



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 219** SLS 25RS 353

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **REVISED**

<b>Date:</b> May 5, 2025	12:04 PM	<b>Author:</b> DUPLESSIS
<b>Dept./Agy.:</b> Treasury/Education		
<b>Subject:</b> Creates the Educational Compensation Fund		<b>Analyst:</b> Julie Silva

FUNDS/FUNDING

OR -\$199,500,000 GF RV See Note

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Dedicates certain tax revenue to provide for supplemental payments to certain public elementary and secondary school employees and establishes the Educational Compensation Fund. (7/1/25)

Proposed legislation creates the Educational Compensation Fund as a special fund within the state treasury. Monies in the fund are dedicated to providing funding to the minimum foundation program (MFP) for across-the-board supplemental payment of \$2,000 to certificated personnel and \$1,000 to noncertificated personnel, along with associated employer retirement contributions for public elementary and secondary school employees. The source of monies deposited to the fund are the proceeds of 3% of state sales tax (including 2% on business utilities), but only in the amount appropriated to fully fund the provisions in the bill, as certified by the commissioner of the division of administration.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$199,500,000	\$199,500,000	\$199,500,000	\$199,500,000	\$199,500,000	\$997,500,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	(\$199,500,000)	(\$199,500,000)	(\$199,500,000)	(\$199,500,000)	(\$199,500,000)	(\$997,500,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$199,500,000	\$199,500,000	\$199,500,000	\$199,500,000	\$199,500,000	\$997,500,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**

Proposed legislation will result in an increase in Statutory Dedication expenditures to allocate the funding annually deposited by the treasury into the Educational Compensation Fund to the Minimum Foundation Program (MFP) to provide across the board supplemental payments for certificated (\$2,000 annually) and noncertificated (\$1,000 annually) public school employees. Using current staffing data, these supplemental payments, including employer contribution costs to the Teacher’s Retirement System of Louisiana (using 2025-2026 adopted rates) are projected to cost a total of \$199.5 M across all city and parish systems, charter schools, state schools, and lab schools. This cost may fluctuate year to year; however, for this fiscal note a flat projection of the cost is used.

SGF expenditures are expected to decrease in a like amount due to the redirection of SGF revenues to the Educational Compensation Fund. Specific impacts to state expenditures as a result of this \$199.5 M loss in SGF available for appropriation for other purposes are indeterminable but may be significant.

The Department of the Treasury requires certain resources to create and administer a statutory dedication, as in this measure. Should aggregate session action result in the creation of funds beyond that which can be absorbed within existing resources, additional funding may be required, which is assumed to be SGR in this fiscal note.

**REVENUE EXPLANATION**

Proposed legislation does not change the state sales tax rate or base, but redirects an estimated \$199.5 M from roughly 60% of the proceeds of the 5% state sales tax rate (3% / 5% = 60%) to the Educational Compensation Fund, but only in the amount necessary to fund the cost of supplemental payments to certificated and noncertificated employees of public schools statewide as authorized in the bill. Per the bill, deposits to the Educational Compensation Fund are to be made before any other obligations are met.

General and vehicle sales tax collections in FY 26 are estimated to be \$5.8 B. The bill contemplates roughly 60% of this amount (\$3.5 B) be deposited to the fund, up to the amount of the payments, assumed by this note to be \$199.5 M which manifests as a SGF reduction and statutory dedication increase in the revenue table. Actual payment amounts may vary across years. Proposed legislation may reduce annual dedications made to LDR (R.S. 47:302(K)(6)) and to the Louisiana Economic Development Fund (R.S. 47:318).