

HOUSE COMMITTEE ON EDUCATION

Minutes of Meeting
2005 First Extraordinary Session
November 21, 2005

I. CALL TO ORDER

Representative Carl Crane, chairman of the House Committee on Education, called the meeting to order at 9:10 a.m. in Committee Room 1, in the State Capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative Carl Crane, Chairman
Representative Avon Honey, Vice Chairman
Representative Ernie Alexander
Representative Austin Badon
Representative Regina Barrow
Representative Hollis Downs
Representative Jim Fannin
Representative Hunter Greene
Representative Lelon Kenney
Representative Mike Powell
Representative Tank Powell
Representative Harold L. Ritchie
Representative Don Trahan
Representative Tommy Wright

MEMBERS ABSENT:

Representative A.G. Crowe

STAFF MEMBERS PRESENT:

Paul Jones, Research Analyst
Nancy Jolly, Research Analyst
Jackie Snowden, Secretary
Beverly Vincent, Sergeant at Arms

III. DISCUSSION

Senate Concurrent Resolution No. 29 by Senator Ullo

Senate Concurrent Resolution No. 29 approves the minimum foundation program (MFP) formula adopted on November 15, 2005, by the state Board of Elementary and Secondary Education (BESE).

During opening statements, Representative Crane stated that Ms. Weegie Peabody, executive director of BESE, informed him that several members of the committee had spoken with her and made recommendations on changes that could be made to the MFP. Representative Crane also commended BESE for the cooperation and understanding extended to committee members relative to their concerns about the original MFP.

Mr. Cecil Picard, state superintendent of education representing BESE, Claiborne Building, Baton Rouge, LA, (225) 342-3602, also made opening statements. Mr. Picard said what is represented in Senate Concurrent Resolution (SCR) No. 29 reflects some of the concerns expressed about SCR No. 15, a modification of SCR No. 125 that was approved by the legislature during the last regular session. Superintendent Picard stated that the concerns of members of the education and appropriations committees were heeded by BESE. He asked Ms. Marilyn Langley, deputy superintendent for management and finance, representing the state Department of Education, Claiborne Building, Baton Rouge, LA, to present the substantive changes that were made.

Ms. Langley presented adjustments to the Fiscal Year 2005-2006 MFP, as adopted by BESE on November 15, 2005 (see Exhibit A). Ms. Langley described the first issue raised by committee members: Category 1 funding, where BESE provided 20% of the state and local Level 1 funding to cover fixed costs. She stated that BESE's action was to reduce the 20% level down to five percent and to increase the minimum paid enrollment from 1,000 to 3,000. She explained that doing this provides the estimated percent funding and addresses committee concerns about Orleans Parish continuing to receive 60% of its initial allocation, even though they no longer had students. Ms. Langley explained that the action will revise the Orleans Parish percent funding down to 44%, while keeping Plaquemines and St. Bernard parishes at their same previous levels.

She reported that Orleans, St. Bernard, and Plaquemines parishes had submitted plans for the spending. Ms. Langley informed committee members that Mr. Bill Roberti, representing Alvarez & Marsal, will make a presentation on the Orleans Parish budget situation which details how they have been spending money and how they plan to spend funds over the next several months.

Ms. Langley said the second area of concern was that the \$1,000 for the displaced students should be increased to \$2,500 and that the November date should be September. Ms. Langley clarified that concerns in this area varied depending upon where you lived in the state. She explained that the board recommended that the \$1,000 be raised to \$1,250 (to be distributed in two payments of \$625), with one distribution being based on September 16 and the other on November 1. Ms. Langley reported that both payments will be made in December.

In reference to the disappointment expressed about the changes to the 70% requirement, Ms. Langley said that BESE has eliminated any change to that requirement. She said local school districts will be required to expend 70% of their local general fund on instruction.

She noted that another concern was the 5% growth factor in 2006-2007 and that an index would apply for years after 2006-2007. Ms. Langley shared with committee members that BESE attempted various remedies to address the concern: (1) removing the language for 2006-2007 on the per-pupil increase; the 2.75% increase in the base per pupil remains; (2) increases in local revenues in the local wealth factor for Category 2 and 3 districts will be reflected in the MFP adjustments (Category 1 districts Plaquemines, St. Bernard, and Orleans will continue to experience adjustments to their revenues and wealth factors in the form of a 75% reduction); and (3) adding a new item for Level 3 in the form of \$60 per student to provide for funding for mandated costs the districts are experiencing. She said this funding is based on the November 1, 2005, student membership. Ms. Langley explained that the \$60 addition in Level 3 is based on the reductions made to the Category 1 district (approximately \$37.5 million).

Ms. Langley then addressed the issue of setting a timeline for adopting a new resolution, given an impending deadline for issuing payments for November. She said BESE authorized the payment to all Category 2 and 3 districts for November 18 to enable them to meet their payroll requirements. She added that for Category 2 districts, there will be an adjustment in December for the November adjustments BESE was unable to make. Ms. Langley then pointed out that Category 1 November payments were being held in light of a 10:00 a.m. deadline tomorrow, in order to distribute the payments for the Category 1 districts (Orleans, Plaquemines, and St. Bernard). She noted the urgency in moving the resolution through the process so that these districts can receive their payments, adjusted for reductions based on new student membership counts.

Ms. Langley referred committee members to the numbers located in the tables attached to the resolution.

Committee members commended BESE for reworking the resolution in order to consider the concerns expressed by the committee.

Representative Fannin noted that there were still areas of the formula that needed to be addressed and said he looked forward to meeting with BESE representatives in March to address these issues.

Representative Crane asked Mr. William Roberti, managing director, representing Alvarez & Marsal, New York, NY, to make his presentation. Mr. Roberti informed committee members that he was acting as the chief restructuring officer of the New Orleans Public School system. Mr. Roberti stated that he wanted to bring members up to date about where Orleans Parish is, both pre- and post-Katrina, to allow for a better understanding of the financial challenges being faced by the school system.

He noted that a week before the storm hit, the organization was in the process of closing a \$50 million short-term borrowing to bring in more funding and to use the funds to restructure the system. He informed committee members that the system had continually spent more on the cost side than it brought in on the revenue side. The information he provided was as follows: pre-Katrina, 117 schools were in operation, employed 7,000 people, 56,000 students (down from the previous year, continuing a decline in enrollment over several years); general operating funds were \$406 million (\$199 million from the MFP); and there were \$92 million in sales taxes, \$102 million in ad valorem taxes; and \$13 million in other forms of revenue. Continuing, Mr. Roberti informed committee members that: 79% of the students in the district were under the free and reduced lunch program; \$53 million was left in the general operating fund prior to the storm; and \$74 million was in reserve funds prior to the storm. Mr. Roberti supplied the following information as it relates to post-Katrina efforts: the system will take over 100 schools into a recovery school district; there are a group of schools on the West Bank that have successfully been chartered and will open on December 14; nine independent charters will open on the East Bank; and the Orleans Public school system will have eight schools left in its system to manage (these eight being those that are currently achieving academically above the state average).

Mr. Roberti reported that under the current MFP formula, the Orleans Parish school system, post-Katrina, will only receive \$49 million (\$33 million has already been received during the months of September and October). He said the system has \$64 million in the general fund and a \$102 million balance or cash (from \$25 million in insurance proceeds). Mr. Roberti described potential sources of cash as being \$180 million from property insurance; \$19 million from flood insurance; and \$16 million from the MFP. He noted, however, that the uses for these revenues still outweigh the sources. Some of the problems noted were as follows: the school system has approximately \$270 million worth of bond debt; the school system does not have unemployment insurance but is obligated to pay back the state for unemployment payments made to employees on deferred leave (for every 26 weeks that unemployment is extended, a \$40 million payment is due back to the state); sick leave and vacation leave

accruals in the amount of \$29 million need to be paid; disaster relief benefits; health benefit insurance (a catastrophic plan costing \$14 million has been established); and pre-Katrina debt of \$20 million is still owed. Mr. Roberti stated that all added up to \$373 million in cash uses. He informed committee members that the system has applied to the Community Disaster Loan Program for the maximum loan available, which is \$126.7 million. He said the federal government is balking at approving the loan because of previous problems the system has had in handling federal funding.

Other information offered by Mr. Roberti included the following: 50 persons who were employed by the school system pre-Katrina are still currently on the payroll at a cost of \$2.5 million; two New Orleans public schools are scheduled to open. They are an elementary school (Benjamin Franklin) on November 28 and a high school (Mc Main) on January 9 at a cost of \$29 million when other operating costs are included, and debt service payments will continue to be made.

Mr. Roberti commented that the system is a long way from being rebuilt and much work is left to be done to achieve a working balance. He pointed out that an eight-school system in Orleans Parish at its capacity would require approximately \$24 million in MFP funds. He said these funds matched with local funds to produce a \$48 million revenue stream still would not help manage the debt service and other obligations that the system has at this time. Mr. Roberti stated that his company has the responsibility to determine how to use proceeds coming in from insurance and other sources to pay off the debt.

Mr. Roberti revealed that all of the schools operating pre-Katrina were in some way damaged by the storm. He said that based on best estimates accumulated from insurance and real estate professionals who have been working daily since the storm, and \$800 million to a \$1 billion claim can be made. Mr. Roberti said his company will continue to work with the state, city of New Orleans, and the Orleans Parish School Board to develop a future plan for the school system.

In response to a question from Representative Kenney, Mr. Roberti said his company has been working in the area since July. He stated that the Orleans Parish School system, pre-Katrina, was close to insolvency and was set to run out of cash in September. He noted that good decisions had been made during the last 60 to 90 days: (1) there will be between 16 and 20 schools of various types operating in January—Type 5 charters owned by the state, some Orleans Parish public schools, and the Algiers charter system will have five schools operating in December; (2) several schools have chartered on the East Bank and will open in January—Benjamin Franklin High School, Audubon Montessori, and the New Orleans School for Math and Science; and (3) Tulane president Scott Cowan has lead meetings with executives and city leaders to discuss the future of New Orleans public schools. Mr. Roberti reiterated that there

was still much work to be done. He said any indication of progress was six months to one year away.

In response to a question from Representative Fannin about tracking teachers who have left the state, Mr. Roberti explained that a website and hotline had been set up. He said this operation had yielded information from approximately 7,000 system employees. He announced that officials were currently working with the Federal Emergency Management Agency (FEMA) to set up trailers to house those teachers who wanted to return. Mr. Roberti added that insurance benefits for these employees were paid for two months.

Representative Barrow asked for a breakdown of the areas where the current employees are working. Mr. Roberti reported that of the 50 employees now employed in Orleans Parish, nine are in the information technology department, five are in curriculum, five in finance and budget, four in facilities, four in security, three in payroll, three in special education, three in special revenues, three in human resources/retirement/benefits, one in child nutrition, one lawyer/general counsel, one government relations, one in the mailroom, two principals, one in purchasing, one in risk management, one in transportation, and the superintendent.

Speaking in support of Senate Concurrent Resolution No. 29 was State Superintendent of Education Cecil Picard. Superintendent Picard commented that BESE is interested in capturing schools that are failing, but the people of New Orleans will have the ultimate responsibility to rebuild the schools in the area. He noted that the group being formed by Dr. Cowan at Tulane will include input from the electorate, parents and experts from across the country. He said the system will also look to receive assistance from foundations; with the proceeds off these relationships being used to pay off as much of the outstanding debt as possible. He pointed out, as well, that 117 schools will not be needed in the system, as projections have the city's population set at approximately 250,000 from its pre-Katrina population of 470,000. Superintendent Picard said his vision for the system is to have community schools established along with grades K-8 and 9-12 to be strategically located in proximity to and work in concert with universities, public libraries, parks, and community health centers. He said it will probably be during the 2007-2008 school year that definitive ideas for the schools can begin development, with three to five years for the beginning of construction on new schools.

Representative Crane commended Mr. Roberti and his company for the work they are doing in New Orleans.

Also supporting Senate Concurrent Resolution No. 29 was Ms. Jacqueline Pace, a retired teacher, principal, and supervisor with St. Bernard Parish schools, who spoke to the committee on behalf of Ms. Linda Kling, president of the Retired Teachers of St. Bernard Parish. She

noted the organization's support of Senate Concurrent Resolution No. 29. She expressed appreciation to the local superintendent of schools, Ms. Doris Votier, the St. Bernard Parish School Board, BESE, Superintendent Picard, and the state Department of Education for their tireless efforts in trying to secure funding for the St. Bernard Parish school system in the aftermath of Hurricane Katrina. She said the parish was flooded, and all schools sustained serious damage. Ms. Pace announced that the St. Bernard Unified School District started school one week ago, and they looked forward to the continuing growth of the enrollment. She noted that the administrators, teachers, students, and parents were enthusiastic about rebuilding the schools and the various communities in St. Bernard Parish. She expressed her concern that the legislature, state Department of Education, and BESE continue to support benefits for retirees and provide the resources needed to assist in rebuilding the schools.

Opposing the resolution was Mr. Steve Monaghan, representing the Louisiana Federation of Teachers, 9623 Brookline Ave., Baton Rouge, LA 70809, (225) 923-1037, who informed the committee that the organization is opposed to the resolution, but reluctantly so. Mr. Monaghan acknowledged the necessity to assist schools systems that were damaged by the hurricanes and the devastation experienced by the impacted areas. He said his organization questioned the steps being taken and the vision of policymakers in the wake of the hurricanes. Mr. Monaghan stated that the organization's major concern was the \$40 million decrease in MFP funding because of the substantial reduction in student population. He said the decisions being made will determine whether or not the student and employee populations return to their pre-Katrina levels.

Representatives of the state Department of Education and BESE waived their closing on the resolution.

Representative Trahan moved that Senate Concurrent Resolution No. 29 be reported favorably. There was an objection, and the secretary called the roll. Senate Concurrent Resolution No. 29 was reported favorably by a vote of 9 yeas and 4 nays. Representatives Ernie Alexander, Crane, Downs, Fannin, Kenney, Tank Powell, Ritchie, Trahan, and Wright voted yea, and Representatives Badon, Barrow, Greene, and Honey voted nay.

Senate Concurrent Resolution No. 9 by Representative Ullo

Senate Concurrent Resolution No. 9 suspends certain provisions governing the operation of and formation of charter schools.

Representative Crane announced that amendments were pending. He asked Ms. Nancy Jolly, committee legislative analyst, to present the amendments. Representative Crane stated that the amendments were basically technical in nature. In addition to technical changes, the

amendments stipulate the following: "if Senate Bill No. 70 of this 2005 First Extraordinary Session of the Legislature becomes law, all references in this Resolution to R.S. 17:3983(A)(4)(c) and (f) shall be deemed to be R.S. 17:3982(A)(4)(b) and (e)". Representative Crane explained that the amendments are being offered to eliminate possible conflicts between this and other legislative instruments that are being moved through the process given that Senate Concurrent Resolution No. 9 calls for a suspension of certain provisions.

Mr. Jim Hrdlicka, general counsel, representing the state Department of Education, P.O. Box 94064, Baton Rouge, LA, clarified that the amendments were technical as it relates to certain provisions of the law that were renumbered because of the Recovery School District legislation currently moving through the process. He said the resolution is being renumbered to conform with the Recovery School District legislation.

Representative Crane offered the amendments and moved that they be adopted. There was no objection, and the amendments were adopted by a vote of 11 yeas and 0 nays. Representatives Ernie Alexander, Badon, Barrow, Crane, Downs, Fannin, Greene, Honey, Tank Powell, Ritchie, and Wright voted yea.

Mr. Hrdlicka presented the legislation on behalf of Senator Ullo. He explained that the statutes listed in the resolution are trying to assist hurricane impacted parishes in opening charter schools. He noted that in order to help the parishes, the resolution seeks to suspend certain provisions of the law that would otherwise make it impossible to respond quickly under these circumstances by opening charters.

He cited particular statutes in the resolution (R.S. 17:1990(F) and 3973(2)(b)(v)) that refer to a provision of law that restricts Type 5 charter schools to only allow students who had been eligible to attend the preexisting school to attend the charter after a disaster. Mr. Hrdlicka stated that the optimum scenario is to have everyone in the parish eligible to attend the charters. He said the provisions of the resolution would suspend the provision of law that would restrict the eligibility of students to attend certain charters to only those that have previously been in an attendance zone.

Mr. Hrdlicka explained that other statutes cited in the resolution, 17:3973(2)(b)(iii) and (iv), require votes to take place by faculty/staff and parents of students who had attended the school prior to converting to a Type 3 or 4 charter school. This provision would also be suspended.

He said the remaining statutes cited deal with (1) restrictions about timelines; as there are only certain months within which most charters can be applied for, within which BESE can approve charters, and within which charters can begin operation; (2) requirements for an enrollment period of not less than one month nor more than three months; and (3) the minimum length of

a school day and the minimum number of instructional minutes in a school year. Mr. Hrdlicka noted that this is similarly being waived for the public schools. The resolution would suspend these restrictions for a certain length of time.

Opposing the legislation were Mr. Steve Monaghan, representing the Louisiana Federation of Teachers, 9623 Brookline Ave., Baton Rouge, LA 70809, (225) 923-1037; Mr. Tom Tate, representing the Louisiana Association of Educators, P.O. Box 479, Baton Rouge, LA 70821, (225) 343-9243; and Representative Cedric Richmond. Mr. Tate said his organization's opposition comes because of the potential for the spread of charter schools throughout the state. He noted that House Bill No. 121 applies only to the Recovery School District in Orleans Parish, but Senate Concurrent Resolution No. 9 appears to expand the opening of charter schools throughout the state.

Mr. Monaghan stated that his organization had no problem with the establishment of charter schools, but was concerned with the process and the systematic disenfranchisement of teachers, staff, and the affected community from having a voice and input into the decisions that are being made. Mr. Monaghan said this is not good education policy.

Representative Richmond pointed out that in the process of residents being moved across the country, seeking housing, schools, and a livelihood, Ben Franklin High School in New Orleans was converted to a charter school without input from teachers, students, and parents. Representative Richmond reasoned that there was no rationale for the action since Ben Franklin High is the highest performing high school in the state. He questioned the manner in which rules are being suspended. He said Senate Concurrent Resolution No. 9 goes too far and removes the safeguards that were put in place to protect community schools.

In closing, Mr. Hrdlicka acknowledged that parents, faculty, and students have been scattered across the United States and said this is the reason why the department is requesting a suspension of those statutes that require growth in faculty, staff, and parents. He pointed out, as well, that the law requires that certified teachers teach in charters and the department is encouraging certified teachers to return and apply for jobs in the charter schools. Mr. Hrdlicka stressed that the department was assisting parishes that were establishing the charters; noting that it was not a matter of the state taking over schools and pointing out that 21 charters had been started by the Orleans Parish School Board. He noted, as well, that there were federal dollars available exclusively to charter schools to replace lost, local tax revenues.

In response to a question from Representative Trahan, Mr. Hrdlicka said the statutes affect the entire state and that there is some discussion from Jefferson Parish and East Baton Rouge Parish about establishing a Type 4 charter school.

Representative Kenney moved that Senate Concurrent Resolution No. 9 be reported with amendments. There was an objection, and the secretary called the roll. Senate Concurrent Resolution No. 9 was reported with amendments by a vote of 8 yeas and 5 nays. Representatives Ernie Alexander, Crane, Downs, Greene, Kenney, Mike Powell, Tank Powell, and Wright voted yea, and Representatives Badon, Barrow, Honey, Ritchie, and Trahan voted nay.

Senate Bill No. 70 by Senator Ullo

Senate Bill No. 70 eliminates the limit on the maximum number of charter schools that can be created.

Representative Crane announced that amendments were pending. Mr. Paul Jones, committee legislative analyst, presented the amendments. Mr. Jones explained that the amendments were technical and would correct drafting errors. He explained that they also provide for changes to a particular section of the law and an emergency effective date for the bill to become effective upon signature by the governor, otherwise it would not become effective until 60 days after the close of the special legislative session. Representative Trahan moved that the amendments be adopted. There was no objection, and the amendments were adopted by a vote of 13 yeas and 0 nays. Representatives Ernie Alexander, Badon, Barrow, Crane, Downs, Greene, Honey, Kenney, Mike Powell, Tank Powell, Ritchie, Trahan, and Wright voted yea.

Mr. Jim Hrdlicka, general counsel for the state Department of Education, presented the bill to the committee. He explained that current law restricts the number of total charters in the state to 42. He said Senate Bill No. 70 would remove this cap. Mr. Hrdlicka stated that currently there are 39 charter schools in Louisiana, just three short of the cap. He explained that because the Orleans Parish School Board has recently granted 21 charters and there is uncertainty about what other parishes might do, especially in the area of Type 4 charters, the department is requesting that the upper limit of 42 charter schools be removed.

Opposing the legislation were Mr. Tom Tate, representing the Louisiana Association of Educators, P.O. Box 479, Baton Rouge, LA 70821, (225) 343-9243. Mr. Tate stated that his organization's opposition is similar to that expressed in testimony on Senate Concurrent Resolution No. 9. He stated that the bill is further opening the potential expansion of charters by removing the cap on the number that can be established. Mr. Tate said beginning the suspension of certain laws and then removing the cap do not set good precedents.

Also speaking in opposition to the legislation was Representative Karen Carter. She said she opposes the bill for some of the reasons stated during debate on Senate Concurrent Resolution No. 9. Representative Carter said the rules were put in place to act as safeguards for

communities to be in the process of chartering schools. She questioned the intentions of the current administration and the Department of Education towards the public education system of Orleans Parish. Representative Carter questioned actions being taken and whether the actions are actually being undertaken as a follow-up to the governor's emergency order or whether the creation of charter schools was an attempt to undermine the public education system. She said the charters are supposed to be autonomous and independent, and comprised of members of the community including parents, teachers, administrators, business partners, etc. Representative Carter stated that she supported the establishment of charter schools, but not at the expense of torn communities whose members were scattered across the country. She cautioned that the actions being taken threatened the public school system statewide. Representative Carter observed that attempts have been made to reopen a school in her district, McDonough 35, the oldest African-American high school and one of the top performing high schools in the state. She stated that school officials have met but have faced obstacles in their efforts, having been told that they could not open unless they opened as a charter. She questioned the process certain high performing schools have endured in their attempts to reopen and questioned the motives of some state officials.

Also opposing the legislation was Mr. Steve Monaghan, representing the Louisiana Federation of Teachers, 9623 Brookline Ave., Baton Rouge, LA 70809, (225) 923-1037. Mr. Monaghan called for some honest discussion on the issue and a clear revelation of the master plan for the schools in Orleans Parish. He stated that charter schools are supposed to serve as an option. He said the charter experience has, at best, produced incomplete results. Mr. Monaghan said if the effort is not driven by a political agenda or a philosophical predisposition to public education having failed, the state should not be embracing the wholesale uncapping of charters.

Ms. Allison Ocmand, representing the Louisiana Federation of Teachers, 9623 Brookline Ave., Baton Rouge, LA 70809, (225) 923-1037, also expressed opposition to the bill and noted a BESE report on charter schools that revealed 13 out of 16 charters had no academic growth, was a school in decline, or had minimal academic growth. She said there should not be an uncapping of an experiment that has shown this type of academic growth in the state.

Mr. Byron Stewart, representing the Louisiana School Boards Association, 7912 Summa Ave., Baton Rouge, LA 70809, (225) 769-3191, stated that his organization opposed the legislation because school boards across the state, directly and indirectly, have been affected by Hurricanes Katrina and Rita, and they should not have to confront an additional issue of establishing charter schools.

Also opposing the legislation was Mr. Alphonse Jackson, representing the Louisiana Association of Educators, P.O. Box 2826, Baton Rouge, LA, (225) 405-6540.

Supporting the legislation was Ms. Brigitte Nieland, representing the Louisiana Association of Business and Industry, 3113 Valley Creek, Baton Rouge, LA 70821, (225) 928-5388.

In order to clarify previous testimony made about the issue, Representative Mike Powell asked that Superintendent Cecil Picard be allowed to respond to a question before the vote. Representative Mike Powell referred to questions raised by Representative Karen Carter during her testimony in opposition to the bill. He recalled that Representative Carter insinuated that someone in the state Department of Education was keeping a certain school in New Orleans from reopening. Representative Mike Powell asked Superintendent Picard if he was aware of an action of this nature. Superintendent Picard responded that the insinuation was "a bald-faced untruth." He added that charter schools are public schools and that the department did not initiate any charter schools in Orleans Parish. He said all were initiated by the local school board in Orleans Parish and since the number had risen to 21, something had to be done because other parishes in the state have expressed interest in establishing charters.

Representative Crane announced that because the House Judiciary Committee is scheduled to meet in Committee Room 1, the House Committee on Education will stand in recess until the House adjourns. He said the committee will continue discussion on Senate Bill No. 70 and the remainder of its agenda items after adjournment.

Committee Recess at 11:11 a.m.

Upon adjournment of the House floor proceedings, the committee reconvened at 7:03 p.m. The same members were present and absent as reflected in the morning roll call.

Senate Bill No. 70 by Senator Ullo

Senate Bill No. 70 eliminates the limit on the maximum number of charter schools that can be created.

(Please see previous discussion on Senate Bill No. 70 by the committee prior to the recess.)

Representative Tank Powell offered a motion to report Senate Bill No. 70 with amendments, to which there was objection. The secretary called the roll. The motion passed by a vote of 9 yeas and 0 nays. Representatives Ernie Alexander, Crane, Downs, Fannin, Kenney, Tank Powell, Ritchie, Trahan, and Wright voted yea, and Representatives Badon, Barrow, Greene, and Honey voted nay.

Pursuant to Article VII, Section 10.8(C)(3)(g) of the state constitution and R.S. 17:3805, consider for legislative approval the plans submitted by schools and school systems for the expenditure of Education Excellence Fund (EEF) monies.

Representative Crane reminded committee members that the committee can only receive the report from representatives of the state Department of Education who will advise about changes made or projects approved. He said the department must make sure that all projects comply with regulations set forth in the constitution.

Addressing the committee were Mr. Pete Lafleur, representing the state Department of Education, P.O. Box 9460, Baton Rouge, LA, and Ms. Susan Aysenne, representing the school standards division in the department.

Mr. Lafleur referred committee members to a packet that contained three items which included the Education Excellence Fund (EEF) History, the Regular EEF Account, and the Investment Account (see Exhibit A). He told committee members that the EEF was established in 2000-2001. He noted that the chart shows the total funding that has been budgeted to the public school districts and nonpublic schools; and the total funding received each fiscal year.

Mr. Lafleur pointed out as well that for FY 2005-2006, the fund has been cut by five percent in the governor's executive order. He pointed out that the cut will not affect the plans because they were prepared in May and June of this fiscal year and based on 2004 monies. Mr. Lafleur noted that the cuts will affect EEF plans for the next fiscal year.

Regular EEF Account

He then referred committee members to the total numbers for the Regular EEF Account, \$21.7 million has been requested from the public school districts. Mr. Lafleur then described allocations for Type 2 charters, \$34,000; nonpublic schools (Catholic diocese, Christian, and Brumfield v. Dodd approved), \$2.1 million; and special schools, \$315,835. The charts also listed the program type for which each of the schools will use the funding.

Investment Account

Mr. Lafleur informed committee members that two districts (Lafourche and Vermilion) elected to place their EEF monies in the Investment Account during this plan cycle. He explained that the account was established in FY 2001-2002, presenting school districts the option to invest their funds on a long-term basis with the treasurer's office. He commented that 38 districts have invested their funds with the treasurer's office. Mr. Lafleur pointed out, as well, that districts are required by law to propose plans for the use of these funds.

Representative Crane asked if the department, in producing the plans, had complied with all conditions of law. Mr. Lafleur answered affirmatively, adding that the school districts had submitted expenditure plans and budgets that were reviewed by the department and approved.

Representative Crane said the plans will be voted upon *in globo*.

Representative Mike Powell asked about the allocation for Orleans Parish in light of the movement of some schools into the Recovery School District and others to charter schools. He asked if the point of distribution will continue from the Orleans Parish School Board. Mr. Jim Hrdlicka, attorney, representing the state Department of Education, stated that the department will work with the parish to make determinations about how future allocations will be handled. He noted that no funds will move from the parish's balance pending the resolution of the Recovery School District legislation, as there is language in this legislation that will redirect some funds to the district from the Orleans Parish School Board.

In response to a question from Representative Tank Powell, Mr. Lafleur stated that EEF expenditures cannot be used for capital improvements, salaries, or pay raises.

Representative Fannin moved that the plans submitted by schools and school systems for the expenditure of Education Excellence Fund (EEF) monies be approved. There was no objection, and the motion passed by a vote of 13 yeas and 0 nays. Representatives Ernie Alexander, Badon, Barrow, Crane, Downs, Fannin, Honey, Kenney, Mike Powell, Tank Powell, Ritchie, Trahan, and Wright voted yea.

Representative Crane recognized Representative Honey who wanted to make a statement. Representative Honey referred committee members to testimony made when Senate Bill No. 70 was heard in committee during the morning session. Specifically, Representative Honey mentioned the question directed to Superintendent Cecil Picard by Representative Mike Powell relative to the reopening of a school in New Orleans, and Superintendent Picard's response that an earlier statement made about the reopening of this school was "a bald-faced untruth." Representative Honey stated that the type of behavior exhibited by the superintendent should not be allowed in the body and was totally out of order. Representative Honey specifically noted that the superintendent's remarks "bald-faced untruth" were not appropriate. He called for Superintendent Picard to deliver a public apology for his behavior; as embarrassing an individual was no way to handle the issue.

Representative Crane stated that if the superintendent made the statement, an apology is warranted. Representative Crane said he did not hear the statement at the time, but would have intervened had he heard it.

IV. OTHER BUSINESS

There was no other business for discussion.

V. ANNOUNCEMENTS

There were no announcements.

VI. ADJOURNMENT

The meeting was adjourned at 7:24 p.m.

Respectfully submitted,

Austin J. Badon, Jr., Chairman

The committee has acknowledged on _____, that these minutes were prepared in accordance with the rules of the House of Representatives.