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## DIGEST

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HB 393 Engrossed

2019 Regular Session

Leger

**Abstract:** Provides relative to the school facilities preservation and the systemwide needs programs in certain public school districts.

Present law establishes a school facilities preservation program in school districts in which failing schools were transferred to the jurisdiction of the Recovery School District (RSD) in accordance with a specified provision of present law. Proposed law retains present law.

Present law provides that the provisions for the school facilities preservation program apply to both the applicable school board and to the RSD. Proposed law removes references to the RSD from present law.

Present law provides for dedication of certain local tax revenues to the purposes of the program; those tax revenues are referred to in this digest as "facility funds" and are the proceeds of:

- (1) Sales taxes at a rate equivalent to the rate being used as of July 1, 2014, by the school board to pay school facility debt.
- (2) Property taxes dedicated to capital outlay and authorized by voters after July 1, 2014, to support the purposes of present law.

Proposed law changes the amount of sales tax dedicated to the program to .13%. Requires continued use of a portion of such funds to pay school facility debt, in the same amounts being paid on July 1, 2014, until such debt is retired.

Present law requires the school board to make certain payments to charter schools and to make certain extra payments to charter schools that are not housed in facilities provided by the district. Proposed law provides that facility funds shall be used to make the extra payments to charter schools that are not housed in facilities provided by the district.

Present law prohibits the school board from refinancing or delaying repayment of bonds that are outstanding on July 1, 2014. Proposed law retains present law.

### Facilities Office

Present law requires the school board to create a facilities office. Dedicates \$15 per pupil to funding the office. Proposed law changes the per pupil amount to \$20.

Present law provides that to the extent such funds are available, the facilities office shall:

- (1) Inspect and monitor facilities to ensure that they are being maintained and that each campus is in compliance with maintenance and inspection requirements. Provides remedies available if a school is not properly maintained.
- (2) Manage building leases, handle emergency repairs, and administer the revolving loan fund and school facility repair and replacement accounts.

Proposed law requires the office to ensure the management of the capital improvement fund and revolving loan fund created by proposed law, to oversee and ensure proper management of school facility repair and replacement accounts, and to develop and approve long-term capital plans, which are required by proposed law.

Present law authorizes a facilities office to provide additional facilities services to charter schools, including emergency and capital repairs or replacements, procurement services, and technical assistance, and to charge fees for such services pursuant to a written agreement with the school. Proposed law retains present law.

Present law and proposed law provide for different priorities in uses of facility funds during the period prior to the retirement of bonds of the school board that are outstanding on July 1, 2014, and the period after retirement of such bonds. Present law provides that funding the facilities office (described immediately above) is the highest priority on the use of facility funds. Proposed law retains this priority until bonds are retired, after which the school facilities accounts (described immediately below) become the highest priority.

### **School Facilities Accounts**

Present law requires the operator of each school to maintain a school facility repair and replacement account (school facilities account) for each campus.

Present law provides that facility funds remaining after all other priorities are funded are used for school facilities accounts. Proposed law provides instead that the following amounts shall be deposited annually into these accounts:

- (1) \$800 per student for a school in a facility that was constructed prior to Sept. 1, 2005, and that has not received a renovation exceeding half the value of the facility's replacement cost since that date.
- (2) \$500 per student for other schools.

Proposed law provides that if funds are not sufficient for these deposits, funds shall be deposited in accordance with school board policy.

Present law provides further with respect to such accounts and the use of the funds in them.

Authorizes use of funds in such accounts for capital repairs and replacements. Proposed law authorizes use of funds in such accounts for capital repairs, improvements, and replacement, including debt service and other financing costs associated therewith.

Present law requires the school board to develop, for each campus, a long-term capital plan. Proposed law requires the development of such plans by the school facilities office prior to the retirement of bonds of the school board that are outstanding on July 1, 2014, and the updating of such plans by the operator of the school thereafter. Provides that no more than \$1.5 million may be used for the development of such plans.

### **Revolving Loan Fund**

Present law requires the school board to establish a revolving loan fund and make loans from the fund to schools to finance capital repairs and replacements. Provides further with respect to the loan fund and loans made from it.

Present law requires annual deposits of facility funds to the revolving loan funds for 20 years following the retirement of the bonds outstanding on July 1, 2014. Provides for a per campus amount or per campus share of facility funds to be deposited. Per campus amounts and shares differ for schools that were constructed prior to Sept. 1, 2005, and that have not received a renovation exceeding half the value of the facility's replacement cost since that date and all other schools. Proposed law removes present law.

Proposed law provides as follows with respect to the funding of the revolving loan fund (described immediately above) and the capital improvements fund (described immediately below) from facility funds remaining after funds are provided for the facilities office and the school facility accounts. In the first year following the retirement of bonds of the school board that are outstanding on July 1, 2014, up to \$50 million shall be deposited to the revolving loan fund and remaining funds shall be distributed to the two funds as the school board determines. In subsequent years:

- (1) If less than \$50 million has been deposited to the revolving loan fund, all remaining funds shall be deposited into the revolving loan fund until total deposits reach \$50 million.
- (2) If deposits to the revolving loan fund are \$50 million or more but less than \$75 million, half of such funds shall be deposited to the revolving loan fund and half to the capital improvement fund.
- (3) If deposits to the revolving loan fund are \$75 million or more, 25% of remaining funds shall be deposited to the revolving loan fund and 75% to the capital improvement fund.

### **Capital Improvement Fund**

Proposed law requires the school board to establish the capital improvement fund from which it may make grants to schools to finance preservation, improvements, capital repairs, construction, and replacement of facilities that were constructed prior to September 1, 2005, and that have not received

a renovation exceeding half the value of the facility's replacement cost since that date. Requires the school board to adopt policies for the administration of the fund, including the expenditure of money in the capital improvement fund, criteria for determining when grants are made from the fund, and regular reports to the school board on fund activity.

### **Systemwide Needs Program**

Proposed law establishes a systemwide needs program in school districts in which failing schools were transferred to the jurisdiction of the RSD to direct initiatives that will result in districtwide improvements in areas that can be addressed more efficiently or effectively at the system level than at the school level.

Requires the school district to create a special fund to dedicate money to the program. Provides for the annual deposit into the fund of \$120 per student in the district less the district's expenditures that year for costs identified in present law (relative to certain legacy expenses). Provides that systemwide needs program funds shall be excluded from certain required payments to charter schools.

Requires the district superintendent to submit improvement plans to the school board for approval. Requires the superintendent to propose an improvement plan to use the systemwide needs fund to support one or more areas of focus for no less than three years and to propose new areas of focus and improvement plans for school board approval not more frequently than once every three years. Provides that the approval of such plans requires a majority vote of the full membership of the school board.

Provides that the superintendent shall implement an approved plan by awarding funds through a competitive process according to policies developed by the school board. Funds may be expended directly by the district but shall not be used to pay, directly or indirectly, for school district or school board personnel, staff, or operating expenditures. Funds awarded to schools may be used only for the following purposes:

- (1) Procuring materials, services, or other supports from district-approved organizations or vendors.
- (2) Providing services for students systemwide that is aligned with one or more board-approved areas of focus.

Provides that funding applications shall be approved according to school board policy. Prohibits expenditures from the fund except as provided in proposed law. Prohibits expenditures from the fund in excess of the amount approved by the school board for a particular area of focus.

(Amends R.S. 17:100.11; Adds R.S. 17:100.12 and 3995(A)(1)(b)(iv))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Education to the original bill:

1. Add requirement that facility funds be used to make payments to charter schools not housed in facilities provided by the school board.
2. Add requirement that the facilities office develop long-term capital plans for each campus prior to the retirement of bonds of the school board that are outstanding on July 1, 2014.
3. Prohibit the facilities office from spending more than \$1.5 million on development of capital plans.
4. Add provision for distribution of funds to school facilities accounts if there is not enough money to deposit the amount required by proposed law.
5. Require that systemwide needs funds be excluded from certain required payments to charter schools.
6. Prohibit use of systemwide needs program funds for payment of personnel and operating expenditures.