

RÉSUMÉ DIGEST

ACT 430 (HB 393)

2019 Regular Session

Leger

Existing 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 existing law.

Prior law provided that the provisions for the school facilities preservation program applied to schools in the RSD. New law does not apply to those schools.

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

- (1) Sales taxes at a specified rate.
- (2) Property taxes dedicated to capital outlay and authorized by voters after July 1, 2014, to support the purposes of present law.

Prior law specified that the sales tax rate dedicated to the program was equivalent to the rate being used by the school board, as of July 1, 2014, to pay school facility debt. New law specifies that the rate is .13%. Requires continued use of a portion of such funds to pay school facility debt that existed on July 1, 2014, until such debt is retired.

Existing law (R.S. 17:3995(A)(1)) 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 school district. New law requires that facility funds be used to make the extra payments to such schools.

Facilities Office

Existing law requires the school board to create a facilities office and dedicates a portion of facility funds to the office. Prior law dedicated \$15 per pupil to funding the office. New law changes the per pupil amount to \$20.

Existing 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. Existing law provides remedies available if a school is not properly maintained.
- (2) Manage building leases and handle emergency repairs.

New law provides that the facilities office is required to handle emergency repairs only until school board bonds that were outstanding on July 1, 2014, are retired.

New law additionally requires the office to:

- (1) Ensure the management of the capital improvement fund created by new law.
- (2) Develop and approve long-term capital plans, which are required by new law.

Existing law authorizes the facilities office to provide additional facility 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.

Prior law and new law provide for various priorities in uses of facility funds during the period prior to the retirement of school board bonds that were outstanding on July 1, 2014, and the period after retirement of such bonds. Prior law provided that funding the facilities office (described immediately above) was the highest priority for the use of facility funds. New law retains this priority until bonds are retired, after which the school facilities accounts (described immediately below) become the highest priority.

School Facilities Accounts

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

Prior law provided that facility funds remaining after all other priorities were funded would be used for school facilities accounts. New law, applicable after the retirement of bonds as described above, 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.

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

Existing 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. New law further authorizes use of funds in such accounts for capital improvements and for debt service and financing related to capital repairs, improvements, and replacements.

Prior law required each school to develop a long-term capital plan. New law requires the school facilities office to develop such a plan for each campus prior to the retirement of school board bonds that were 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

Existing 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.

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

New law provides as follows with respect to funding the revolving loan fund and the capital improvements fund (described 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 that were 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

New law requires the school board to establish a capital improvement fund from which the board shall 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.

Systemwide Needs Program

New law establishes a systemwide needs program in school districts in which failing schools were transferred to the jurisdiction of the RSD in accordance with a specified provision of existing law. The program is established 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 existing law relative to certain legacy expenses. Provides that systemwide needs program funds shall be excluded from required payments of local revenue 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 for personnel or operating expenditures. Awarded funds may be used only for the following purposes:

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

Provides that funding applications shall be approved according to school board policy. Requires an applicant for funds to demonstrate that at least 25% of the funds it will expend to achieve its proposal are from sources other than the program.

Effective August 1, 2019.

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