

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SCR 48** SLS 18RS 420
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 13, 2018	12:30 PM	Author: MORRISH
Dept./Agy.: Education		Analyst: Jodi Mauroner
Subject: Minimum Foundation Program Funding Formula		

BESE EG +\$3,045,000 SD EX See Note Page 1 of 2
 Provides for legislative approval of the MFP formula for the 2018-2019 Fiscal Year.

The proposed concurrent resolution provides for the FY 18-19 Minimum Foundation Program (MFP) formula that was adopted by the Board of Elementary and Secondary Education (BESE) on March 13, 2018. The formula contains 4 levels: Level 1- provides for the calculation of the the total MFP costs and the proportion supported by the state and local school districts; Level 2- provides incentive for local effort; Level 3- provides for specific legislative allocations (continued funding for payraises, hold harmless allocations and mandated cost increases in health insurance, retirement and fuel); Level 4- provides for supplementary funding (includes Foreign Language Associate salary and stipends, career development allocations, high cost services allocations, and supplemental course allocations).

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	(\$692,567)	\$0	\$0	\$0	\$0	(\$692,567)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$3,045,000	\$0	\$0	\$0	\$0	\$3,045,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$2,352,433	\$0	\$0	\$0	\$0	\$2,352,433

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed concurrent resolution will result in an estimated net increase of \$2.3 M in state expenditures over the FY 18 Existing Operating Budget (EOB). The FY 18 EOB is \$3.717 B and \$3.720 B is requested for FY 19. The current version of HB 1 includes a total of \$3.720 B funded with SGF (\$3.458 B), Lottery Proceeds Fund (\$154.5 M) and SELF Fund (\$107.2 M). The increase is associated with enrollment adjustments indicating a net increase of 2,786 students (\$9.8 M). Additionally there is a \$7.5 M reduction associated with the elimination of one-time emergency assistance to three parishes impacted by the 2016 floods. Finally, there is a decrease of SGF (\$3 M) due to increases in statutorily dedicated funds out of the Support Education in Louisiana First Fund based on the most recent estimates from the Revenue Estimating Conference (REC). **The FY 19 MFP includes a reserve of \$13.8 M for mid-year adjustments. The LDE has not indicated how that amount was calculated.**

LEVEL 1: Uses the February 1 student count to determine the cost of education services. Maintains the weights for Career and Technical Education units (6%) Special Education/Other Exceptionalities (150%) and Special Education/Gifted and Talented (60%) and Low Income and English Learner (22%). Maintains the calculation necessary to maintain a state and local allocation ratio of 65% to 35%. Maintains the base per pupil amount of \$3,961. The increase of \$9.8 M is associated with a net increase of 2,786 students. **The MFP as submitted uses placeholder data from 2.1.17 to calculate student weights. The LDE has not specified when updated data would be submitted. Any adjustments will impact the total funding required.**

LEVEL 2: Maintains the provisions of incentives for local effort. 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 measured in Level 1 by 1) local property tax revenue contribution, 2) local sales tax revenue contribution, and 3) other local revenue contribution. 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 as measured by 1) total sales taxes, 2) total property taxes, 3) state and federal revenue in lieu of taxes, and 4) 50% earnings on property revenue. **CONTINUED ON PAGE 2**

REVENUE EXPLANATION

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

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

LEVEL 3: Continues the pay raises for certificated and support personnel initiated in 2001-2002 and 2006-2007 through 2008-2009, the hold harmless provision, and a \$100 per pupil funding amount for increasing mandated costs of health insurance, retirement and fuel.

LEVEL 4: Supplementary Allocations. **1) Career Development Allocation** (\$9.3 M) to support the development of technical courses required for statewide credentials in city and parish school systems and other public schools in the amount of 6% of the base per pupil cost for each qualifying student course enrollment; a minimum amount of \$25,000 will be provided for each city and parish school system and a minimum of \$10,000 will be provided for other public schools with students enrolled in grades 9 through 12; **2) High Cost Services Allocation** (\$12 M)- to provide additional funds to public school systems and schools which substantiate that the prior year cost of services for students with disabilities exceeds three times the most recent state average total expenditure per pupil amount; allocation amounts will be limited by the amount budgeted for this initiative and are to be distributed equitably to school systems and other public schools proportional to the total of qualifying applications submitted. **3) Supplemental Course Allocation** (\$17.7 M) to provide for the cost of secondary course choices specifically approved by BESE. For each school system and other public schools funded through the formula, the proposed allocation shall equal \$59 for each student enrolled in grades 7-12 as of February 1. Provides for the redistribution of uncommitted funds as of a date set by DOE. **4) Foreign Language Associate Program Salary and Stipends Allocation** (\$6.4 M) continues the supplemental allocation at \$21,000 per teacher with the \$1,000 increase to be used for the costs of the VISA sponsorship incurred by CODOFIL, pursuant to BESE regulations. The cap of 300 teachers is retained.

ALLOCATIONS FOR OTHER PUBLIC SCHOOLS: Continues funding methodology for the LSU and Southern University Lab Schools, Type 2 Charter Schools, Office of Juvenile Justice Schools, the Recovery School District, NOCCA, LSMSA, and Thrive Academy.

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

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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