

July 2, 2008

The Honorable Glenn Koepp
Secretary of the Senate
State Capitol
Baton Rouge, Louisiana 70804

Re: Senate Bill No. 632 by Senator Gray
Establishes Louisiana Statewide Educational Facilities Authority

Dear Mr. Koepp:

Senate Bill No. 632, along with companion House Bill No. 962 by Representative Peterson, opens the door to future state funding of construction and renovation of local public school facilities. While this appears to be a worthwhile goal, it represents a fundamental shift in the planning and financing of school facilities and would open the door to a very costly state-funded school facilities program. This has traditionally been a local responsibility driven by the needs and wishes of citizens in each school district. Funding is provided through the approval of local efforts and limited discretionary monies received by the school systems from the state's Minimum Foundation Program (MFP). In addition to funding from the enrollment-based MFP formula, increased revenues raised through local efforts are eligible for reward funding in which the state contributes a match, thereby providing school systems with even more discretionary money.

The state currently has unmet obligations such as the unfunded accrued liability of the statewide retirement systems, the backlog of deferred maintenance on roads, and an estimated \$2 billion in deferred maintenance on state buildings. Senate Bill No. 632 establishes the Louisiana Statewide Education Facilities Authority and grants this body with the authority to sell bonds backed by the full faith and credit of the state. If the Authority were to sell bonds, this could have a negative impact on the 6% constitutional net state supported debt limit and hamper the state's ability to fund normal capital outlay.

For these reasons, I have vetoed Senate Bill No. 632 and hereby return it to the Senate.

Very truly yours,

Bobby Jindal
Governor

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