



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HCR 26** HLS 20RS 1086
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: May 4, 2020	6:13 PM	Author: GAROFALO
Dept./Agy.: Education		
Subject: Minimum Foundation Program Funding Formula		Analyst: Tim Mathis

SCHOOLS/FINANCE-MFP OR +\$148,964,427 GF EX See Note Page 1 of 2
Provides for legislative approval of the MFP formula for the 2020-2021 school year

The concurrent resolution provides for the FY 20-21 Minimum Foundation Program (MFP) formula that was adopted by the Board of Elementary and Secondary Education (BESE) on March 11, 2020. The formula contains four levels: **Level 1** – provides for the calculation of the total MFP costs and the proportion supported by the state and local school districts which reflects an increase of 2.75% 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, 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. New Level 4 provisions annualizes FY 20 pay raises and adds Certified Mentor Teacher Stipends and a provision that districts below the southern regional average reserve half of the increase generated by the 2.75% increase for certificated staff pay raises and associated retirement costs.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$148,964,427	\$0	\$0	\$0	\$0	\$148,964,427
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$25,428,536)	\$0	\$0	\$0	\$0	(\$25,428,536)
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	\$123,535,891	\$0	\$0	\$0	\$0	\$123,535,891

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	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 \$123.5 M in state expenditures over the FY 20 Existing Operating Budget (EOB). The Governor’s proposed budget (HB 319) and the General Appropriation Bill (HB 105) include funding associated with a 1.375% increase in the base per pupil amount (\$38.9 M), formula adjustments based on LDE projections (\$26.6 M), and a means of finance substitution increasing SGF and reducing statutory dedications out of the SELF and Lottery Proceeds Funds due to REC projections (\$25.4 M). **HB 105 does not include \$57.9 M required to fully fund the BESE-approved MFP formula.**

HCR 26 Compared to FY 20 EOB:
FY 20 Existing Operating Budget MFP: \$3,853,234,519
FY 21 BESE-Adopted MFP: \$3,976,770,410
Difference: \$123,535,891

HCR 26 Compared to HB 105 Original:
FY 21 HB 105 MFP Appropriated: \$3,918,856,785
FY 21 BESE-Adopted MFP: \$3,976,770,410
Difference: (\$57,913,625)

The most significant increase from the FY 20 MFP formula is \$78.5 M associated with a proposed 2.75% increase in the base per pupil amount from \$4,015 to \$4,125. **Level 4** further provides that any district or other public school whose average teacher salary is below the southern regional average shall reserve 50% of the increase associated with the 2.75% increase for pay raises to certificated personnel and associated retirement costs. Out of the 69 city and parish school systems, 51 districts’ average teacher salaries fall below the \$52,494 southern regional average according to initial estimates. Based on the MFP Budget Letter Simulation, the 51 qualifying districts will be required to devote \$25.4 M to approximately 59,700 certificated personnel – an average pay raise of \$425 (ranging from a low of \$152 to a high of \$1,424 per FTE). **Level 4** also includes three significant adjustments: the formula annualizes \$100.1 M for the FY 20 certificated and non-certificated pay raises and moves this item from Level 3 to Level 4. These funds will continue to be allocated via October 1 Profile of Educational Personnel (PEP) data going forward; and Level 4 provides a \$2,000 stipend for an estimated 1,274 Certified Mentor Teachers (\$2.5 M).

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REVENUE EXPLANATION

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

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	<u>Evan Brasseaux</u>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Evan Brasseaux Staff Director



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CONTINUED EXPLANATION from page one: Page 2 of 2

Additionally, there is a \$26.6 M increase in the MFP due to projected costs associated with **Level 1** special education weighted student count (\$6.2 M) and net mid-year student count adjustments (\$9.7 M), **Level 2** state incentive for property and sales tax revenue increases (\$8.8 M), and **Level 4** student participation in the Career Development Allocation (\$1.9 M).

Level 1: Uses the February 1 student count to determine the cost of educational services. Maintains the weights for Economically Disadvantaged (22%), Career and Technical Education Units (6%), Students with Disabilities (150%), Gifted and Talented (60%), and Economy of Scale for districts with fewer than 7,500 students. Maintains the calculation necessary to maintain a state and local allocation of 65% and 35%. The increase of \$78.5 M is associated with a 2.75% increase in the base per pupil amount, from \$4,015 to \$4,125. February 2020 student count is 688,232, down from the February 2019 count by 232 students. The total weighted membership count is 975,611.

Level 2: Maintains the provisions of incentives for local effort. 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 contributions. 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 taxes.

Level 3: Continues the pay raises for certificated and support personnel initiated in 2001-02 and 2006-07 through 2008-09, 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.

Level 4: Supplementary Allocations. **(1) Foreign Language Associate Program Salary and Stipends Allocation** (\$6.9 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. **(2) Career Development Allocation** (\$21.1 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. **(3) High Cost Services Allocation** (\$12.0 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. **(4) Supplemental Course Allocation** (\$18.0 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 the LDE. **(5) 2019-20 Certificated and Non-Certificated Pay Raises** (\$100.1 M) to maintain funding for the across the board pay raise of \$1,000 for teachers and other certificated personnel and \$500 for support personnel, including associated employer retirement contributions. Allocations are based upon October 1 Profile of Educational Personnel data and will continue to be revised going forward. **(6) Mentor Teacher Stipend Allocation** (\$2.5 M) provides a \$2,000 stipend for qualifying certificated mentor teachers. **(7) 2020-21 Certificated Pay Raise** (This provision pertains to \$25.4 M of Level 1 allocations.) Requires any district or other public school whose average teacher salary is below the SREB average to reserve 50% of the increase associated with the 2.75% base per pupil amount increase for pay raises to certificated personnel and associated retirement costs.

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.

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

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<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Evan Brasseaux Staff Director