

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 1** HLS 19RS 97
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 5, 2019 9:02 AM	Author: LANDRY, N.
Dept./Agy.: Education	Analyst: Jodi Mauroner
Subject: Minimum Foundation Program Funding Formula	

SCHOOLS/FINANCE-MFP OR +\$145,217,142 GF EX See Note Page 1 of 2
 Provides for legislative approval of the MFP formula for the 2019-2020 school year

The concurrent resolution provides for the FY 19-20 Minimum Foundation Program (MFP) formula that was adopted by the Board of Elementary and Secondary Education (BESE) on March 13, 2019. The formula contains 4 levels: Level 1- provides for the calculation of the the total MFP costs and the proportion supported by the state and local school districts which reflects an increase of 1.375% in the base per pupil amount; Level 2- provides incentive for local effort; Level 3- provides for specific legislative allocations (continued funding for past pay raises, new proposed teacher and support personnel pay raises, historical funding allocations based on hold harmless reallocations, and mandated cost increases in health insurance, retirement and fuel); Level 4- provides for supplementary funding (includes Foreign Language Associate salary and stipends, career development allocations, high cost services allocations, and supplemental course allocations).

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$145,217,142	\$0	\$0	\$0	\$0	\$145,217,142
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$2,003,000)	\$0	\$0	\$0	\$0	(\$2,003,000)
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	\$143,214,142	\$0	\$0	\$0	\$0	\$143,214,142

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed concurrent resolution will result in an estimated net increase of \$143,214,142 in state expenditures over the FY 19 Existing Operating Budget (EOB). The FY 19 EOB is \$3,710,020,377 and \$3,853,234,519 is required for FY 20. However, while the Governor’s proposed budget fully funded this increase, the current version of HB 105 (General Appropriation Bill) only proposes a funding increase of \$104,364,142 (\$3,814,484,519 SGF, \$162,600,000 Lottery Proceeds Fund and \$107,226,163 SELF Fund). **HB 105 does not include \$38.9 M required to fund the 1.375% base per pupil amount increase.**

The most significant increase is associated with a proposed across the board pay raise of \$1,000 for teachers and other certificated personnel and \$500 for support personnel (\$101.3M) as well as an increase of 1.375% in the base per pupil amount from \$3,961 to \$4,015 (\$38.9 M). Additionally, there is an increase in the number of students qualifying for the Special Education weight in Level 1; increased costs in Level 2 associated with revenue estimates; and increased costs in Level 4 associated with the Career Development funding (\$3 M). Finally, there is an increase of SGF (\$2 M) due to a decrease in statutorily dedicated funds out of the Lottery Proceeds Fund based on the most recent revenue estimates.

LEVEL 1: Uses the February 1 student count to determine the cost of education services. Maintains the weights for Career and Technical Education units (6%) Special Education/Other Exceptionalities (150%) and Special Education/Gifted and Talented (60%) and Low Income and English Learner (22%). Maintains the calculation necessary to maintain a state and local allocation ratio of 65% to 35%. The increase of \$38.9 M is associated with a 1.375% increase in the base per pupil amount, from \$3,961 to \$4,015. Preliminary student enrollment count is 681,088, (down from the February 2018 count by approximately 2,800 students). The total weighted membership count is 971,140; however, the MFP as submitted uses placeholder data from 2/1/19 to calculate student weights. Any adjustments will impact the total funding required.

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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

LEVEL 2: Maintains the provisions of incentives for local effort. The Total MFP educational costs are shared between the state and the city or parish school systems. The ability of school systems to support the cost of education in their communities is measured by the potential to raise local revenue measured in Level 1 by 1) local property tax revenue contribution, 2) local sales tax revenue contribution, and 3) other local revenue contribution. Level 2 provides incentives for city and parish school systems that contribute a greater proportion of local revenues towards the cost of education in their communities by increasing local property and sales tax revenues as measured by 1) total sales taxes, 2) total property taxes, 3) state and federal revenue in lieu of taxes, and 4) 50% earnings on property revenue.

LEVEL 3: Continues the pay raises for certificated and support personnel initiated in 2001-2002 and 2006-2007 through 2008-2009, and a \$100 per pupil funding amount for increasing mandated costs of health insurance, retirement and fuel, as well as historical allocations based on the hold harmless provision. The increase of \$101.3 M is associated with a proposed across the board pay raise of \$1,000 for teachers and other certificated personnel and \$500 for support personnel, including associated employer retirement contributions. There are an estimated 60,083 certificated personnel for a total \$75,705,012 (\$60,083,342 pay raise and \$15,621,670 retirement contributions). There are an estimated 39,612 non-certificated staff for a total \$25,629,272 (\$19,806,236 pay raise and \$5,823,036 retirement contributions).

LEVEL 4: Supplementary Allocations. **1) Career Development Allocation** (\$10.7 M) to support the development of technical courses required for statewide credentials in city and parish school systems and other public schools in the amount of 6% of the base per pupil cost for each qualifying student course enrollment; a minimum amount of \$25,000 will be provided for each city and parish school system and a minimum of \$10,000 will be provided for other public schools with students enrolled in grades 9 through 12; **2) High Cost Services Allocation** (\$11.8 M) to provide additional funds to public school systems and schools which substantiate that the prior year cost of services for students with disabilities exceeds three times the most recent state average total expenditure per pupil amount; allocation amounts will be limited by the amount budgeted for this initiative and are to be distributed equitably to school systems and other public schools proportional to the total of qualifying applications submitted. **3) Supplemental Course Allocation** (\$17 M) to provide for the cost of secondary course choices specifically approved by BESE. For each school system and other public schools funded through the formula, the proposed allocation shall equal \$59 for each student enrolled in grades 7-12 as of February 1. Provides for the redistribution of uncommitted funds as of a date set by DOE. **4) Foreign Language Associate Program Salary and Stipends Allocation** (\$6.6 M) continues the supplemental allocation at \$21,000 per teacher with the \$1,000 increase to be used for the costs of the VISA sponsorship incurred by CODOFIL, pursuant to BESE regulations. The cap of 300 teachers is retained.

ALLOCATIONS FOR OTHER PUBLIC SCHOOLS: Continues funding methodology for the LSU and Southern University Lab Schools, Type 2 Charter Schools, Office of Juvenile Justice Schools, the Recovery School District, NOCCA, LSMSA, and Thrive Academy. The resolution includes allocations for a new lab school at the University of Louisiana at Lafayette as authorized by Act 297 of 2018, however, the school is not anticipated to open until the 2020-2021 school year.

70% EXPENDITURE REQUIREMENT: Continues language that city, parish, local public school systems or other public schools ensure that 70% of the general fund expenditures are in the areas of instruction and school administration.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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