

Regular Session, 2014

SENATE CONCURRENT RESOLUTION NO. 55

BY SENATOR APPEL

BESE. Provides for legislative approval of the minimum foundation program formula for the 2014-2015 fiscal year. (8/1/14)

A CONCURRENT RESOLUTION

To provide for legislative approval of the formula developed by the State Board of Elementary and Secondary Education pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana to 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 parish and city school systems, adopted by the board on March 13, 2014, and amended by the board on May 12, 2014.

WHEREAS, the Minimum Foundation Program formula for the 2014-2015 Fiscal Year was adopted by the State Board of Elementary and Secondary Education on March 13, 2014, and submitted to the legislature for approval on March 14, 2014, in accordance with applicable law; and

WHEREAS, the Minimum Foundation Program formula for the 2014-2015 Fiscal Year adopted by the State Board of Elementary and Secondary Education on March 13, 2014, was not approved by the legislature; and

WHEREAS, the Minimum Foundation Program formula for the 2014-2015 Fiscal Year adopted by the State Board of Elementary and Secondary Education on March 13, 2014, was amended by the State Board of Elementary and Secondary Education on May 12, 2014, and was resubmitted to the legislature for approval on May 14, 2014, and reads as

follows:

PROPOSED

FY 2014-2015 MINIMUM FOUNDATION PROGRAM FORMULA

The FY 2014-15 Minimum Foundation Program (MFP) formula was adopted by the State Board of Elementary and Secondary Education on March 13, 2014, and amended May 12, 2014.

The formula determines allocations for city, parish, or other public school systems or schools. The definition of city, parish, or local public school systems and schools shall include city or parish school systems, Recovery School District including operated and Type 5 charter schools, Louisiana School for Math, Science, and the Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), New Type 2 Charter schools, Legacy Type 2 Charter schools, Office of Juvenile Justice (OJJ) schools, and Louisiana State University and Southern University Lab schools. The formula is divided into four calculations as follows:

Level 1 determines the minimum cost of education based on the education needs of each student. The cost includes funding for students enrolled in city and parish school systems, Recovery School District operated and Type 5 Charter schools, and New Type 2 Charter schools. The cost is then shared equitably between the State and the city and parish school systems based on the ability of the systems to support education in their communities through local sales and property tax revenues.

Level 2 provides an incentive for city and parish school systems to support education in their communities above the minimum level of financial support required.

Level 3 provides specific legislative education funding to city and parish school systems for continuing teacher and support worker pay raises, the Hold Harmless provision, and mandated operating costs.

Level 4 provides additional funding including:

- Supplementary funding to meet specific needs at city, parish, or other local school systems and schools including Foreign Associate

Teacher Salary and Stipends Allocation, Career Development Allocation, High Cost Services Allocation, and Supplemental Course Allocation.

- Allocations for State-Approved public school systems or schools including Legacy Type 2 Charter schools, Louisiana State University and Southern University Lab schools, New Orleans Center for Creative Arts (NOCCA), Louisiana School for Math, Science, and Arts (LSMSA), and Office of Juvenile Justice (OJJ) schools.
- Mid-Year Allocation Adjustments to account for mid-year increases and decreases in students in all city, parish, or other local public school systems or schools.

State MFP funds shall only be expended for educational purposes. Expenditures for educational purposes are those expenditures related to the operational and instructional activities of city, parish, or other public school systems or schools to include: instructional programs, pupil support programs, instructional staff programs, school administration, general administration, business services, operations and maintenance of plant services, student transportation services, food services operations, enterprise operations, community services operations, facility acquisition and construction services and debt services as defined by Louisiana Accounting and Uniform Governmental Handbook, Bulletin 1929.

I. FORMULA CALCULATIONS

A. Level 1: Calculate State and Local Cost Allocation

1. Determine Educational Costs

Eligible students from the following school systems and schools will be counted in both the Base and Weighted Student Memberships:

1. City and Parish school systems
2. State-Approved Public Schools - The student counts of the following state-approved schools shall be included in the membership and weighted student counts of the city or parish school system in which the student resides:

1 a) New Type 2 Charter schools.

2 3. Recovery School District - The student membership and weighted
3 student counts of schools transferred to the Recovery School District,
4 both operated and Type 5 Charter schools, shall continue to be
5 included in the membership and weighted student counts of the city
6 or parish school system from which jurisdiction of the school was
7 transferred.

8 **STEP ONE: Determine the Number of Eligible Students for the Base Count**

9 The formula first counts each of the students enrolled on February 1 to
10 determine the cost of education services. The formula utilizes the February 1 Student
11 Membership Count to allocate funding beginning in July. The students eligible to
12 be counted are identified in the Student Membership Definition adopted by the State
13 Board of Elementary and Secondary Education. These students are counted as one
14 (1.0) in the formula.

15 **STEP TWO: Determine the Number of Students Eligible for the Weighted**
16 **Student Count**

17 The formula recognizes that providing educational services to meet the needs
18 of particular students is more costly than regular educational services. Each special
19 characteristic or need is given a numerical value referred to as a weight. The special
20 needs of each student are taken into consideration by multiplying the student count
21 for each eligible child (1.0) by each of the weights. This calculation provides
22 additional students that are then added to the February 1 Student Membership Count
23 to equal the Total Weighted Student Membership Count. The students and units
24 eligible to be counted are identified in the Student Membership Definition adopted
25 by the State Board of Elementary and Secondary Education.

26 The following are the additional costs recognized by the formula:

27 **Low Income and English Language Learner Weight** - The formula
28 recognizes that students living in poverty or students with a native language other
29 than English are more likely to require additional educational services to be
30 successful. To recognize that these services require additional costs, students that

1 qualify for free or reduced price meals under the United States Department of
2 Agriculture (USDA) School Food Service Program guidelines, or an alternative
3 count as defined in the Student Membership Definition, and students identified as an
4 English Language Learner are provided a weight of 22%.

5 **Career and Technical Education Weight** - The formula recognizes that the
6 cost of providing materials and equipment, and teacher credentialing and training,
7 for Career and Technical Education courses is above and beyond the cost of
8 traditional academic education. Each secondary career and technical education
9 course in which a student is enrolled in both the fall and spring semesters is provided
10 a weight of 6%.

11 **Special Education Weight** - The formula addresses the extra cost associated
12 with the delivery of services required in order to meet the needs of students with
13 disabilities. Students with disabilities that have an Individualized Education Plan
14 (IEP) developed according to State Board of Elementary and Secondary Education
15 regulations are provided a weight of 150%.

16 **Gifted and Talented Weight** - The formula recognizes the cost of providing
17 educational services to Gifted and Talented students that have an Individualized
18 Education Plan (IEP) developed according to State Board of Elementary and
19 Secondary Education regulations and are provided a 60% weight.

20 **Economy of Scale Weight** - This weight is provided for city or parish school
21 systems to recognize a base amount of funding for fixed overhead costs that should
22 be provided when student populations equal 7,500 students or less. The Economy of
23 Scale Weight is calculated as a curvilinear weight of 20% at a student membership
24 count of zero down to 0% at a student membership count equal to or greater than
25 7,500. To calculate this weight, the February 1 Student Membership Count for each
26 city and parish school system is subtracted from 7,500 and divided by 37,500. The
27 result of this calculation is then multiplied by each system's February 1 Student
28 Membership Count to determine the weighted students.

29 **STEP THREE: Determine Total Weighted Student Membership Count**

30 **Formula:**

Total Weighted Student Membership Count

Equals

February 1 Student Membership Count (1.0)

Plus

Low Income and English Language Learner Weight

Career and Technical Education Weight

Special Education Weight

Gifted and Talented Weight

Economy of Scale Weight

STEP FOUR: Identify the State and Local Base Cost Per Pupil

Formula:

The State and Local Base Cost Per Pupil shall equal \$3,855 plus 2.75 percent times \$3,855 for a total of \$3,961.

STEP FIVE: Determine Total MFP Educational Costs

Formula:

Total MFP Educational Costs

Equals

Total Weighted Student Membership Count

Multiplied by

State and Local Base Cost Per Pupil

2. Determine State and Local Cost Allocation

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. This potential contribution is measured by the following three factors using the latest available data as reported through the Annual Financial Report (AFR) as required by R.S. 17:92:

1. Local Property Tax Revenue Contribution
2. Local Sales Tax Revenue Contribution
3. Other Local Revenue Contribution

STEP ONE - Determine the Local Property Tax Revenue Contribution

Formula:

Local Property Tax Revenue Contribution

Equals

State Computed Property Tax Millage (debt and non-debt)

Times

Net Assessed Property Value

Net Assessed Property Value Increase Cap - If a school system's Net Assessed Property Value has increased equal to or greater than 10% over the prior year Net Assessed Property Value, then the growth in the Net Assessed Property Value is capped at 10%. This cap is applied on a year-to-year basis comparing the current year Net Assessed Property Value to the prior year uncapped Net Assessed Property Value.

Computed Property Tax Millage - The Computed Property Tax Millage is calculated annually at the rate necessary to maintain a state and local allocation ratio of 65%/35%.

STEP TWO - Determine the Local Sales Tax Revenue Contribution

Formula:

Local Sales Tax Revenue Contribution

Equals

Computed Sales Tax Base (debt and non-debt) (including TIF areas)

Multiplied By

State Computed Sales Tax Rate

Mid-Year Rate Increases - If a local school system's sales tax goes into effect during the fiscal year, the tax rate is prorated to an annual rate applicable for the total revenue generated.

Sales Tax Increase Cap - If a system's Computed Sales Tax Base increased equal to or greater than 15% over the Computed Sales Tax Base calculated in the prior year formula, then the growth in the Computed Sales Tax Base will be capped at 15% over the amount used in the prior year formula. This cap will be applied on

a year-to-year basis comparing the current year sales tax base to the prior year uncapped sales tax base.

Computed Sales Tax Rate - The Computed Sales Tax Rate is calculated annually at the rate necessary to maintain a state and local allocation ratio of 65%/35%.

STEP THREE - Determine Other Local Revenue Contribution

Formula:

$$\begin{aligned} &\text{Other Local Revenue Contribution} \\ &= \text{State Revenue in lieu of taxes} \\ &\quad + \text{Federal Revenue in lieu of taxes} \\ &\quad + 50\% \text{ of Earnings on Property} \end{aligned}$$

STEP FOUR - Determine Local Cost Allocation

Formula:

$$\begin{aligned} &\text{Local Cost Allocation} \\ &= \text{Property Tax Contribution} \\ &\quad + \text{Sales Tax Contribution} \\ &\quad + \text{Other Revenues Contribution} \end{aligned}$$

STEP FIVE - Determine State Cost Allocation

Formula:

$$\begin{aligned} &\text{State Cost Allocation} \\ &= \text{Total State and Local Cost} \\ &\quad - \text{Local Cost Allocation} \end{aligned}$$

Minimum State Cost Allocation - In no event shall the State Cost Allocation be less than 25% of Total Level 1 Cost for any city or parish school system.

B. Level 2: Incentive for Local Effort

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. This effort is measured using the latest available data for the following sources of revenue as reported in the Annual Financial Report (AFR) as required in R. S. 17:92.

- 1. Total Sales Taxes
- 2. Total Property Taxes
- 3. State and Federal Revenue in Lieu of Taxes
- 4. 50% Earnings on Property Revenue

STEP ONE - Determine Eligible Local Revenue

Formula:

Eligible Local Revenue

Equals

Total Sales Tax Revenue

Plus

Total Property Tax Revenue

Plus

State and Federal Revenue in Lieu of Taxes

Plus

50% of Earnings on Property Revenue

STEP TWO - Determine Local Revenue Eligible for Incentive

Formula:

Local Revenue Eligible for Incentive

Equals

Eligible Local Revenue

Minus

Local Cost Allocation**STEP THREE - Determine the Limit on Revenue Eligible for Incentive****Formula:****Limit on Revenue Eligible for Incentive****Equals****Total State and Local Cost Allocation****Multiplied by****34%****STEP FOUR - Determine Local Support of Level 2 Incentive****Formula:****Local Support of Level 2 Incentive****Equals****Lesser of Local Revenue Eligible for Incentive or Limit on Local****Revenue Eligible for Incentive****Multiplied by****Local Cost Allocation Percentage (Level 1)****Multiplied by****Level 2 Incentive Factor**

Level 2 Incentive Factor - The Level 2 Incentive Factor determines the amount of local support required in Level 2. In FY 14-15, the Level 2 Incentive Factor is established at 1.72.

STEP FIVE - Determine State Cost of Level 2 Incentive**Formula:****State Support of Level 2 Incentive****Equals****Lesser of Local Revenue Eligible for Incentive or Limit on Local****Revenue Eligible for Incentive****Minus****Local Support of Level 2 Incentive****C. Level 3: Legislative Allocations**

Level 3 provides funding for three programs that address funding for school systems and schools regarding teacher and support worker pay raises, Hold Harmless funding, and mandated operating costs, and are in addition to allocations provided in Level 1 and 2. These allocations are as follows:

Formula:

Total Level 3 Legislative Allocations

Equals

Continuation Pay Raises

Plus

Hold Harmless Enhancement

Plus

Mandated Costs in Health Insurance, Retirement, and Fuel

STEP ONE: Calculate Continuation Funding for Pay Raises

1. Certificated Personnel Pay Raises were implemented in four recent years to assist in increasing Teacher and Principal pay to the Southern Regional Average. These funds continue to be provided directly to systems and schools to support these increased salaries.
 - a. Certificated Personnel Pay Raises provided in 2001-02, 2006-07, 2007-08, and 2008-09 will continue for each school system and school based on the calculated per pupil amount times the February 1 Student Membership Count.
2. Noncertificated Support Worker Pay Raises were implemented in three recent years to assist with increasing these salaries.
 - a. Noncertificated Support Worker Pay Raises provided in 2002-03, 2006-07, and 2007-08 will continue for each school system and school based on the calculated per pupil amount times the February 1 Student Membership Count.
3. This provision applies to city and parish school systems, Recovery School District, New Orleans Center for Creative Arts (NOCCA), Louisiana School for Math, Science, and the Arts (LSMSA), Legacy Type 2 Charter Schools,

1 New Type 2 Charter Schools, Louisiana State University and Southern
2 University Lab schools, and Office of Juvenile Justice (OJJ).

3 **STEP TWO: Calculate Hold Harmless Enhancement**

4 **Participating School Systems** - The following school systems have a
5 remaining Hold Harmless or "overfunded" allocation: Concordia, East Baton Rouge,
6 Evangeline, Iberville, Jefferson, Plaquemines, St. Charles, St. James, and West
7 Feliciana.

8 **Allocation Adjustment** - After subtracting amounts attributable to insurance
9 supplements and legislative pay raises provided between FY 1993-94 and FY
10 1998-99 from the FY 2006-07 Hold Harmless amount, a revised Hold Harmless
11 amount is calculated. Each of the remaining Hold Harmless school systems will
12 receive a reduction of 10% to their remaining Hold Harmless allocation. On an
13 annual basis, any Hold Harmless system may choose to reduce the remaining balance
14 by an amount greater than 10% through formal notification to the Louisiana
15 Department of Education. This request must take place no later than June 30th each
16 year.

17 **Redistribution Allocation** - The annual 10% reduction amount will be
18 redistributed in a per pupil amount to all non-hold harmless systems.

19 **STEP THREE: Determine Allocation for Increasing Mandated Costs in Health**

20 **Insurance, Retirement, and Fuel**

21 City and parish school systems shall receive a minimum of \$100.00 for each
22 student in the prior year February 1 membership to offset these increasing
23 operational costs.

24 The following formula is applied to determine the Level 1, 2, and 3 State
25 Cost Allocation Per Pupil:

26 **Formula:**

27 **Level 1, 2, and 3 State Cost Allocation Per Pupil**

28 **Equals**

29 **Level 1 State Cost Allocation Per Pupil**

30 **Plus**

Level 2 State Cost Allocation Per Pupil**Plus****Level 3 State Cost Allocation Per Pupil****D. Level 4: Supplementary Allocations**

1. Specific Needs Allocations provide funding for four allocations for specific purposes and is in addition to system level allocations from Levels 1, 2, and

3. These allocations are as follows:

Formula:**Total Level 4 Supplementary Allocations****Equals****Foreign Language Associate Program Salary and Stipend Allocation****Plus****Career Development Allocation****Plus****High Cost Services Assistance Allocation****Plus****Supplemental Course Allocation****STEP ONE: Calculate Foreign Language Associate Salary and Stipend Allocation**

Salary Allocation - Any city, parish, or other public school system or school employing a Foreign Language Associate or a graduate of the Escadrille Louisiane program shall receive a supplemental allocation from State Board of Elementary and Secondary Education of \$21,000 per teacher. The state shall maintain support of the Foreign Language Associate program at a maximum of 300 Foreign Language Associates employed in any given year.

These teachers shall be paid by the employing city, parish, or other local public school system or school at least the state average classroom teacher salary (without PIP) by years of experience and degree beginning with year three. Of the \$21,000 allocation, \$20,000 shall be allocated to the school where the teacher is employed and the funds used to support the total cost of the teacher salary, and the

remaining amount shall be associated with costs of VISA sponsorship pursuant to State Board of Elementary and Secondary Education regulations.

Stipend Allocation - First year teachers will receive an installation incentive of an additional \$6,000; second and third year teachers will receive a retention incentive of an additional \$4,000. These amounts must be provided to each Foreign Associate Teacher or Escadrille Louisiane graduate by each school district or school in which they are employed.

STEP TWO: Career Development Allocation

The cost of providing materials and equipment, and teacher credentialing and training to attain a statewide industry-based credential is above and beyond the cost typically required for high school courses. An allocation will be provided to support the development of these technical courses required for statewide credentials in city and parish school systems and other public schools.

The first step in the allocation is to calculate six percent (6%) of the MFP State and Local Base Cost Per Pupil to determine the Career Development Per Pupil Amount. The Career Development Per Pupil Amount will be provided for each qualifying student course enrollment in grades 9 through 12.

If a city or parish school system receives less than \$25,000 from the Career Development Per Pupil Amount, then the city or parish school system will be provided an economies of scale minimum allocation of \$25,000. If other public schools containing grades 9 through 12 receive less than \$10,000 from the Per Pupil Amount, then the other public schools containing grades 9 through 12 will be provided an economies of scale minimum allocation of \$10,000.

Formula:

Career Development Allocation Per Pupil

Equals

MFP State and Local Base Cost Per Pupil

Multiplied By

Six Percent (6%)

Formula:

Career Development Allocation**Equals****Career Development Allocation Per Pupil****Multiplied By**

**Number of Students Enrolled in Qualifying Courses in Grades 9 through
12**

STEP THREE: Calculate High Cost Services Assistance

High cost services for students with disabilities generate a particular budget challenge for city, parish, and other public school systems and schools.

In an effort to assist with these expenses, an allocation will be provided to city, parish, and other public school systems and schools which submit documentation as required by the Louisiana Department of Education substantiating that the prior year cost of services for a specific student exceeds three times the most recent state average total expenditure per pupil amount.

Once costs associated with providing services for a student with disabilities have been verified, the city or parish school system or other public schools will be eligible to receive an allocation to assist with these costs. The allocation will be limited by the amount budgeted for the High Cost Services Assistance Allocation. So as to be equitably distributed, the total allocation provided to city and parish school systems versus other public schools shall be proportional to the share of total qualifying applications submitted by city and parish school systems versus other public schools.

The first step in the allocation will be to calculate the impact of these costs on the budget of the school system or school using the latest available state and local revenue data. The High Cost Services requested for reimbursement will be reduced by the MFP state and local amount allocated on behalf of each student from Levels 1, 2, and 3. The next step will rank the Percent (%) Impact from highest to lowest percent, with two separate rank listings for school systems and other public schools.

Formula:**Percent (%) Impact on Budget**

Equals

Cost of Services

Divided By

Total State and Local Revenue

The two rank listings will be divided into four tiers and allocations will be provided based on a percentage from one hundred percent reimbursement in the highest funded tier with smaller percentages reimbursed in the lower tiers based on where the school system or school falls within the tiers on one of the two lists.

STEP FOUR: Calculate Supplemental Course Allocation

Pursuant to R.S. 17:4002.1 through 4002.6, the Supplemental Course Allocation shall provide for the cost of secondary course choices specifically approved by the State Board of Elementary and Secondary Education. For each city and parish school system and other public school, the allocation shall equal the number of students enrolled in grades 7 through 12 as of February 1 each year multiplied by \$26 per pupil.

Formula:

Supplemental Course Allocation for School Systems or Public Schools

Equals

Supplemental Course Allocation Per Pupil

Multiplied By

Number of Students in Grades 7 through 12

If the entire allocation is not committed by the city or parish public school systems or other public school by a date set forth by the Louisiana Department of Education, the original allocation will be reduced by the uncommitted amount. The total uncommitted amount from each city or parish public school systems or other public school will be reallocated to those city or parish public school systems or other public schools that obligated one hundred percent of their original allocation based on criteria set forth by the Louisiana Department of Education.

2. Allocations for Other Public Schools

STEP ONE: Louisiana State University and Southern University Laboratory

Schools

1. State Cost Allocation

a. The February 1 Student Membership count at the Louisiana State University and Southern University Lab Schools shall be multiplied by the Average State Cost Allocation Per Pupil to equal the Louisiana State University and Southern University Lab Schools State Cost Allocation.

b. Funds appropriated for these schools shall be allocated to the institution of higher education operating such a school. Each such institution of higher education shall ensure the equitable expenditure of such funds to operate such schools.

STEP TWO: Legacy Type 2 Charter Schools

A Legacy Type 2 Charter school is a Type 2 Charter school approved before July 1, 2008 by the State Board of Elementary and Secondary Education.

1. State Cost Allocation

a. Any Legacy Type 2 Charter school shall annually be allocated funds as determined by applying the formula contained in R. S. 17:3995.

b. The State Cost Allocation equals the number of students multiplied by the average State Per Pupil for the system where the school is located.

2. Local Cost Allocation

a. Any Legacy Type 2 Charter school shall annually be allocated funds as determined by applying the formula contained in R. S. 17:3995.

b. The Local Cost Allocation equals the number of students multiplied by the average Local Per Pupil for the system where the school is located.

c. For any student enrolled in a Legacy Type 2 Charter school, the Local Cost Allocation shall be funded by the State.

3. The exclusion of any portion of local revenues specifically dedicated

1 by the legislature or by voter approval to capital outlay or debt
2 service shall be applicable only to a charter school housed in a
3 facility or facilities provided by the district in which the charter
4 school is located.

5 **STEP THREE: Office of Juvenile Justice (OJJ) Schools**

6 1. Eligible Schools - Any elementary and secondary school operated by the
7 Office of Juvenile Justice (OJJ) in a secure care facility shall be considered a public
8 elementary or secondary school and, as such, the Office of Juvenile Justice (OJJ)
9 shall be annually appropriated funds for these students.

10 2. Eligible Students - Each student counted in the prior year average daily
11 membership, as defined by the State Board of Elementary and Secondary Education
12 in the Student Membership Definition, is calculated by dividing the number of days
13 the student is under the guidance and direction of teachers by the total instructional
14 days during the specified school year.

15 3. Allocation - The Office of Juvenile Justice (OJJ) shall annually be
16 allocated funds for the eligible students. For each student enrolled in these schools,
17 both a State Cost Allocation and a Local Cost Allocation shall be provided.

18 4. State Cost Allocation

19 a. The State Cost Allocation is equal to the State Cost Allocation Per
20 Pupil for the system where each student resided prior to adjudication
21 multiplied by the prior year average daily membership of the Office of
22 Juvenile Justice schools.

23 b. The State Cost Allocation Per Pupil allocation shall be adjusted
24 based on a factor determined by the Louisiana Department of Education to
25 provide for the differential in the number of educational days provided to the
26 students in the custody of the Office of Juvenile Justice (OJJ).

27 c. Additionally, the State Cost Allocation Per Pupil shall be adjusted
28 based on a factor determined by the Louisiana Department of Education to
29 recognize the increased number of special education students in the Office
30 of Juvenile Justice (OJJ) schools relative to the state average special

1 education student population.

2 d. The average daily membership will be reconciled on an annual
3 basis using the latest available data.

4 **5. Local Cost Allocation**

5 a. Each student counted in the prior year average daily membership,
6 as defined by the State Board of Elementary and Secondary Education, shall
7 be provided for and funded from the minimum foundation program a Local
8 Cost Allocation Per Pupil equal to the Local Cost Allocation Per Pupil for the
9 district where the student resided prior to adjudication.

10 b. The Local Cost Allocation is equal to the Local Cost Allocation
11 Per Pupil for the system where each student resided prior to adjudication
12 multiplied by the prior year average daily membership of the Office of
13 Juvenile Justice schools.

14 c. For the purpose of the Local Cost Allocation Per Pupil, the
15 average daily membership of the Office of Juvenile Justice (OJJ) shall be
16 included in the membership counts of the city, parish, or other local public
17 school board in which the student resided prior to adjudication to the Office
18 of Juvenile Justice.

19 d. For a district(s) that shares local revenue, the allocation for the
20 Office of Juvenile Justice will be completed before the calculation of local
21 revenues.

22 e. The Local Cost Allocation Per Pupil shall be funded with a
23 transfer of the MFP monthly amount representing the Local Cost Allocation
24 Per Pupil from the city, parish, or other local public school board in which
25 the attending students resided prior to adjudication to the Office of Juvenile
26 Justice (OJJ).

27 f. The average daily membership will be reconciled on an annual
28 basis using the latest available data.

29 **3. Mid-Year Student Allocations**

30 1. Student counts in October and February may result in mid-year allocation

1 adjustments for the following:

2 City and parish school systems, Recovery School District, Type 2 Charter
3 schools, Louisiana State University and Southern University Lab schools,
4 Louisiana School for Math, Science and the Arts (LSMSA), and New
5 Orleans Center for Creative Arts (NOCCA).

6 2. If the current year October 1 Mid-Year Student Count is more or less than
7 the prior year February 1 student count, an adjustment to the current year allocation
8 shall be made for each student gained or lost. The October adjustment equals the
9 number of students gained or lost times the annual State Cost per pupil allocation
10 amount for the system or school in which the change occurred. The February
11 adjustment equals the number of students gained or lost times one-half of the State
12 Cost per pupil allocation for the system or school in which the change occurred.

13 3. Individual adjustments shall be made for increases or decreases in the
14 October or February Mid-Year Student Counts for the Recovery School District, the
15 system of prior jurisdiction, and Type 5 Charter schools.

16 4. Mid-Year adjustments for the Recovery School District shall utilize the
17 final State Cost per pupil allocation for the system of prior jurisdiction.

18 5. If the Recovery School District qualifies for an October Mid-Year
19 Adjustment to the State Cost per pupil allocation, a Mid-Year adjustment shall also
20 be made to the Local Cost per pupil allocation for the system of prior jurisdiction.
21 The October Local Cost per pupil allocation shall be recalculated based on updated
22 revenue data for the system of prior jurisdiction. There shall be no recalculation of
23 the Local Cost per pupil allocation in conjunction with the February 1 student count.

24 6. School systems or charter schools in the first year of operation are not
25 eligible for an October Mid-Year Adjustment. However, their allocation will be
26 finalized using October 1 data. The newly opened school systems or charter schools
27 will qualify for the February 1 mid-year adjustment.

28 7. October and February Mid-Year Adjustments shall be combined and
29 applied in the March through June payments.

30 **Total MFP State Cost Allocation**

Formula:

Total MFP State Cost Allocation

Equals

Level 1 State Cost Allocation

Plus

Level 2 State Cost Allocation

Plus

Level 3 State Cost Allocation

Plus

Level 4 State Cost Allocation

II. FORMULA CALCULATIONS FOR STATE-APPROVED PUBLIC SCHOOLS

A. RECOVERY SCHOOL DISTRICT

1. State Cost Allocation
- a. Once all final calculations are made, the final State Cost Allocation Per Pupil Amount for the city or parish school system which counted the Recovery School District students will be multiplied by the February 1 Recovery School District Student Membership Count to equal the Recovery School District State Cost Allocation.
- b. In a system with one or more Type 3B charter schools, if the Type 3B charter is not its own LEA, the local school system shall distribute minimum foundation program formula funds to each Type 3B charter school in the system pursuant to calculations determined by the Louisiana Department of Education. If the Type 3B charter is its own LEA, such payments shall be made to the Type 3B charter school by the Louisiana Department of Education. Such calculations shall include differentiated funding weights for certain students, including students identified as being eligible for special

1 education services. The calculations shall ensure equity so
2 that each Type 3B charter school in the system receives a
3 per-pupil amount equal to the amount a Type 5 charter school
4 located in the same parish or school system boundary would
5 have received from the Recovery School District (RSD).

6 2. Local Cost Allocation

7 a. In addition to the State Cost Allocation, the Recovery School District shall
8 receive an applicable Local Cost Allocation.

9 **Formula:**

10 **Local Cost Allocation Per Pupil**

11 **Equals**

12 **Projected Local Revenues from District of Prior Jurisdiction**

13 **Divided by**

14 **Total School District Membership (Recovery School District Student**
15 **Membership Count plus Student Membership Count for the system of prior**
16 **jurisdiction plus New Type 2 Charter school students residing in the**
17 **jurisdiction)**

18 b. To begin the fiscal year, the Local Cost allocation is based on eligible
19 projected local revenues for the most recent prior fiscal year from the city or parish
20 school district that had jurisdiction of the school prior to its transfer.

21 c. For purposes of the Recovery School District calculation, local revenue is
22 defined to include revenue from the following sources, excluding any portion which
23 has been specifically dedicated by the legislature or by voter approval to capital
24 outlay or debt service, per the definitions in the Annual Financial Report (AFR) and
25 the Louisiana Accounting and Uniform Governmental Handbook as reported to the
26 Department of Education:

- 27 1. Sales and use taxes, less any tax collection fee paid by the
28 school system
- 29 2. Ad valorem taxes, less any tax collection fee paid by the
30 school system

3. Earnings from sixteenth section lands owned by the school system

d. The exclusion of any portion of local revenues specifically dedicated by the legislature or by voter approval to capital outlay or debt service shall be applicable only to a charter school housed in a facility or facilities provided by the system in which the charter school is located.

e. The projected local revenues shall be divided by the Total School District Membership Count including the Recovery School District Student Membership Count, both operated and charter schools, plus the Student Membership Count of the system of prior jurisdiction. If any New Type 2 Charter School student resides within the physical boundaries of the system of prior jurisdiction, this school the student attends shares in the local revenues of the system of prior jurisdiction. As a result, the New Type 2 Charter School Student Membership Count of the students residing in the jurisdiction will be added to the Recovery School District and the system of prior jurisdiction Student Membership Count.

f. The Local Cost Allocation for the Recovery School District is determined by multiplying the local revenue per pupil times the number of Recovery School District students used in the MFP final allocation.

Formula:

Local Cost Allocation

Equals

Projected Local Revenues from District of Prior Jurisdiction Per Pupil

Multiplied By

Recovery School District Student Membership Count

g. Once the local amount is determined, it is adjusted to a monthly amount that is transferred from the MFP monthly allocation of the city, parish, or other local public school board of prior jurisdiction to the Recovery School District.

h. Based on the October 1 Student Membership Count, the local revenue allocation per student will be recalculated and there will be a corresponding adjustment in the local revenue allocation. No recalculation of the local revenues per

1 student will occur as a result of the February 1 Student Count adjustment.

2 i. During the third quarter of the fiscal year, the local revenue allocation per
3 student shall be adjusted to reflect actual prior year local revenue data.

4 j. A final reconciliation will occur based upon the receipt of the annual
5 audited financial statements of the system of prior jurisdiction. If an increase or
6 decrease in local revenue collections exists, the state superintendent may establish
7 a payment schedule. In the event that the fiscal status of the system of prior
8 jurisdiction or the Recovery School District changes during the fiscal year or on or
9 before the final reconciliation, the state superintendent may adjust the local revenue
10 based on the revenues identified.

11 3. Monies appropriated to the Recovery School District, except for
12 administrative costs, that are attributable to the transfer of a school from a prior
13 school system and monies allocated or transferred from the prior system to the
14 Recovery School District shall be expended solely on the operation of schools
15 transferred from the prior system to the jurisdiction of the Recovery School District.

16 **B. NEW TYPE 2 CHARTER SCHOOLS**

17 A New Type 2 Charter school is a Type 2 Charter school approved after July
18 1, 2008 by the State Board of Elementary and Secondary Education.

19 1. State Cost Allocation

20 a. Any New Type 2 Charter School shall annually be provided a State Cost
21 Allocation as determined by applying the formula contained in R.S. 17:3995.

22 b. The State Cost Allocation equals the number of students multiplied by the
23 average State Cost Allocation Per Pupil for the system in which the student resides.

24 c. Mid-Year Adjustments shall adhere to the guidelines established in this
25 document.

26 2. Local Cost Allocation

27 a. Any New Type 2 Charter school shall annually be provided a Local Cost
28 Allocation by applying the formula contained in R. S. 17:3995.

29 b. The Local Cost Allocation equals the number of students multiplied by the
30 Local Cost Allocation Per Pupil for the system in which the student resides.

1 c. One exception to R. S. 17:3995 is that the Local Cost allocation will be
2 funded with a transfer of the MFP monthly amount representing the Local Cost
3 Allocation from the city or parish school system in which the attending students
4 reside.

5 d. The city or parish where students attending the New Type 2 Charter
6 school reside is the local taxing authority and shall provide the local support for the
7 students.

8 e. Mid-Year Adjustments will adhere to the guidelines established in this
9 document.

10 3. Virtual Charter schools may receive, as approved by the State Board of
11 Elementary and Secondary Education, a lesser percentage of the state and local
12 amount calculated in R.S. 17:3995.

13 4. Where student attendance is from multiple school systems, the Department
14 of Education shall determine the Local Cost Allocation based on students reported
15 by the schools. The student membership count of the New Type 2 charter schools
16 shall be included in the membership count of the city or parish school board in which
17 the student resides to determine the Local Cost Allocation.

18 5. In the first year of operation, a New Type 2 Charter school shall be
19 allocated funding based on an estimated student count since a February 1 student
20 count does not exist. The allocation will be finalized based on the October 1 student
21 count.

22 6. The exclusion of any portion of local revenues specifically dedicated by
23 the legislature or by voter approval to capital outlay or debt service shall be
24 applicable only to a charter school housed in a facility or facilities provided by the
25 district in which the charter school is located.

26 **C. LOUISIANA SCHOOL FOR MATH, SCIENCE AND THE**
27 **ARTS (LSMSA) AND NEW ORLEANS CENTER FOR**
28 **CREATIVE ARTS (NOCCA).**

29 1. The Louisiana School for Math, Science and the Arts (LSMSA) and
30 New Orleans Center for Creative Arts (NOCCA) shall be provided both a State and

Local allocation.

2. State Cost Allocation

- a. The State Cost Allocation shall be based on the State Cost Allocation Per Pupil for the city or parish school system where the attending students reside.

3. Local Cost Allocation

- a. The Local Cost Allocation will be based on the Local Cost Allocation for the city or parish school system where the attending students reside.
- b. For any student enrolled in LSMSA or NOCCA, the Local Cost Allocation shall be funded by the State.
- c. Where student attendance is from multiple school systems, the Department of Education shall determine the Local Cost Allocation based on students reported by the schools.

III. FORMULA PROCEDURES

A. Preliminary Allocation

1. The minimum foundation program formula for the upcoming fiscal year adopted by the State Board of Elementary and Secondary Education, along with a preliminary allocation schedule representing the estimated cost of the proposed formula, shall be submitted to the Joint Legislative Committee on the Budget and to the House and Senate Education Committees for consideration no later than March 15.
2. This preliminary allocation shall utilize student and other input data available at the time.

B. Final Allocation

Final allocations for the fiscal year in which the formula takes effect will be determined no later than June 30 of the preceding fiscal year. The latest available data will be utilized to calculate the final

1 allocation except that student count estimates will be utilized for
2 school systems or charter schools opening for the first time in the
3 fiscal year beginning July 1.

4 **IV. FORMULA PAYMENTS**

5 **A. PAYMENT PROCEDURES**

6 1. The Total MFP State Cost Allocation for city, parish, and other
7 school systems and schools will be converted to monthly payments
8 from July through June each year except payments will be made on
9 Level 4 allocations as data becomes available.

10 **B. REQUESTED PAYMENT ADJUSTMENTS**

11 1. If the city, parish, or other school systems and schools have
12 documented growth in students prior to the actual Mid-Year Student
13 Counts in October and February, a temporary change to the final
14 allocation may be requested. The State Superintendent is authorized
15 to approve or deny this revision.

16 a. Sufficient documentation will be requested to
17 substantiate this requested allocation adjustment.

18 b. The adjusted allocation will remain in effect until the
19 actual October or February Mid-Year Student Count.
20 Once the Mid-Year Student Count is final,
21 reconciliation will be completed and payments
22 adjusted accordingly.

23 **C. PAYMENT ADJUSTMENTS FOR AUDIT FINDINGS**

24 1. Review and/or audit of the systems' or schools' data used in
25 determining their Minimum Foundation Program allocation may
26 result in changes in final statistical information. The Minimum
27 Foundation Program allocation adjustments necessary as a result of
28 these audit findings will be made in the following school year. These
29 adjustments are applicable to the following: city or parish school
30 systems, Recovery School District, Type 2 Charter schools,

1 Louisiana State University and Southern University Lab schools,
2 Office of Juvenile Justice (OJJ) schools, Louisiana School for Math,
3 Science and the Arts (LSMSA), and New Orleans Center for Creative
4 Arts (NOCCA).

5 **V. 70% EXPENDITURE REQUIREMENT**

6 To provide for appropriate accountability of state funds while providing city,
7 parish, or local public school systems or other public schools flexibility in
8 determining specific expenditures, city, parish, or local public school systems or
9 other public schools must ensure that 70% of the city, parish, or local public school
10 system or other public school general fund expenditures are in the areas of
11 instruction and school administration at the school building level as developed by the
12 Department of Education and defined by the State Board of Elementary and
13 Secondary Education regulations.

14 **VI. PAY RAISE REQUIREMENT**

15 If a city, parish, or local public school system or other public school has a net
16 increase from 2013-2014 to 2014-2015 in its per student Level 1 and 2 State Cost
17 Allocation, the city, parish, or local public school system or other public school shall
18 be required to sustain the certificated classroom teacher pay raises provided by
19 appropriation in 2013-2014. If the city, parish, or local public school system or other
20 public school has established plans to sustain or increase the teacher pay raises
21 provided for by the 2013-2014 appropriation prior to the development of this
22 formula, then this provision shall not apply.

23 **VII. SEVERABILITY PROVISION**

24 If any provision of this minimum foundation formula or the application
25 thereof is held invalid, such invalidity shall not affect other provisions or
26 applications of this minimum foundation formula which can be given effect without
27 the invalid provisions or applications, and to this end the provisions of this minimum
28 foundation formula are hereby declared severable. The severability provision hereof
29 shall be broadly construed so as to give effect to each and every possible provision
30 or application of this minimum foundation formula which is not specifically held

1 invalid, unlawful, or unconstitutional.

2 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
3 approve the formula developed by the State Board of Elementary and Secondary Education,
4 pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana, to determine the
5 cost of a minimum foundation program of education in all public elementary and secondary
6 schools as well as to equitably allocate the funds to parish and city school systems, and
7 adopted by the board on March 13, 2014, and amended by the board on May 12, 2014.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Jeanne C. Johnston.

DIGEST

Appel

SCR No. 55

Provides for legislative approval of the Minimum Foundation Program formula for FY 2014-15 to determine the cost of a minimum foundation program (MFP) of education in all public elementary and secondary schools as well as to equitably allocate the funds to local public school systems as developed by the State Board of Elementary and Secondary Education (BESE), adopted by the board on March 13, 2014, and amended by the board on May 12, 2014.

The MFP formula currently in effect is the formula adopted by the board and approved by the legislature for the 2011-2012 Fiscal Year.

Proposed formula has a cost of \$3.595 Billion.

Proposed formula expands the traditionally used term "city, parish, or other local public school systems" to "city, parish, or other local public school systems or schools".

Present formula utilizes three levels to determine MFP funding allocations for city and parish school systems, as follows:

- Level 1 - Cost Determination and Equitable Distribution of State and Local Funds
- Level 2 - Incentive for Local Effort
- Level 3 - Legislative Enhancements

Proposed formula utilizes four levels to determine MFP funding allocations for city, parish, or other local public school systems or schools.

- Level 1 - Calculation State and Local Cost Allocation.
- Level 2 - Incentive for Local Effort
- Level 3 - Legislative Allocations
- Level 4 - Supplementary Allocations

Level 1 - Calculate State and Local Cost Allocation - Compared to present formula, proposed formula:

- (1) Maintains use of Feb. 1 membership as defined by BESE and provides that each student is counted as 1.0 in the formula.
- (2) Provides that students counted are enrolled in the following school districts and

schools:

- Parish and city school systems
- Recovery School District Schools, both operated and Type 5 Charter schools
- Type 2 Charter schools
- LSU and Southern Lab Schools
- Office of Juvenile Justice (OJJ) schools

- (3) Maintains the existing weight of 22% for add-on student units for at-risk and English language learner students and re-designates this the "Low Income and English Language Learner Weight". Deletes language prohibiting double counting of these students.
- (4) Maintains the existing weight of 150% for Special Education Students with disabilities.
- (5) Maintains the 60% existing weight for Gifted and Talented Students.
- (6) Maintains the existing weight of 6% for Career and Technical Education course units.
- (7) Maintains the Economy of Scale curvilinear weight of 20% for school systems with a student membership of less than 7,500.

BASE PER PUPIL AMOUNT

Present formula provides a base per pupil funding amount of \$3,855.

Proposed formula provides for a base per pupil funding amount of \$3,961, which represents a 2.75% increase.

Present formula provides that if no annual increase is provided in the formula and the formula previously adopted remains in effect, BESE must annually adjust the state and local per pupil amount, with approval from the Joint Legislative Committee on the Budget (JLCB). Further provides that if the JLCB does not approve the rate established by BESE, then an annual growth adjustment of 2.75% shall be automatically applied to the state and local base per pupil amount.

Proposed formula deletes these provisions.

Compared to present formula, Level 1 of proposed formula determines the proportion of the costs supported by the state and local school systems as follows:

- (1) Retains provisions that the calculation of the local school system share of the total MFP cost includes a property tax revenue contribution, a sales tax revenue contribution, and an other revenue contribution:
- (2) Retains provisions specifying that in no event shall the state share of the total Level 1 costs be less than 25% for any district.

Level 2 - Incentive for Local Effort - Compared to present formula, proposed formula provides as follows:

- (1) Retains present formula provisions to provide rewards to school districts that contribute a greater proportion of local revenue towards the cost of education by increasing local property and sales tax revenues.
- (2) Limit on Revenue Eligible for Reward is equal to the total state and local cost

multiplied by 34%.

- (3) Continues provision that the Level 2 Reward Factor determines the amount of local support required in Level 2. Establishes the Level 1 Reward Factor at 1.72%.

Level 3 - Legislative Allocations

Present formula designates Level 3 as "Legislative Enhancements" and includes continuing pay raises for certificated and non-certificated support workers, funding for foreign language associate teachers, hold harmless funding for certain school districts, and funding for increasing mandated costs in health insurance, retirement, and fuel.

Proposed formula redesignates Level 3 as "Legislative Allocations". Proposed formula moves funding for foreign language associate teachers to the new Level 4 created in the formula, but retains all other Level 3 components as provided in present formula.

Continuation of Funding for Pay Raises:

- (1) Continues supplemental pay raises for certificated personnel initiated in 2001-02, 2006-07, 2007-08, and 2008-09 as a per pupil amount.
- (2) Continues supplemental pay raises for non-certificated support workers initiated in 2002-03, 2006-07, and 2007-08 as a per pupil amount.

Hold Harmless Enhancement

- (1) Continues the 10-year phase-out of hold harmless funding for Concordia, East Baton Rouge, Evangeline, Iberville, Jefferson, Plaquemines, St. Bernard, St. James, and West Feliciana parishes, beginning with a 10% reduction of the revised "over funded" amount in FY 07-08.
- (2) Retains provision that a Hold Harmless district may choose to reduce the remaining balance by an amount greater than 10%, provided such request is made by June 30th each year.
- (3) Retains provision that the annual 10% reduction amount will be redistributed to all non-hold harmless districts on a per pupil basis.

Support for Increasing Mandated Costs in Health Insurance, Retirement, and Fuel

Proposed formula continues present formula provision that local school systems shall receive a per pupil funding amount of \$100 to support increasing mandated costs involving health insurance, retirement, and fuel.

Level 4 - Supplementary Allocations

Proposed formula creates a new Level 4 as follows:

Foreign Language Associate Enhancement

(Present formula includes funding for foreign language associate teachers in Level 3.)

Compared to present formula, proposed formula provides as follows with regard to foreign language associate teachers:

- Increases the supplemental allocation from BESE to local school systems that employ a Foreign Language Associate or a graduate of the Escadrille Louisiane program from \$20,000 to \$21,000 per teacher. Retains provision that the number of these teachers not to exceed a total of 300 teachers. Specifies that the additional

\$1,000 is to be used toward the costs of VISA sponsorship.

- Retains requirement that these teachers be paid by the employing school board at least the state average classroom teacher salary (without PIP) by years of experience and degree beginning with year three. Proposed formula additionally provides that the supplemental allocation must be allocated to the school where the teacher is employed and the funds used to support the total cost of the teacher's salary.
- Retains requirement that first year teachers be paid an installment incentive of an additional \$6,000 and that second and third year teachers shall receive a retention incentive of an additional \$4,000. Specifies that these amounts will be provided by the employing school district.

Proposed formula provides for three new allocations in Level 4 as follows:

- (1) **Career Development Allocation** - Supports technical courses required for statewide credentials. Allocation is to be equal to 6% of the \$3,961 base per pupil amount or \$238 per qualifying course enrollment. Each school system is to receive a minimum amount of \$25,000 and other state-approved public schools with students enrolled in grades 9 - 12 will receive a minimum of \$10,000 per school. Projected cost is \$4 million.
- (2) **High Cost Services Assistance** - Provides additional funds for students with disabilities. Provides that the total allocation for public school systems versus other public schools shall be proportional to the share of total qualifying applications submitted by public school systems versus other public schools. Projected cost is \$4 million.
- (3) **Supplemental Course Allocation** - Pursuant to present law relative to the Course Choice Program, provides for the cost of secondary course choices specifically approved by BESE. The allocation for each public school system and other public school is \$26 per student enrolled in grades 7 - 12. Projected cost to MFP is \$7.6 million.

70% Local General Fund Required Instructional Expenditure at the School Building Level

Proposed formula retains the requirement that 70% of general fund expenditures must be in the areas of instruction and school administration at the school building level.

Pay Raise Requirement

Present formula requires that 50% of increased funds over the prior year shall be used to supplement full-time certificated salaries and retirement benefits teachers in schools and school systems with an average teacher salary below the SREB average teacher salary.

Proposed formula deletes this requirement and provides instead that if a city, parish, or local public school system or other public school has a net increase from 2013-2014 to 2014-2015 in its per student Level 1 and 2 State Cost Allocation, the city, parish, or local public school system or other public school shall be required to sustain the certificated classroom teacher pay raises provided by appropriation in 2013-2014. Further provides that if the city, parish, or local public school system or other public school has established plans to sustain or increase the teacher pay raises provided for by the 2013-2014 appropriation prior to the development of proposed formula, then this provision shall not apply.

Deleted Provisions:

Accountability Provisions

- (1) Deletes requirement that the Department of Education annually prepare and submit

- a MFP Accountability Report to the House and Senate education committees.
- (2) Deletes requirement that school systems demonstrate that the funds generated through the various weight factors be expended for the specified purpose.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Education to the original bill

1. Replaces the formula adopted by BESE on March 13, 2014, with the amended formula adopted by BESE on May 12, 2014, and submitted to the legislature for approval on May 14, 2014.