

First Extraordinary Session, 2005

HOUSE CONCURRENT RESOLUTION NO. 37

BY REPRESENTATIVE WALSWORTH

SCHOOLS/FINANCE-MFP: Approves adjustments adopted by BESE on 11/9/2005 to the MFP formula for FY 2005-06 approved by the legislature as SCR 125 of the 2005 R.S.

1 A CONCURRENT RESOLUTION

2 To provide for legislative approval of adjustments adopted by the State Board of Elementary
3 and Secondary Education on November 9, 2005 to the Minimum Foundation
4 Program formula for Fiscal Year 2005-06 previously developed and adopted by the
5 state board on June 16, 2005 and approved by the Legislature as Senate Concurrent
6 Resolution No. 125 of the 2005 Regular Legislative Session.

7 WHEREAS, Article VIII, Section 13(B) of the Constitution of Louisiana requires the
8 State Board of Elementary and Secondary Education to develop and adopt annually a
9 formula which shall be used to determine the cost of a Minimum Foundation Program of
10 education in all public elementary and secondary schools as well as to allocate equitably the
11 funds to parish and city school systems; and

12 WHEREAS, at a special meeting of the State Board of Elementary and Secondary
13 Education on November 9, 2005, the board adopted adjustments to the formula previously
14 approved in Senate Concurrent Resolution No. 125 of the 2005 Regular Legislative Session
15 for such cost determination and the equitable allocation of funds for Fiscal Year 2005-06;
16 and

17 WHEREAS, the Constitution of Louisiana requires the Legislature to fully fund the
18 current cost to the state of the Minimum Foundation Program as determined by applying the
19 legislatively approved formula; and

1 WHEREAS, the Constitution of Louisiana requires the appropriated funds to be
2 allocated equitably to parish and city school systems according to the formula as adopted by
3 the State Board of Elementary and Secondary Education and approved by the Legislature
4 prior to making the appropriation; and

5 WHEREAS, on August 29, 2005 Hurricane Katrina and on September 24, 2005
6 Hurricane Rita significantly altered the community life and orderly delivery of elementary
7 and secondary education services in most Louisiana school systems; and,

8 WHEREAS, the movement of Louisiana citizens and school children as a result of
9 these devastating events necessitates certain adjustments to the 2005-06 final Minimum
10 Foundation Program formula allocations approved by Senate Concurrent Resolution No. 125
11 of the 2005 Regular Legislative Session and promulgated by the Department of Education
12 as Circular 1088 State Public School Fund - Minimum Foundation Program (MFP)
13 Equalization Distribution.

14 THEREFORE, BE IT RESOLVED by the Legislature of Louisiana, that the
15 adjustments to the formula approved in Senate Concurrent Resolution No. 125 of the 2005
16 Regular Session to determine the cost of a Minimum Foundation Program of education in
17 all public elementary and secondary schools in FY 2005-06 as well as to allocate equitably
18 the funds to parish and city school systems as developed by the State Board of Elementary
19 and Secondary Education and adopted by the board on November 9, 2005, are hereby
20 approved to read as follows:

21 MINIMUM FOUNDATION PROGRAM
22 ELEMENTARY AND SECONDARY EDUCATION
23 COST DISTRIBUTION FORMULA
24 2005-06 SCHOOL YEAR
25 ADJUSTMENTS TO SCR 125 OF 2005 REGULAR LEGISLATIVE SESSION

26 I. BASIS OF ADJUSTMENTS

27 All provisions of SCR 125 of the 2005 Regular Session remain in effect except as
28 provided in Sections II and III. Adjustments provided in Section II shall apply to the 2005-
29 06 final allocations of the minimum foundation program formula for parish, city and other
30 local school systems and the Recovery School District schools as promulgated in
31 Department of Education Circular 1088 State Public School Fund - Minimum Foundation
32 Program (MFP) Equalization Distribution.

1 II. ADJUSTMENTS

2 A. Category 1 Districts are those with severely damaged school facilities, where
3 schools have been closed for more than 30 days, and most, if not all students
4 have been sent to another school district. The districts in this category are
5 Orleans, Plaquemines and St. Bernard. Category 1 districts shall receive a
6 revised MFP allocation based on the following criteria.

7 1. Category 1 Districts receive their MFP monthly payments provided
8 by Circular 1088 for July 2005 through October 2005.

9 2. November 2005 through June 2006 payments are recalculated as
10 follows:

11 a. State funded allocation for retiree health insurance and
12 School Board and Superintendent operational expenses as
13 required by law for the remaining 8 months of FY 2005-06 is
14 calculated as 20% of total Level 1 state and local costs as
15 provided in Circular 1088, including 8/12 of prior years audit
16 adjustments.

17 b. In addition, Category 1 districts will receive the state average
18 per pupil amount for Levels 1, 2 and 3 as provided in Circular
19 1088 times the number of students enrolled, adjusted
20 monthly, with a minimum of 1,000 students. Student counts
21 are based on monthly collections of Student Information
22 System data as determined by the Department of Education.
23 June payments will be based on May enrollments.

24 B. Category 2 Districts are those with minimal to moderate-severe damage to
25 school facilities, schools have been closed for more than 10 school days but
26 less than 30, a number of their displaced students have enrolled in other
27 Louisiana school districts and they have enrolled a number of displaced
28 students from other Louisiana school systems. The districts in this category
29 are Calcasieu, Jefferson, St. Charles, St. Tammany, Tangipahoa, Vermilion,
30 Washington, and city of Bogalusa.

1. Category 2 Districts receive their MFP monthly payments provided by Circular 1088 for July 2005 through October 2005.

2. November 2005 through June 2006 payments are adjusted as follows:

a. Category 2 districts will receive a reduction for the remaining 8 months of FY 2005-06 in their monthly payments provided by Circular 1088 based on the district's state share average per pupil amount for Levels 1, 2 and 3 as provided in Circular 1088 times the number of their displaced students enrolled in another Louisiana school system. Student counts are based on monthly collections of Student Information System data as determined by the Department of Education. June payments will be based on May enrollments.

b. Category 2 districts will receive a one-time payment of \$1,000 for each displaced student enrolled in the district based on the November 1, 2005 MFP student membership data. The one-time payment will be included in the December 2005 MFP payment.

C. Category 3 Districts are those with minimal to no damage to school facilities, schools have been closed for less than 10 days, and a number of displaced students have enrolled in their school district. The remaining 57 districts are in this category.

1. Category 3 Districts receive their MFP monthly payments provided by Circular 1088 for July 2005 through June 2006.

2. Category 3 districts will receive a one-time payment of \$1,000 for each displaced student enrolled in the district based on the November 1, 2005 MFP student membership data. The one-time payment will be included in the December 2005 MFP payment.

D. The five schools in the Recovery School District (RSD) on August 29, 2005 received minimal to moderate-severe damage to their school facilities, these schools have been closed for more than 30 days, and most, if not all students

1 have been sent to another school district. The schools are Capdau, Medard
2 H. Nelson, S.J. Green Middle, Edward Phillip and Sophie B. Wright.

3 1. The RSD receives the MFP monthly payments provided by Circular
4 1088 for July 2005 through October 2005.

5 2. November 2005 through June 2006 payments are recalculated as
6 follows:

7 a. State funded allocation for the remaining 8 months of FY
8 2005-06 is calculated as 20% of total state share allocation as
9 provided in Circular 1088. The Department of Education
10 shall retain \$50,000 from each school to provide for RSD
11 system expenditures.

12 b. In addition, the RSD will receive the state average per pupil
13 amount for Levels 1, 2 and 3 as provided in Circular 1088
14 times the number of students enrolled, adjusted monthly,
15 when the schools enroll students and resume providing
16 educational services. Student counts are based on monthly
17 collections of Student Information System data as determined
18 by the Department of Education. June payments will be
19 based on May enrollments.

20 E. New RSD Schools

21 The RSD shall receive the state average per pupil amount for Levels 1, 2 and
22 3 as provided in Circular 1088 times the number of students enrolled,
23 adjusted monthly for any additional schools BESE places in the RSD that
24 open in FY 2005-06. The Department of Education shall retain \$50,000 from
25 each school to provide for RSD system expenditures. Student counts are
26 based on monthly collections of Student Information System data as
27 determined by the Department of Education. June payments will be based
28 on May enrollments.

29 F. Mid-Year Adjustments for normal student membership growth, excluding
30 displaced students.

- 1 1. If any city, parish, or other local school system's January 9, 2006
2 student count, excluding displaced students, exceeds the previous
3 year's audited October 1 membership by either 50 students or 1%, a
4 mid-year adjustment to provide additional per pupil funding shall be
5 made for each additional student based on the final MFP allocation
6 per pupil amount for that city, parish or other local school system as
7 approved by BESE in Circular 1088.

8 G. 70% Required Instructional Expenditure

- 9 1. To provide for appropriate accountability of state funds while
10 providing local school board flexibility in determining specific
11 expenditures, local school boards must ensure that 70% of the funds
12 generated by this formula are dedicated to instructional activities.
13 The definition of instructional activities shall provide for: (1) the
14 activities dealing directly with the interaction between teachers and
15 students to include such items as: salaries, employee benefits,
16 purchased professional and technical services, instructional materials
17 and supplies, and instructional equipment; (2) pupil support activities
18 designed to assess and improve the well-being of students and to
19 supplement the teaching process; and (3) instructional staff activities
20 associated with assisting the instructional staff with the content and
21 process of providing learning experiences for students.

22 H. Reductions to Expenditure of State Funds Required by Louisiana
23 Constitution Article VII, Section 10(F)(2)(a) and (b).

24 Any reduction in the Minimum Foundation Program funding appropriated in
25 Act 16 of the 2005 Regular Session as a result of these adjustments to the
26 MFP allocations to city, parish, other local school systems or the Recovery
27 School District shall satisfy all requirements for reductions in the MFP
28 appropriation permitted by provisions contained in the Louisiana
29 Constitution Article VII, Section 10(F)(2)(a) and (b).

30 III. CONTINGENCY ADJUSTMENTS TO SCR 125

1 In the event SCR 125 remains in effect in the fiscal year 2006-07 or thereafter, the
2 State Board of Elementary and Secondary Education shall annually adjust the input variables
3 provided in sections A through D.

4 A. The state and local base per pupil amount shall be adjusted in FY 2006-07 by
5 5% to provide for an adjustment in cost increases in health insurance,
6 retirement and fuel costs. The percentage adjustment for years after FY
7 2006-07 shall be at the September-to-September Consumer Price Index-
8 Urban for the South Region, updated annually, or 2.75%, whichever is
9 greater.

10 B. The student membership and weighted student counts shall be on a current
11 year October 1 basis beginning in FY 2006-07. Local school systems will
12 receive an estimated payment of MFP funds for the first eight months of the
13 school year. Once actual October 1 data is available, adjusted monthly
14 payments will be made to each parish or city school board as reflected in the
15 department's annual budget letter.

16 C. Local school system wealth calculations and local revenues.

17 1. Local school system wealth calculations and local revenues for
18 Category 2 and 3 districts are based on FY 2004-05 financial data for
19 MFP calculations in years FY 2006-07 and FY 2007-08. Beginning
20 in FY 2008-09, the local wealth calculation and local revenues will
21 be based on the prior year of FY 2006-07.

22 2. Local school system wealth calculations and local revenues for
23 Category 1 districts are based on adjusted FY 2004-05 financial data
24 reduced by 75% for MFP calculations in years FY 2006-07 and FY
25 2007-08. Beginning in FY 2008-09, the local wealth calculation and
26 local revenues will be based on the prior year of FY 2006-07
27 financial data.

28 D. Category 1 Basic Operational Adjustment

29 Category 1 Districts shall receive a basic operational adjustment equivalent
30 to 40% of the 20% of Level 1 provided in section II.A.2.a. to assist in

recovery efforts in FY 2006-07 and years thereafter that must first be used to pay for retiree health insurance costs, to be phased out as follows:

1. When a district has recovered 50% of its pre-Katrina student count and local revenues, this operational adjustment will be reduced by 25%.
2. When a district has recovered 75% of its pre-Katrina student count and local revenues, this operational adjustment will be reduced by 50%.
3. When a district has recovered 100% of its pre-Katrina student count and local revenues, this operational adjustment will be reduced by 75%.
4. When a district has recovered 100% of its pre-Katrina student count and local revenues for two consecutive years, this operational adjustment will be eliminated.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

Walsworth

HCR No. 37

Provides for legislative approval of adjustments to SCR 125 of the 2005 R.S. for FY 05-06 MFP allocations that determine the cost of a minimum foundation program of education in all public elementary and secondary schools as well as to equitably allocate the funds to each parish, city and other local school systems as developed by the BESE and adopted by the board on Nov. 9, 2005.

Retains the MFP formula provisions approved by SCR No. 125 of the 2005 R.S. with the following changes:

Identifies three categories of local school systems according to the level of hurricane impact.

Category 1 systems are those school systems with the most severely damaged school facilities where schools have been closed for more than 30 days and most, if not all students, have been sent to other school systems. Category 1 is comprised of Orleans, Plaquemines and St. Bernard.

Category 2 systems are those school systems with minimal to moderate-severe damage to school facilities, schools have been closed for more than 10 schools days, but less than 30 and a number of their displaced students have enrolled in other La. School districts. Category 2 is comprised of Calcasieu, Jefferson, St. Charles, St. Tammany, Tangipahoa, Vermilion, Washington, and city of Bogalusa.

Category 3 systems are those with minimal to no damage to school facilities, schools have been closed for less than 10 days and a number of displaced students have enrolled in their districts. Category 3 is composed of all systems not in categories 1 or 2.

The adjustments are:

Category 1 systems:

- Receive current monthly amounts for July `05 thru Oct. `05
- Receive 20% of the MFP total state and local Level 1 costs
- Receive 1/12th of MFP state share average per pupil amount (\$3809/12=\$317) for students enrolled on the 1st day of each month Nov. `05 thru May `06 (except January 9 `06)
- June `06 payments will be based on May `06 student membership count

Category 2 systems:

- Reduces funding to these systems by recognizing the loss in students being experienced from the student membership driving the SCR 125 allocations (10/1/04 count).
- Adjusts the funding allocation downward only for students enrolled in other La. school districts.
- Receive a onetime \$1,000 payment for each displaced student enrolled on November 1, 2005.

Category 3 systems:

Receive current monthly amounts

- Receive a onetime \$1,000 payment for each displaced student added based on 11/1/05.

Recovery School District:

- Existing RSD schools receive current monthly amounts for July '05 though Oct. '05.
- Existing RSD schools get 20% of MFP payments (Nov. `05-June `06); authorizes Dept. of Education to withhold \$50,000 per school for RSD operational expenses.
- Existing and new RSD schools enrolling students and resuming service receive state average per pupil amount times the number of students, adjusted monthly.
- Existing and new RSD schools receive June '06 payments based on May '06 enrollment.

Applicable to all categories:

- If 11/1/05 count exceeds 10/1/04 count by either fifty students or one percent, make mid-year adjustment for each new student based on MFP allocation per pupil amount for that system.
- Systems must use 70% of formula funds for instruction.

If SCR 125 continues for FY 06-07 the following additional adjustments will occur:

- State and local per pupil amount so that FY 05-06 funding increased by 5% and for years after the increase will be based on an index or 2.75%, whichever is greater.
- Student membership and weighted counts will be based on current year (10/1/06) basis starting in FY 06-07
- Local wealth calculations for Category 1 districts will be based on 25% of FY 04-05 data for FY 06-07 and FY 07-08.
- Local wealth calculations for Categories 2 and 3 systems will be based on FY 04-05 date for FY 06-07 and FY 07-08
- Category 1 receive an adjustment equal to 40% of the 20% of Level 1 to help in recovery efforts in FY 06-07 and years thereafter to pay retiree health insurance costs, reduced over time as students return.