

1 2 Charter schools, Type 3B Charter schools, Office of Juvenile Justice (OJJ) schools, and
2 Louisiana State University and Southern University Lab schools. The formula is divided
3 into four calculations as follows:

4 **Level 1** determines the minimum cost of education based on the education
5 needs of each student. The cost includes funding for students enrolled in city and
6 parish school systems, Recovery School District operated and Type 5 Charter
7 schools, New Type 2 Charter schools, and Type 3B Charter schools. The cost is then
8 shared equitably between the State and the city and parish school systems based on
9 the ability of the systems to support education in their communities through local
10 sales and property tax revenues.

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

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

17 **Level 4** provides additional funding including:

- 18 • Supplementary funding to meet specific needs at city, parish, or other
19 local school systems and schools including Foreign Associate
20 Teacher Salary and Stipends Allocation, Career Development
21 Allocation, High Cost Services Allocation, and Supplemental Course
22 Allocation.
- 23 • Allocations for State-Approved public school systems or schools
24 including Legacy Type 2 Charter schools, Louisiana State University
25 and Southern University Lab schools, New Orleans Center for
26 Creative Arts (NOCCA), Louisiana School for Math, Science, and
27 Arts (LSMSA), THRIVE, and Office of Juvenile Justice (OJJ)
28 schools.

- 1 • Mid-Year Allocation Adjustments to account for mid-year increases
- 2 and decreases in students in all city, parish, or other local public
- 3 school systems or schools.

4 State MFP funds shall only be expended for educational purposes.

5 Expenditures for educational purposes are those expenditures related to the

6 operational and instructional activities of city, parish, or other public school systems

7 or schools to include: instructional programs, pupil support programs, instructional

8 staff programs, school administration, general administration, business services,

9 operations and maintenance of plant services, student transportation services, food

10 services operations, enterprise operations, community services operations, facility

11 acquisition and construction services and debt services as defined by Louisiana

12 Accounting and Uniform Governmental Handbook, Bulletin 1929.

13 **I. FORMULA CALCULATIONS**

14 **A. Level 1: Calculate State and Local Cost Allocation**

15 **1. Determine Educational Costs**

16 Eligible students from the following school systems and schools will be counted in both the

17 Base and Weighted Student Memberships:

- 18 1. City and Parish school systems
- 19 2. State-Approved Public Schools - The student counts of the following
- 20 state-approved schools shall be included in the membership and weighted
- 21 student counts of the city or parish school system in which the student
- 22 resides:
- 23 a) New Type 2 Charter schools.
- 24 3. Recovery School District - The student membership and weighted student
- 25 counts of schools transferred to the Recovery School District, both operated
- 26 and Type 5 Charter schools, shall continue to be included in the membership
- 27 and weighted student counts of the city or parish school system from which
- 28 jurisdiction of the school was transferred.

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

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

6 **STEP TWO: Determine the Number of Students Eligible for the Weighted Student**
7 **Count**

8 The formula recognizes that providing educational services to meet the needs of particular
9 students is more costly than regular educational services. Each special characteristic or need
10 is given a numerical value referred to as a weight. The special needs of each student are
11 taken into consideration by multiplying the student count for each eligible child (1.0) by
12 each of the weights. This calculation provides additional students that are then added to the
13 February 1 Student Membership Count to equal the Total Weighted Student Membership
14 Count. The students and units eligible to be counted are identified in the Student
15 Membership Definition adopted by the State Board of Elementary and Secondary Education.
16 The following are the additional costs recognized by the formula:

17 **Low Income and English Language Learner Weight** - The formula recognizes that
18 students living in poverty or students with a native language other than English are more
19 likely to require additional educational services to be successful. To recognize that these
20 services require additional costs, students that qualify for free or reduced price meals under
21 the United States Department of Agriculture (USDA) School Food Service Program
22 guidelines, or an alternative count as defined in the Student Membership Definition, and
23 students identified as an English Language Learner are provided a weight of 22%.

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

29 **Special Education Weight** - The formula addresses the extra cost associated with the
30 delivery of services required in order to meet the needs of students with disabilities. Students

1 with disabilities that have an Individualized Education Plan (IEP) developed according to
2 State Board of Elementary and Secondary Education regulations are provided a weight of
3 150%.

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

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

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

17 **Formula:**

18 **Total Weighted Student Membership Count**

19 **Equals**

20 **February 1 Student Membership Count (1.0)**

21 **Plus**

22 **Low Income and English Language Learner Weight**

23 **Career and Technical Education Weight**

24 **Special Education Weight**

25 **Gifted and Talented Weight**

26 **Economy of Scale Weight**

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

28 **Formula:**

29 **The State and Local Base Cost Per Pupil shall equal \$3,961.**

30 **STEP FIVE: Determine Total MFP Educational Costs**

1 **Formula:**
 2 **Total MFP Educational Costs**
 3 **Equals**
 4 **Total Weighted Student Membership Count**
 5 **Multiplied by**
 6 **State and Local Base Cost Per Pupil**

7 **2. Determine State and Local Cost Allocation**

8 The Total MFP Educational Costs are shared between the State and the city or parish school
9 systems. The ability of school systems to support the cost of education in their communities
10 is measured by the potential to raise local revenue. This potential contribution is measured
11 by the following three factors using the latest available data as reported through the Annual
12 Financial Report (AFR) as required by R.S. 17:92:

- 13 1. Local Property Tax Revenue Contribution
- 14 2. Local Sales Tax Revenue Contribution
- 15 3. Other Local Revenue Contribution

16 **STEP ONE - Determine the Local Property Tax Revenue Contribution**

17 **Formula:**
 18 **Local Property Tax Revenue Contribution**
 19 **Equals**
 20 **State Computed Property Tax Millage (debt and non-debt)**
 21 **Times**
 22 **Net Assessed Property Value**

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

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

30 **STEP TWO - Determine the Local Sales Tax Revenue Contribution**

1 **Formula:**

2 **Local Sales Tax Revenue Contribution**

3 **Equals**

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

5 **Multiplied By**

6 **State Computed Sales Tax Rate**

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

10 **Sales Tax Increase Cap** - If a system's Computed Sales Tax Base increased equal to or
11 greater than 15% over the Computed Sales Tax Base calculated in the prior year formula,
12 then the growth in the Computed Sales Tax Base will be capped at 15% over the amount
13 used in the prior year formula. This cap will be applied on a year-to-year basis comparing
14 the current year sales tax base to the prior year uncapped sales tax base.

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

17 **STEP THREE - Determine Other Local Revenue Contribution**

18 **Formula:**

19 **Other Local Revenue Contribution**

20 **Equals**

21 **State Revenue in lieu of taxes**

22 **Plus**

23 **Federal Revenue in lieu of taxes**

24 **Plus**

25 **50% of Earnings on Property**

26 **STEP FOUR - Determine Local Cost Allocation**

27 **Formula:**

28 **Local Cost Allocation**

29 **Equals**

30 **Property Tax Contribution**

1 **Plus**
 2 **Sales Tax Contribution**
 3 **Plus**
 4 **Other Revenues Contribution**

5 **STEP FIVE - Determine State Cost Allocation**

6 **Formula:**

7 **State Cost Allocation**

8 **Equals**

9 **Total State and Local Cost**

10 **Minus**

11 **Local Cost Allocation**

12 **Minimum State Cost Allocation** - In no event shall the State Cost Allocation be less than
 13 25% of Total Level 1 Cost for any city or parish school system.

14 **B. Level 2: Incentive for Local Effort**

15 Level 2 provides incentives for city and parish school systems that contribute a greater
 16 proportion of local revenues towards the cost of education in their communities by
 17 increasing local property and sales tax revenues. This effort is measured using the latest
 18 available data for the following sources of revenue as reported in the Annual Financial
 19 Report (AFR) as required in R. S. 17:92.

- 20 1. Total Sales Taxes
- 21 2. Total Property Taxes
- 22 3. State and Federal Revenue in Lieu of Taxes
- 23 4. 50% Earnings on Property Revenue

24 **STEP ONE - Determine Eligible Local Revenue**

25 **Formula:**

26 **Eligible Local Revenue**

27 **Equals**

28 **Total Sales Tax Revenue**

29 **Plus**

30 **Total Property Tax Revenue**

1 **Plus**

2 **State and Federal Revenue in Lieu of Taxes**

3 **Plus**

4 **50% of Earnings on Property Revenue**

5 **STEP TWO - Determine Local Revenue Eligible for Incentive**

6 **Formula:**

7 **Local Revenue Eligible for Incentive**

8 **Equals**

9 **Eligible Local Revenue**

10 **Minus**

11 **Local Cost Allocation**

12 **STEP THREE - Determine the Limit on Revenue Eligible for Incentive**

13 **Formula:**

14 **Limit on Revenue Eligible for Incentive**

15 **Equals**

16 **Total State and Local Cost Allocation**

17 **Multiplied by**

18 **34%**

19 **STEP FOUR - Determine Local Support of Level 2 Incentive**

20 **Formula:**

21 **Local Support of Level 2 Incentive**

22 **Equals**

23 **Lesser of Local Revenue Eligible for Incentive or Limit on Local Revenue**

24 **Eligible for Incentive**

25 **Multiplied by**

26 **Local Cost Allocation Percentage (Level 1)**

27 **Multiplied by**

28 **Level 2 Incentive Factor**

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

3 **STEP FIVE - Determine State Cost of Level 2 Incentive**

4 **Formula:**

5 **State Support of Level 2 Incentive**

6 **Equals**

7 **Lesser of Local Revenue Eligible for Incentive or Limit on Local Revenue**

8 **Eligible for Incentive**

9 **Minus**

10 **Local Support of Level 2 Incentive**

11 **C. Level 3: Legislative Allocations**

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

16 **Formula:**

17 **Total Level 3 Legislative Allocations**

18 **Equals**

19 **Continuation Pay Raises**

20 **Plus**

21 **Hold Harmless Enhancement**

22 **Plus**

23 **Mandated Costs in Health Insurance, Retirement, and Fuel**

24 **STEP ONE: Calculate Continuation Funding for Pay Raises**

25 1. Certificated Personnel Pay Raises were implemented in four recent years to
26 assist in increasing Teacher and Principal pay to the Southern Regional
27 Average. These funds continue to be provided directly to systems and
28 schools to support these increased salaries.

29 a. Certificated Personnel Pay Raises provided in 2001-02, 2006-07,
30 2007-08, and 2008-09 will continue for each school system and

- 1 school based on the calculated per pupil amount times the February
2 1 Student Membership Count.
- 3 2. Noncertificated Support Worker Pay Raises were implemented in three
4 recent years to assist with increasing these salaries.
- 5 a. Noncertificated Support Worker Pay Raises provided in 2002-03,
6 2006-07, and 2007-08 will continue for each school system and
7 school based on the calculated per pupil amount times the February
8 1 Student Membership Count.
- 9 3. This provision applies to city and parish school systems, Recovery School
10 District, New Orleans Center for Creative Arts (NOCCA), Louisiana School
11 for Math, Science, and the Arts (LSMSA), THRIVE, Legacy Type 2 Charter
12 Schools, New Type 2 Charter Schools, Type 3B Charter Schools, Louisiana
13 State University and Southern University Lab schools, and Office of Juvenile
14 Justice (OJJ).

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

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

20 **Allocation Adjustment** - After subtracting amounts attributable to insurance
21 supplements and legislative pay raises provided between FY 1993-94 and FY
22 1998-99 from the FY 2006-07 Hold Harmless amount, a revised Hold Harmless
23 amount is calculated. Each of the remaining Hold Harmless school systems will
24 receive a reduction of 10% to their remaining Hold Harmless allocation. On an
25 annual basis, any Hold Harmless system may choose to reduce the remaining balance
26 by an amount greater than 10% through formal notification to the Louisiana
27 Department of Education. This request must take place no later than June 30th each
28 year.

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

1 **STEP THREE: Determine Allocation for Increasing Mandated Costs in Health**
2 **Insurance, Retirement, and Fuel**

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

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

7 **Formula:**

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

9 **Equals**

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

11 **Plus**

12 **Level 2 State Cost Allocation Per Pupil**

13 **Plus**

14 **Level 3 State Cost Allocation Per Pupil**

15 **D. Level 4: Supplementary Allocations**

16 1. Specific Needs Allocations

17 Specific Needs Allocations provide funding for four allocations for specific purposes and
18 is in addition to system level allocations from Levels 1, 2, and 3. These allocations are as
19 follows:

20 **Formula:**

21 **Total Level 4 Supplementary Allocations**

22 **Equals**

23 **Foreign Language Associate Program Salary and Stipend Allocation**

24 **Plus**

25 **Career Development Allocation**

26 **Plus**

27 **High Cost Services Assistance Allocation**

28 **Plus**

29 **Supplemental Course Allocation**

1 **STEP ONE: Calculate Foreign Language Associate Salary and Stipend Allocation**

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

8 These teachers shall be paid by the employing city, parish, or other local public
9 school system or school at least the state average classroom teacher salary (without PIP) by
10 years of experience and degree beginning with year three. Of the \$21,000 allocation, \$20,000
11 shall be allocated to the school where the teacher is employed and the funds used to support
12 the total cost of the teacher salary, and the remaining amount shall be associated with costs
13 of VISA sponsorship pursuant to State Board of Elementary and Secondary Education
14 regulations.

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

19 **STEP TWO: Career Development Allocation**

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

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

29 If a city or parish school system receives less than \$25,000 from the Career
30 Development Per Pupil Amount, then the city or parish school system will be provided an

1 economies of scale minimum allocation of \$25,000. If local public school systems and
2 schools containing grades 9 through 12 receive less than \$10,000 from the Per Pupil
3 Amount, then the other public schools containing grades 9 through 12 will be provided an
4 economies of scale minimum allocation of \$10,000.

5 **Formula:**

6 **Career Development Allocation Per Pupil**

7 **Equals**

8 **MFP State and Local Base Cost Per Pupil**

9 **Multiplied By**

10 **Six Percent (6%)**

11 **Formula:**

12 **Career Development Allocation**

13 **Equals**

14 **Career Development Allocation Per Pupil**

15 **Multiplied By**

16 **Number of Student in Qualifying Courses in Grades 9 through 12**

17 **STEP THREE: Calculate High Cost Services Assistance**

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

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

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

1 shall be proportional to the share of total qualifying applications submitted by city and parish
2 school systems versus other public schools.

3 The first step in the allocation will be to calculate the impact of these costs on the
4 budget of the school system or school using the latest available state and local revenue data.

5 The High Cost Services requested for reimbursement will be reduced by the MFP state and
6 local amount allocated on behalf of each student from Levels 1, 2, and 3. The next step will
7 rank the Percent (%) Impact from highest to lowest percent, with two separate rank listings
8 for school systems and other public schools.

9 **Formula:**

10 **Percent (%) Impact on Budget**

11 **Equals**

12 **Cost of Services**

13 **Divided By**

14 **Total State and Local Revenue**

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

19 **STEP FOUR: Calculate Supplemental Course Allocation**

20 Pursuant to R.S. 17:4002.1 through 4002.6, the Supplemental Course Allocation shall
21 provide for the cost of secondary course choices specifically approved by the State Board
22 of Elementary and Secondary Education. For each city and parish school system and other
23 public school, the allocation shall equal the number of students enrolled in grades 7 through
24 12 as of February 1 each year multiplied by \$59 per pupil.

25 **Formula:**

26 **Supplemental Course Allocation for School Systems or Other Public Schools**

27 **Equals**

28 **Supplemental Course Allocation Per Pupil**

29 **Multiplied By**

30 **Number of Students in Grades 7 through 12**

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

8 2. Allocations for Other Public Schools

9 **STEP ONE: Louisiana State University and Southern University Laboratory Schools**

10 1. State Cost Allocation

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

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

19 **STEP TWO: Legacy Type 2 Charter Schools**

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

22 1. State Cost Allocation

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

26 b. The State Cost Allocation equals the number of students
27 multiplied by the State Per Pupil for the system where the
28 student resides.

29 2. Local Cost Allocation

- 1 a. Any Legacy Type 2 Charter school shall annually be
- 2 allocated funds as determined by applying the formula
- 3 contained in R. S. 17:3995.
- 4 b. The Local Cost Allocation equals the number of students
- 5 multiplied by the Local Per Pupil for the system where the
- 6 student resides.
- 7 c. For any student enrolled in a Legacy Type 2 Charter school,
- 8 the Local Cost Allocation shall be funded by the State.
- 9 3. The exclusion of any portion of local revenues specifically dedicated
- 10 by the legislature or by voter approval to capital outlay or debt
- 11 service shall be applicable only to a charter school housed in a
- 12 facility or facilities provided by the district in which the charter
- 13 school is located.

STEP THREE: Office of Juvenile Justice (OJJ) Schools

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

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

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

27 4. State Cost Allocation

- 28 a. The State Cost Allocation is equal to the State Cost Allocation Per
- 29 Pupil for the system where each student resided prior to adjudication multiplied by
- 30 the prior year average daily membership of the Office of Juvenile Justice schools.

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

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

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

11 5. Local Cost Allocation

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

17 b. The Local Cost Allocation is equal to the Local Cost Allocation Per
18 Pupil for the system were each student resided prior to adjudication multiplied by the
19 prior year average daily membership of the Office of Juvenile Justice schools.

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

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

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

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

3 3. Mid-Year Student Allocations

4 1. Student counts in October and February may result in mid-year allocation
5 adjustments for the following:

6 City and parish school systems, Recovery School District, New Type 2 Charter
7 schools, Legacy Type 2 Charter schools, Type 3B Charter schools, Louisiana State
8 University and Southern University Lab schools, Louisiana School for Math, Science
9 and the Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), and
10 THRIVE.

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

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

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

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

29 6. City, Parish, or Local public school systems or schools in the first year of
30 operation are not eligible for an October Mid-Year Adjustment. However, their

1 allocation will be finalized using October 1 data. The newly opened city, parish, or
2 local public school systems or schools will qualify for the February 1 mid-year
3 adjustment.

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

6 **Total MFP State Cost Allocation**

7 **Formula:**

8 **Total MFP State Cost Allocation**

9 **Equals**

10 **Level 1 State Cost Allocation**

11 **Plus**

12 **Level 2 State Cost Allocation**

13 **Plus**

14 **Level 3 State Cost Allocation**

15 **Plus**

16 **Level 4 State Cost Allocation**

17 **II. FORMULA CALCULATIONS FOR STATE-APPROVED PUBLIC SCHOOLS**

18 **A. Recovery School District**

19 1. State Cost Allocation

20 a. Once all final calculations are made, the final State Cost Allocation
21 Per Pupil Amount for the city or parish school system which counted
22 the Recovery School District students will be multiplied by the
23 February 1 Recovery School District Student Membership Count to
24 equal the Recovery School District State Cost Allocation.

25 b. In a system with one or more Type 3B charter schools, if the Type 3B
26 charter is not its own LEA, the local school system shall distribute
27 minimum foundation program formula funds to each Type 3B charter
28 school in the system pursuant to calculations determined by the
29 Louisiana Department of Education. If the Type 3B charter is its own
30 LEA, such payments shall be made to the Type 3B charter school by

1 the Louisiana Department of Education. Such calculations shall
 2 include differentiated funding weights for certain students, including
 3 students identified as being eligible for special education services.
 4 The calculations shall ensure equity so that each Type 3B charter
 5 school in the system receives a per-pupil amount equal to the amount
 6 a Type 5 charter school located in the same parish or school system
 7 boundary would have received from the Recovery School District
 8 (RSD).

9 2. Local Cost Allocation

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

12 Formula:

13 **Local Cost Allocation Per Pupil**

14 **Equals**

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

16 **Divided by**

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

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

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

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

4 h. Based on the October 1 Student Membership Count, the local revenue
5 allocation per student will be recalculated and there will be a corresponding
6 adjustment in the local revenue allocation. No recalculation of the local revenues per
7 student will occur as a result of the February 1 Student Count adjustment.

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

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

17 3. Monies appropriated to the Recovery School District, except for
18 administrative costs, that are attributable to the transfer of a school from a prior school
19 system and monies allocated or transferred from the prior system to the Recovery School
20 District shall be expended solely on the operation of schools transferred from the prior
21 system to the jurisdiction of the Recovery School District.

22 **B. New Type 2 Charter Schools**

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

25 1. State Cost Allocation

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

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

1 c. Mid-Year Adjustments shall adhere to the guidelines established in
2 this document.

3 2. Local Cost Allocation

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

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

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

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

15 e. Mid-Year Adjustments will adhere to the guidelines established in
16 this document.

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

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

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

28 6. The exclusion of any portion of local revenues specifically dedicated by the
29 legislature or by voter approval to capital outlay or debt service shall be applicable

1 only to a charter school housed in a facility or facilities provided by the district in
2 which the charter school is located.

3 **C. Louisiana School for Math, Science, and the Arts (LSMSA), New Orleans**
4 **Center for Creative Arts (NOCCA), and THRIVE.**

5 1. The Louisiana School for Math, Science and the Arts (LSMSA), New
6 Orleans Center for Creative Arts (NOCCA), and THRIVE shall be provided both a
7 State and Local Cost allocation.

8 2. State Cost Allocation

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

12 3. Local Cost Allocation

13 a. The Local Cost Allocation will be based on the Local Cost
14 Allocation for the city or parish school system where the
15 attending students reside.

16 b. For any student enrolled in LSMSA, NOCCA, or THRIVE,
17 the Local Cost Allocation Per Pupil shall be funded by the
18 State.

19 c. Where student attendance is from multiple school systems,
20 the Department of Education shall determine the Local Cost
21 Allocation based on students reported by the schools.

22 **III. FORMULA PROCEDURES**

23 A. Preliminary Allocation

24 1. The minimum foundation program formula for the upcoming fiscal
25 year adopted by the State Board of Elementary and Secondary
26 Education, along with a preliminary allocation schedule representing
27 the estimated cost of the proposed formula, shall be submitted to the
28 Joint Legislative Committee on the Budget and to the House and
29 Senate Education Committees for consideration no later than
30 March 15.

1 1. Review and/or audit of the systems' or schools' data used in
2 determining their Minimum Foundation Program allocation may result in changes
3 in final statistical information. The Minimum Foundation Program allocation
4 adjustments necessary as a result of these audit findings will be made in the
5 following school year. These adjustments are applicable to the following: city or
6 parish school systems, Recovery School District, Type 2 Charter schools, Type 3B
7 Charter schools, Louisiana State University and Southern University Lab schools,
8 Office of Juvenile Justice (OJJ) schools, Louisiana School for Math, Science and the
9 Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), and THRIVE.

10 **V. 70% EXPENDITURE REQUIREMENT**

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

18 **VII. SEVERABILITY PROVISION**

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

26 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
27 approve the formula developed by the State Board of Elementary and Secondary Education,
28 pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana, to determine the
29 cost of a minimum foundation program of education in all public elementary and secondary

- 1 schools as well as to equitably allocate the funds to parish and city school systems, and
2 adopted by the board on March 8, 2017.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HCR 7 Original

2017 Regular Session

Nancy Landry

Provides for legislative approval of the minimum foundation program (MFP) formula for FY 2017-18 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 local public school systems as developed by the State Board of Elementary and Secondary Education (BESE) and adopted by the board on March 8, 2017.

Proposed formula (as compared to SCR 55 from the 2014 Reg. Session which is the formula in effect) uses four levels to determine MFP funding allocations for city, parish, or other local public school systems or schools as follows:

Level 1 - Calculate State and Local Cost Allocation

- (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:
 - City and parish school systems
 - Recovery School District Schools, both operated and Type 5 charter schools
 - State-approved public schools, including New Type 2 charter schools
 - Additionally includes THRIVE Academy as provided in present law (R.S. 17:1976)
- (3) Maintains the existing weight of 22% for add-on student units for at-risk and English language learner students.
- (4) Maintains the existing weight of 6% for Career and Technical Education course units.
- (5) Maintains the existing weight of 150% for Special Education Students with disabilities.
- (6) Maintains the 60% existing weight for Gifted and Talented Students.
- (7) Maintains the Economy of Scale curvilinear weight of 20% for school systems with a student membership of less than 7,500.

Retains State and Local Base Cost Per Pupil amount of \$3,961.

Continues to determine the proportion of the costs supported by the state and local school systems as follows:

- (1) Retains provisions that the calculation of the state and local school system share of the total MFP cost includes a property tax revenue contribution, a sales tax revenue contribution, and other local revenue contributions. Maintains a state and local allocation ratio of 65%/35%.

- (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

- (1) Retains 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) Continues to limit the revenue eligible for reward 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. Maintains the Level 1 Reward Factor at 1.72.

Level 3 -Legislative Allocations

Retains Level 3 as "Legislative Allocations" as follows:

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.
- (3) Adds THRIVE Academy and Type 3B charter schools to the list of schools eligible for continuation of funding for pay raises.

Hold Harmless Enhancement

- (1) Continues the 10-year phase-out of Hold Harmless funding for Concordia, East Baton Rouge, Evangeline, Iberville, Jefferson, Plaquemines, St. Charles, 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

Continues 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

Foreign Language Associate Enhancement

- (1) Retains the supplemental allocation of \$21,000 for each Foreign Language Associate or a graduate of the Escadrille Louisiane program employed. Retains provision that the number of these teachers is not to exceed a total of 300 teachers. Specifies that \$1,000 of the amount is to be used toward the costs of VISA sponsorship.

- (2) 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.
- (3) 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.

Career Development Allocation

Supports technical courses required for statewide credentials. Retains that allocation is equal to 6% of the base per pupil amount or for each 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.

High Cost Services Assistance Allocation

Provides additional funds for students with disabilities. Retains 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. The allocation is limited by the amount budgeted for the High Cost Services Assistance Allocation.

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. Proposed formula retains the allocation for each public school system and other public school and increases from \$26 to \$59 the per student enrolled in grades seven through 12.

Allocations for Other Public Schools

Provides for state cost allocation for LSU and SU Laboratory Schools and provides that the funds for these schools shall be allocated to the institution of higher education that operates the school.

Provides for state and local cost allocations for Legacy Type 2 charter schools.

Requires the state and local cost allocation to be based on the actual state per pupil for the system where the student resides instead of the average per pupil amount for the system where the school is located.

Provides for funding of Office of Juvenile Justice Schools.

Mid-Year Student Allocations

Provides for adjustments to the allocations based on mid-year student counts. Adds THRIVE Academy, New Type 2 charter schools, and Type 3B charter schools.

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

Retains the requirement that 70% of the city, parish, or other local public school system or other public school general fund expenditures must be in the areas of instruction and school administration at the school building level.

Pay Raise Requirement

Eliminates the pay raise requirement which required a city, parish, or local public school system or other public school with a net increase from 2013-2014 to 2014-2015 in its per student Level 1 and 2 State Cost Allocation to sustain the certificated classroom teacher pay raises provided by appropriation in 2013-2014.