



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 137** HLS 16RS 421
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: April 14, 2016	9:12 AM	Author: SMITH, P.
Dept./Agy.: Education		
Subject: Voucher Program		Analyst: Jodi Mauroner

SCHOOLS/CHOICE

OR DECREASE GF EX See Note

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Prohibits the state Dept. of Education from awarding first-time vouchers to students

Proposed legislation would prohibit the Department of Education (DOE) from awarding new scholarships to students not currently enrolled in the Student Scholarship for Educational Excellence Program (SSEEP) for the 2016-2017 school year and thereafter.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	\$0	\$0	\$0	\$0	\$0	\$0
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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

There will be a net decrease in state general fund expenditures as a result of students’ inability to participate in the voucher program. There will be an increase in MFP expenditures; however, these increases will be offset by a reduction in SGF expenditures for students in the voucher program due to the fact that the majority of voucher schools receive tuition payments in excess of the state per pupil amount that would otherwise be paid to the local school district through the MFP. Tuition for remaining voucher participants may increase up to 5% annually which would reduce the amount of net savings. The exact impact will be determined by the number of students who are not eligible to participate, whether they choose to attend the private school at their own expense, choose to be home schooled, or enroll in the public school of the district in which the student resides and the extent to which voucher tuition amounts increase for remaining participants.

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. The DOE paid a lower per pupil amount for 1,109 students (16%), however, DOE paid higher per pupil amounts for 6,001 participants (84%), which in total represents a net additional cost to the state of \$8.3 M.

In FY 16 there were 899 kindergarten students enrolled in the program that will no longer be eligible to participate. The DOE projects attrition rates of approximately 20% each year. Based on the number of participants enrolled in the first quarter of FY 16, an additional 4,249 students would be excluded as a result of not filling vacant seats, including students graduating from High School or graduating out of the schools’ grade level offerings (1,422 in FY 17, 958 in FY 18, 766 in FY 19, 613 in FY 20 and 490 in FY 21). By the start of FY 21 there could be a many as 5,148 fewer participants in the program.

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REVENUE EXPLANATION

There will be an increase in MFP funds to local school districts and charter schools as a result of students who otherwise would have been eligible to enroll in a voucher school instead attend public schools. The proposed FY 17 MFP formula calculates the average state per pupil amount to be \$5,280, but this amount may be more or less depending upon the level of local resources at each district.

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}

Evan Brasseaux

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Staff Director



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CONTINUED EXPLANATION from page one: Page 2 of 2

Expenditure Explanation Continued from Page One

To illustrate the potential reduction in SSEEP program costs when compared to the current enrollment and funding level of \$42 M, the following table assumes an annual reduction in the number of participants based on the elimination of kindergartners in FY 17, an annual 20% attrition rate and a 5% annual increase in tuition amounts as authorized by BESE Bulletin 133. (Figures do not include the increase in MFP costs.)

<u>Fiscal Year</u>	<u>Seats Lost</u>	<u>Remaining Seats</u>	<u>Average Tuition</u>	<u>Total Cost</u>	<u>Reduction from FY 16</u>
FY 17	2,321	4,789	\$6,145	\$29,428,405	\$12,571,595
FY 18	958	3,831	\$6,452	\$24,717,612	\$17,282,388
FY 19	766	3,065	\$6,774	\$20,762,310	\$21,237,690
FY 20	613	2,452	\$7,113	\$17,441,076	\$24,558,924
FY 21	490	1,962	\$7,469	\$14,654,178	\$27,345,822

Actual savings will be determined by the number of students leaving the program, the extent of actual tuition increases and resulting differences between the tuition payments and what would otherwise be paid through the MFP, and the number of students returning to public schools who will be funded through the MFP. That cannot be determined at this time.