

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 33** HLS 202ES 65
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Education **Analyst:** Tim Mathis
Subject: Minimum Foundation Program Funding Formula

SCHOOLS/FINANCE-MFP OR INCREASE GF EX See Note Page 1 of 1
 Provides for legislative approval of adjustments to the Minimum Foundation Program (MFP) formula adopted by the State Board of Elementary and Secondary Education on October 14, 2020 (Item #4)
 The concurrent resolution provides for an amended FY 20-21 Minimum Foundation Program (MFP) formula that was adopted by the Board of Elementary and Secondary Education (BESE) on October 14, 2020. The amendment adds an Emergency Assistance Allocation to Level 4 to provide assistance to school systems negatively impacted by Hurricane Laura. Two criteria determine eligible school systems: (1) the parish was named in a federal disaster declaration as a result of Hurricane Laura and eligible for Individual Assistance and Public Assistance, Categories A-G; (2) the parish experienced a 10% or greater decrease in the Oct. 1, 2020 student count as compared to the Feb. 1, 2020 student count. Provides eligible systems funding needed to ensure 90% of initial MFP allocation. All other provisions of SCR 3 of 2019 remain in effect.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	\$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>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed concurrent resolution will result in an indeterminable increase in state expenditures for FY 21. Costs are likely to be significant, however the Department of Education (LDE) is unable to determine the exact amount of funding needed at this point in time. Funding for the Emergency Assistance Allocation will be determined by the Mid-Year Adjustment following the 2/1/21 student count. Once costs for the Emergency Assistance Allocation are finalized in March 2021, the legislature will need to make an appropriation to fully fund the cost of the formula. **No such appropriation is identified at this time.**

Per the resolution, if the appropriated amount is less than the Emergency Assistance Allocation, funding will be proportionately distributed to qualifying school systems. However, according to Art. VIII, Section 13(B) of the LA Constitution, "the legislature shall annually appropriate funds sufficient to fully fund the current cost to the state of such a program as determined by applying the approved formula...". This would appear to preclude the option of less than full funding.

Two criteria determine eligible school systems: **(1)** the parish was named in a federal disaster declaration as a result of Hurricane Laura and eligible for Individual Assistance and Public Assistance, Categories A-G; 12 parishes eligible for Categories A-G Assistance as a result of Hurricane Laura include Allen, Beauregard, Calcasieu, Cameron, Grant, Jackson, Jefferson Davis, Lincoln, Ouachita, Rapides, Vernon, and Winn. **(2)** the parish experienced a 10% or greater decrease in the 10/1/20 student count as compared to the 2/1/20 student count. Based on preliminary unaudited counts, LDE is confident that only Calcasieu Parish and Cameron Parish meet this criterion.

Funding for the Emergency Assistance Allocation will be determined by the Mid-Year Adjustment following the 2/1/21 student count. School systems deemed eligible for the Emergency Assistance Allocation will receive supplemental funding to ensure they receive 90% of their initial MFP allocation in the MFP payments for March through June of the current fiscal year.

Note: All systems will receive monthly payments based on the initial MFP allocation for the period July 2020 through Feb. 2021.

It is unknown how many students from hurricane impacted districts relocated to other districts or to neighboring states. However, to the extent the majority remained in Louisiana, those districts that experienced increased enrollment will receive additional funding through the Mid-Year Adjustment. In such cases, those students will effectively be funded twice for at least a portion of the school year which will further increase the total cost of the FY 21 MFP.

REVENUE EXPLANATION

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

Senate Dual Referral Rules
 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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