



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SCR 2** SLS 21RS 139
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 12, 2021	9:00 AM	Author: FIELDS
Dept./Agy.: Education		
Subject: Minimum Foundation Program Funding Formula		Analyst: Garrett Ordner

BESE OR +\$22,694,545 EX See Note Page 1 of 2
 Provides for legislative approval of the MFP formula for the 2021-2022 school year. (7/1/21)

Concurrent resolution provides for the FY 21-22 Minimum Foundation Program (MFP) formula that was adopted by the Board of Elementary and Secondary Education (BESE) on March 10,2021. The formula contains 4 levels: **Level 1** - provides for the calculation of the total MFP costs and the proportion supported by the state and local school districts, which reflects an increase of 1.375% in the base per pupil amount; **Level 2** - provides incentive for local effort; **Level 3** - provides for specific legislative allocations (continued funding for past pay raises, historical funding allocations based on hold harmless reallocations, and mandated cost increases in health insurance, retirement and fuel); **Level 4** - provides for supplementary funding, including Foreign Language Associate salary and stipends; career development allocations; high cost services allocations; and supplemental course allocations. New Level 4 provisions annualize FY 20 pay raises, add \$2,000 stipends for certified mentor teachers, and provide a pay raise of \$400 for certificated employees and \$200 for non-certificated employees.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	(\$52,943,258)	\$0	\$0	\$0	\$0	(\$52,943,258)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$75,637,803	\$0	\$0	\$0	\$0	\$75,637,803
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$22,694,545	\$0	\$0	\$0	\$0	\$22,694,545

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed concurrent resolution will result in an estimated net increase of \$22.7 M in state expenditures over the FY 21 Existing Operating Budget (EOB). The FY 22 Executive Budget recommendation funds the Minimum Foundation Program (MFP) for a total cost of \$3.912 B (\$3.516 B SGF, \$296.1 M Lottery Proceeds Fund, and \$100 M SELF Fund). In addition to additional funding for pay raises for certificated and non-certificated personnel, the BESE-adopted formula provides an additional 1.375% increase in the Level 1 base per pupil amount and a stipend for certified mentor teachers, for a total cost of \$3.918 B. **Therefore, HB 1 does not include \$5.6 M required to fully fund the MFP formula.**

SCR 2 Compared to FY 21 EOB:

FY 21 Existing Operating Budget MFP:	\$3,895,695,015
FY 22 BESE-Adopted MFP:	<u>\$3,918,389,560</u>
Difference	\$22,694,545

SCR Compared to HB1 Original:

FY 22 HB 1 Original MFP Approp.:	\$3,912,741,632
FY 22 BESE-Adopted MFP:	<u>\$3,918,389,560</u>
Difference	\$5,647,928

The most significant increases are associated with a proposed across-the-board pay raise of \$400 for certificated personnel and \$200 for non-certificated personnel (\$39.8 M) as well as an increase of 1.375% in the base per pupil amount from \$4,015 to \$4,070 (\$38.6 M). Additionally, the MFP provides \$4.2 M to fund \$2,000 stipends for certified mentor teachers.

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%), Low Income and English Learner (22%), and Economy of Scale (0%-20%). Maintains a state and local allocation ratio of 65% to 35%. The increase of \$38.6 M is associated with a 1.375% increase in the base per pupil amount, from \$4,015 to \$4,070. The February 2021 student count is 665,649, down from the February 2020 count by 15,350 students, or 2.3%. The total weighted membership count is 955,702.

REVENUE EXPLANATION

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

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

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

Alan M. Boxberger
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 Staff Director



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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

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.

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

LEVEL 4: Supplementary Allocations. 1) Career Development Allocation (\$24.6 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 (\$18 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 LDE. 4) Foreign Language Associate Program Salary and Stipends Allocation (\$6 M) continues the supplemental allocation at \$21,000 per teacher, the first-year installation stipend of \$6,000, and the second-year and third-year retention stipend of \$4,000. The cap of 300 teachers is retained. 5) Certificated and Non-Certificated Pay Raises (\$139.8 M) continues the 2019-2020 staff pay raises and includes an additional \$400 for certificated staff and \$200 for non-certificated staff. 6) Mentor Teacher Stipends (\$4.2 M) Provides a \$2,000 stipend to Certified Mentor Teachers serving in the role of a Mentor Teacher based on the staffing data submitted to the official department personnel data reporting system as of October 1.

ALLOCATIONS FOR OTHER PUBLIC SCHOOLS: Continues funding methodology for the LSU, Southern University, and University of Louisiana at Lafayette 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
[X] 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
[] 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
[X] 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}

Signature of Alan M. Boxberger
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Staff Director