

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 655** HLS 16RS 1104
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--------------------------------------|-------------------------------|
| Date: March 18, 2016 10:05 AM | Author: LANDRY, N. |
| Dept./Agy.: Education | Analyst: Jodi Mauroner |
| Subject: Voucher Program | |

SCHOOLS/CHOICE OR INCREASE GF EX See Note Page 1 of 2
 Provides relative to the Student Scholarships for Educational Excellence Program

The Student Scholarship for Educational Excellence Program (SSEEP) allows selected students to attend participating non public schools with tuition expenses paid by the state. To be eligible for a scholarship, a student must have a family income that does not exceed 250% of the federal poverty guidelines and must be entering kindergarten or enrolled in a public school which has a C, D, or F letter grade for the most recent year of the school and district accountability program. Proposed legislation would expand eligibility for participation in the SSEEP to those students in pre-kindergarten as well as to students enrolled in any public school, regardless of letter grades received through the state's accountability program.

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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> | <u>\$0</u> |
| Annual Total | | | | | | |
| REVENUES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | DECREASE | DECREASE | DECREASE | DECREASE | DECREASE | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

There will be an increase in state general fund expenditures for students to move out of the public schools and into voucher schools to the extent the Department of Education (DOE) pays tuition costs that exceed the Minimum Foundation Program (MFP) state per pupil amount that would otherwise be paid to local school districts for those students. The amount of the increase will be determined by the number of schools participating, the number of students choosing to attend a voucher school and the difference between the tuition payments and the MFP's state per pupil amount for those students.

SSEEP tuition is reimbursed at a rate that shall not exceed the combined state and local per pupil amount of the district in which the student resides. For the 1st quarter of the 2015-2016 school year (student count as of 9/21/2015) there were 7,110 students enrolled in 120 participating schools across 32 school districts for an annualized projected cost of \$41.5 M. The DOE paid a lower per pupil amount for 1,109 students (11%) representing a savings of \$1.5 M. However, DOE paid higher per pupil amounts for 6,001 participants (84%), which represents an additional cost to the state totaling \$9.8 M. The net cost to the state is \$8.3 M more than what DOE would otherwise pay out of the MFP to local school districts for these students.

The MFP per pupil amount includes additional weights for students who are low income and English language learners, students with disabilities, students who are gifted and talented and students participating in career and technical education. Voucher schools receive the same weighted per pupil amount that the state pays to local school districts, even though the voucher schools may not actually be serving students with those characteristics.

Furthermore, increases to the MFP base per pupil amount requires legislative approval of the funding formula which contains such increases (historically 2.75% annually). However, due to budget challenges in recent years, the base MFP amount has only been increased 3% over the past 3 years. Per Bulletin 133, voucher schools may increase tuition up to 5% annually (not to exceed the MFP combined state and local per pupil amount). As a result, the average tuition amount paid to voucher schools has increased 12% over the same 3 year period. Thus, the growth in the program is likely to continue at a higher rate than the MFP, particularly when coupled with an increase in the number of participants. **Continued on Page two:**

REVENUE EXPLANATION

There will be a decrease in MFP distributions to local school districts associated with students leaving public schools to enroll in voucher schools. The FY 16 MFP formula calculates the average state per pupil amount to be \$5,196, but this amount may be more or less depending upon the level of local resources of each district.

Senate Dual Referral Rules House

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|--|--|
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

Continued Expenditure Explanation:

Proposed legislation also expands eligibility to Pre-kindergarten students. The Cecil J. Picard LA-4 Early Childhood Program and the Non Public School Early Childhood Development Program (NSECD) currently serve approximately 17,851 at risk children at a cost of \$4,580 per child. DOE estimates an undeserved population of 5,416 at risk Four-Year Olds. To the extent these students meet the income requirements, they could potentially participate in the SSEEP under this bill. For illustrative purposes, assuming 10% of these students were served (542) at the average voucher cost of \$5,852, state expenditures could increase by \$3.2 M.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

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

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