or grades one through eight. The Department of Education will administer the program. The program allows parents or guardians who choose to enroll their student in an eligible nonpublic school to apply for an educational certificate which is applied to the cost of educational services offered by the school. The certificate value will be equal to 50% of the per pupil allocation of state funds to the city, parish, or other local public school district in which the eligible student is residing for that school year. Any cost of educational service above the certificate amount is the responsibility of the parent or guardian.

<b>EXPENDITURES</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW					
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

To the extent that eligible students participate in the scholarship program, state general fund expenditures may decrease. The Department of Education identified administrative costs of \$1.4 million to hold the registration in 6 different parishes. However, there may be a net savings depending on the number of eligible students participating in the program. For example, if 10% of the eligible public school students (1,931) and 10% of the eligible private school students (104) participated in the program, there could be a net savings of \$2.6 million. The actual cost of the program depends on the following: 1) the number of parishes included in the program, 2) the number of available seats, 3) the number of schools participating, 4) the number of eligible students participating, 5) and whether such student is transferring from a public school to a private school, or if they are already attending a private school. Local fund expenditures may decrease if a student chooses to transfer to a nonpublic school, as they would no longer be responsible to educate the students.

Based upon 2009 student enrollment counts, it is estimated there are 1,041 private school students in grades K-8 and 19,314 public school students in grades K-8 who are eligible to participate in the program. The following parishes are included in the estimates in this fiscal note: Caddo, East Baton Rouge, Jefferson, Lafayette, Orleans, and St. Tammany. These districts had a population in excess of 190,000 during the last decennial census. It is possible that additional districts may be included in the 2010 census. The following amounts are 50% of the per pupil state share of the MFP for eligible districts: Caddo \$2,654, EBR \$2,027, Jefferson \$1,853, Lafayette \$1,999, Orleans \$1,844, and St. Tammany \$2,640.

**Expenditures for educational certificates:**

The following information was used to calculate the net savings of \$2.6 million in the example in the 1st paragraph:

Cost for 10% of eligible private school students + Cost for 10% of eligible public school students = Total Cost for Certificates  
 (\$226,244 + \$4,224,284) = \$4,450,528

Total cost for educational certificates + Admin. costs - MFP savings = Net Savings  
 ((\$4,450,528 + \$1,395,000) - \$8,449,473) = (\$2,603,945)

**Continued on page 2**

**REVENUE EXPLANATION**

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

Senate Dual Referral Rules  
 13.5.1 >= \$500,000 Annual Fiscal Cost

House  
 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**

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**CONTINUED EXPLANATION from page one:**

**Continued explanation of expenditures for educational certificates:**

Referring to the example above, the cost for the 104 students that are currently enrolled in private schools participating in the program is \$226,244. The cost for 1,931 public school students participating in the program by transferring to a private school is \$4,224,284 for a total cost of \$4,450,528. The total costs for certificates (\$4,450,528) plus the administrative costs (\$1,395,000) bring the total cost to \$5,845,528. However, there would be a savings to the MFP of \$8,449,473. For each public school student that transfers to a private school, the state will save 100% of the per pupil allocation of state funds of the school district of the eligible student. The savings from the MFP is greater than the total cost of educational certificates and administrative costs.

It is likely that more private school students would participate in the program, as a result of currently being enrolled in a private school. If all eligible private school students participated in the program, the cost to provide their educational certificates would be \$2.3 million. However, if 10% of public school students participated, the cost to provide their educational certificates would cost an additional \$4.2 million, but there would also be a savings in the MFP of \$8.4 million. The net difference, including administrative costs, would be a decrease in SGF expenditures of \$568,000.

**State administrative expenditures:**

The following costs are based upon the actual administrative costs for the Scholarship Program in New Orleans. The Department of Education (DOE), estimated SGF expenditures to increase by \$1,395,000 in FY 10-11 for the administration of the program. In subsequent fiscal years, the department estimated a 4% increase in personal services costs each year.

Employee related costs: The DOE anticipates the need for funding for 1.5 positions to fund 1 education program consultant position and half of a budget analyst position at a cost of \$170,000 for salary and related benefits. The operating expenses and travel is estimated to be \$1.05 million per year. This cost is for all advertising, travel, and to hold registrations in 6 parishes.

Professional services: The DOE estimates costs of \$180,000 per year for independent audits to be conducted in the participating districts for the participating private schools. These audits would be similar to the ones conducted for the Scholarship Program in New Orleans.

Senate Dual Referral Rules

13.5.1 >= \$500,000 Annual Fiscal Cost

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

House

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

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

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