

First Extraordinary Session, 2005

SENATE CONCURRENT RESOLUTION NO. 15

BY SENATOR ULLO AND REPRESENTATIVE CRANE

FUNDS/FUNDING. Approves adjustments adopted by BESE on 11/9/2005 to the MFP formula for FY 2005-06 approved by the Legislature as SCR 125 of the 2005 R.S.

A CONCURRENT RESOLUTION

To provide for legislative approval of adjustments adopted by the State Board of Elementary and Secondary Education on November 9, 2005 to the Minimum Foundation Program formula for Fiscal Year 2005-06 previously developed and adopted by the state board on June 16, 2005 and approved by the Legislature as Senate Concurrent Resolution No. 125 of the 2005 Regular Legislative Session.

WHEREAS, Article VIII, Section 13(B) of the Constitution of Louisiana requires the State Board of Elementary and Secondary Education to develop and adopt annually a formula which shall be used to determine the cost of a Minimum Foundation Program of education in all public elementary and secondary schools as well as to allocate equitably the funds to parish and city school systems; and

WHEREAS, at a special meeting of the State Board of Elementary and Secondary Education on November 9, 2005, the board adopted adjustments to the formula previously approved in Senate Concurrent Resolution No. 125 of the 2005 Regular Legislative Session for such cost determination and the equitable allocation of funds for Fiscal Year 2005-06; and

WHEREAS, the Constitution of Louisiana requires the Legislature to fully fund the current cost to the state of the Minimum Foundation Program as determined by applying the

1 legislatively approved formula; and

2 WHEREAS, the Constitution of Louisiana requires the appropriated funds to be
3 allocated equitably to parish and city school systems according to the formula as adopted by
4 the State Board of Elementary and Secondary Education and approved by the Legislature
5 prior to making the appropriation; and

6 WHEREAS, on August 29, 2005 Hurricane Katrina and on September 24, 2005
7 Hurricane Rita significantly altered the community life and orderly delivery of elementary
8 and secondary education services in most Louisiana school systems; and,

9 WHEREAS, the movement of Louisiana citizens and school children as a result of
10 these devastating events necessitates certain adjustments to the 2005-06 final Minimum
11 Foundation Program formula allocations approved by Senate Concurrent Resolution No. 125
12 of the 2005 Regular Legislative Session and promulgated by the Department of Education
13 as Circular 1088 State Public School Fund - Minimum Foundation Program (MFP)
14 Equalization Distribution.

15 THEREFORE, BE IT RESOLVED by the Legislature of Louisiana, that the
16 adjustments to the formula approved in Senate Concurrent Resolution No. 125 of the 2005
17 Regular Session to determine the cost of a Minimum Foundation Program of education in
18 all public elementary and secondary schools in FY 2005-06 as well as to allocate equitably
19 the funds to parish and city school systems as developed by the State Board of Elementary
20 and Secondary Education and adopted by the board on November 9, 2005, are hereby
21 approved to read as follows:

22 MINIMUM FOUNDATION PROGRAM
23 ELEMENTARY AND SECONDARY EDUCATION
24 COST DISTRIBUTION FORMULA
25 2005-06 SCHOOL YEAR
26 ADJUSTMENTS TO SCR 125 OF 2005 REGULAR LEGISLATIVE SESSION

27 **I. BASIS OF ADJUSTMENTS**

28 All provisions of SCR 125 of the 2005 Regular Session remain in effect except as
29 provided in Sections II and III. Adjustments provided in Section II shall apply to the 2005-
30 06 final allocations of the minimum foundation program formula for parish, city and other
31 local school systems and the Recovery School District schools as promulgated in
32 Department of Education Circular 1088 State Public School Fund - Minimum Foundation

1 Program (MFP) Equalization Distribution.

2 **II. ADJUSTMENTS**

3 A. Category 1 Districts are those with severely damaged school facilities, where
4 schools have been closed for more than 30 days, and most, if not all students
5 have been sent to another school district. The districts in this category are
6 Orleans, Plaquemines and St. Bernard. Category 1 districts shall receive a
7 revised MFP allocation based on the following criteria.

8 1. Category 1 Districts receive their MFP monthly payments provided
9 by Circular 1088 for July 2005 through October 2005.

10 2. November 2005 through June 2006 payments are recalculated as
11 follows:

12 a. State funded allocation for retiree health insurance and
13 School Board and Superintendent operational expenses as
14 required by law for the remaining 8 months of FY 2005-06 is
15 calculated as 20% of total Level 1 state and local costs as
16 provided in Circular 1088, including 8/12 of prior years audit
17 adjustments.

18 b. In addition, Category 1 districts will receive the state average
19 per pupil amount for Levels 1, 2 and 3 as provided in Circular
20 1088 times the number of students enrolled, adjusted
21 monthly, with a minimum of 1,000 students. Student counts
22 are based on monthly collections of Student Information
23 System data as determined by the Department of Education.
24 June payments will be based on May enrollments.

25 B. Category 2 Districts are those with minimal to moderate-severe damage to
26 school facilities, schools have been closed for more than 10 school days but
27 less than 30, a number of their displaced students have enrolled in other
28 Louisiana school districts and they have enrolled a number of displaced
29 students from other Louisiana school systems. The districts in this category
30 are Calcasieu, Jefferson, St. Charles, St. Tammany, Tangipahoa, Vermilion,

Washington, and city of Bogalusa.

1. Category 2 Districts receive their MFP monthly payments provided by Circular 1088 for July 2005 through October 2005.

2. November 2005 through June 2006 payments are adjusted as follows:

a. Category 2 districts will receive a reduction for the remaining 8 months of FY 2005-06 in their monthly payments provided by Circular 1088 based on the district's state share average per pupil amount for Levels 1, 2 and 3 as provided in Circular 1088 times the number of their displaced students enrolled in another Louisiana school system. Student counts are based on monthly collections of Student Information System data as determined by the Department of Education. June payments will be based on May enrollments.

b. Category 2 districts will receive a one-time payment of \$1,000 for each displaced student enrolled in the district based on the November 1, 2005 MFP student membership data. The one-time payment will be included in the December 2005 MFP payment.

C. Category 3 Districts are those with minimal to no damage to school facilities, schools have been closed for less than 10 days, and a number of displaced students have enrolled in their school district. The remaining 57 districts are in this category.

1. Category 3 Districts receive their MFP monthly payments provided by Circular 1088 for July 2005 through June 2006.

2. Category 3 districts will receive a one-time payment of \$1,000 for each displaced student enrolled in the district based on the November 1, 2005 MFP student membership data. The one-time payment will be included in the December 2005 MFP payment.

D. The five schools in the Recovery School District (RSD) on August 29, 2005 received minimal to moderate-severe damage to their school facilities, these

1 schools have been closed for more than 30 days, and most, if not all students
2 have been sent to another school district. The schools are Capdau, Medard
3 H. Nelson, S.J. Green Middle, Edward Phillip and Sophie B. Wright.

4 1. The RSD receives the MFP monthly payments provided by Circular
5 1088 for July 2005 through October 2005.

6 2. November 2005 through June 2006 payments are recalculated as
7 follows:

8 a. State funded allocation for the remaining 8 months of FY
9 2005-06 is calculated as 20% of total state share allocation as
10 provided in Circular 1088. The Department of Education
11 shall retain \$50,000 from each school to provide for RSD
12 system expenditures.

13 b. In addition, the RSD will receive the state average per pupil
14 amount for Levels 1, 2 and 3 as provided in Circular 1088
15 times the number of students enrolled, adjusted monthly,
16 when the schools enroll students and resume providing
17 educational services. Student counts are based on monthly
18 collections of Student Information System data as determined
19 by the Department of Education. June payments will be
20 based on May enrollments.

21 E. New RSD Schools

22 The RSD shall receive the state average per pupil amount for Levels 1, 2 and
23 3 as provided in Circular 1088 times the number of students enrolled,
24 adjusted monthly for any additional schools BESE places in the RSD that
25 open in FY 2005-06. The Department of Education shall retain \$50,000 from
26 each school to provide for RSD system expenditures. Student counts are
27 based on monthly collections of Student Information System data as
28 determined by the Department of Education. June payments will be based
29 on May enrollments.

30 F. Mid-Year Adjustments for normal student membership growth, excluding

1 displaced students.

2 1. If any city, parish, or other local school system's January 9, 2006
3 student count, excluding displaced students, exceeds the previous
4 year's audited October 1 membership by either 50 students or 1%, a
5 mid-year adjustment to provide additional per pupil funding shall be
6 made for each additional student based on the final MFP allocation
7 per pupil amount for that city, parish or other local school system as
8 approved by BESE in Circular 1088.

9 G. 70% Required Instructional Expenditure

10 1. To provide for appropriate accountability of state funds while
11 providing local school board flexibility in determining specific
12 expenditures, local school boards must ensure that 70% of the funds
13 generated by this formula are dedicated to instructional activities.
14 The definition of instructional activities shall provide for: (1) the
15 activities dealing directly with the interaction between teachers and
16 students to include such items as: salaries, employee benefits,
17 purchased professional and technical services, instructional materials
18 and supplies, and instructional equipment; (2) pupil support activities
19 designed to assess and improve the well-being of students and to
20 supplement the teaching process; and (3) instructional staff activities
21 associated with assisting the instructional staff with the content and
22 process of providing learning experiences for students.

23 H. Reductions to Expenditure of State Funds Required by Louisiana
24 Constitution Article VII, Section 10(F)(2)(a) and (b).

25 Any reduction in the Minimum Foundation Program funding appropriated in
26 Act 16 of the 2005 Regular Session as a result of these adjustments to the
27 MFP allocations to city, parish, other local school systems or the Recovery
28 School District shall satisfy all requirements for reductions in the MFP
29 appropriation permitted by provisions contained in the Louisiana
30 Constitution Article VII, Section 10(F)(2)(a) and (b).

III. CONTINGENCY ADJUSTMENTS TO SCR 125

In the event SCR 125 remains in effect in the fiscal year 2006-07 or thereafter, the State Board of Elementary and Secondary Education shall annually adjust the input variables provided in sections A through D.

A. The state and local base per pupil amount shall be adjusted in FY 2006-07 by 5% to provide for an adjustment in cost increases in health insurance, retirement and fuel costs. The percentage adjustment for years after FY 2006-07 shall be at the September-to-September Consumer Price Index-Urban for the South Region, updated annually, or 2.75%, whichever is greater.

B. The student membership and weighted student counts shall be on a current year October 1 basis beginning in FY 2006-07. Local school systems will receive an estimated payment of MFP funds for the first eight months of the school year. Once actual October 1 data is available, adjusted monthly payments will be made to each parish or city school board as reflected in the department's annual budget letter.

C. Local school system wealth calculations and local revenues.

1. Local school system wealth calculations and local revenues for Category 2 and 3 districts are based on FY 2004-05 financial data for MFP calculations in years FY 2006-07 and FY 2007-08. Beginning in FY 2008-09, the local wealth calculation and local revenues will be based on the prior year of FY 2006-07.

2. Local school system wealth calculations and local revenues for Category 1 districts are based on adjusted FY 2004-05 financial data reduced by 75% for MFP calculations in years FY 2006-07 and FY 2007-08. Beginning in FY 2008-09, the local wealth calculation and local revenues will be based on the prior year of FY 2006-07 financial data.

D. Category 1 Basic Operational Adjustment

Category 1 Districts shall receive a basic operational adjustment equivalent

- 1 to 40% of the 20% of Level 1 provided in section II.A.2.a. to assist in
- 2 recovery efforts in FY 2006-07 and years thereafter that must first be used
- 3 to pay for retiree health insurance costs, to be phased out as follows:
- 4 1. When a district has recovered 50% of its pre-Katrina student count
- 5 and local revenues, this operational adjustment will be reduced by
- 6 25%.
- 7 2. When a district has recovered 75% of its pre-Katrina student count
- 8 and local revenues, this operational adjustment will be reduced by
- 9 50%.
- 10 3. When a district has recovered 100% of its pre-Katrina student count
- 11 and local revenues, this operational adjustment will be reduced by
- 12 75%.
- 13 4. When a district has recovered 100% of its pre-Katrina student count
- 14 and local revenues for two consecutive years, this operational
- 15 adjustment will be eliminated.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Diane M. Burkhart.

DIGEST

Provides for legislative approval of adjustments to SCR 125 of the 2005 R.S. for FY 2005-2006 MFP allocations that 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 each parish, city and other local school systems as developed by the BESE and adopted by the board on Nov. 9, 2005.

Retains the MFP formula provisions approved by SCR No. 125 of the 2005 R.S. with the following changes:

Identifies three categories of local school systems according to the level of hurricane impact.

Category 1 systems are those school systems with the most severely damaged school facilities where schools have been closed for more than 30 days and most, if not all students, have been sent to other school systems. Category 1 is comprised of Orleans, Plaquemines and St. Bernard.

Category 2 systems are those school systems with minimal to moderate-severe damage to school facilities, schools have been closed for more than 10 schools days, but less than 30 and a number of their displaced students have enrolled in other La. School districts. Category 2 is comprised of Calcasieu, Jefferson, St. Charles, St. Tammany, Tangipahoa, Vermilion, Washington, and city of Bogalusa.

Category 3 systems are those with minimal to no damage to school facilities, schools have

been closed for less than 10 days and a number of displaced students have enrolled in their districts. Category 3 is composed of all systems not in categories 1 or 2.

The adjustments are:

Category 1 systems:

- Receive current monthly amounts for July `05 thru Oct. `05
- Receive 20% of the MFP total state and local Level 1 costs
- Receive 1/12th of MFP state share average per pupil amount (\$3809/12=\$317) for students enrolled on the 1st day of each month Nov. `05 thru May `06 (except January 9 `06)
- June `06 payments will be based on May `06 student membership count

Category 2 systems:

- Reduces funding to these systems by recognizing the loss in students being experienced from the student membership driving the SCR 125 allocations (10/1/04 count).
- Adjusts the funding allocation downward only for students enrolled in other La. school districts.
- Receive a onetime \$1,000 payment for each displaced student enrolled on November 1, 2005.

Category 3 systems:

Receive current monthly amounts

- Receive a onetime \$1,000 payment for each displaced student added based on 11/1/05.

Recovery School District:

- Existing RSD schools receive current monthly amounts for July '05 though Oct. '05.
- Existing RSD schools get 20% of MFP payments (Nov. `05-June `06); authorizes Dept. of Education to withhold \$50,000 per school for RSD operational expenses.
- Existing and new RSD schools enrolling students and resuming service receive state average per pupil amount times the number of students, adjusted monthly.
- Existing and new RSD schools receive June '06 payments based on May '06 enrollment.

Applicable to all categories:

- If 11/1/05 count exceeds 10/1/04 count by either fifty students or one percent, make mid-year adjustment for each new student based on MFP allocation per pupil amount for that system.
- Systems must use 70% of formula funds for instruction.

If SCR 125 continues for 2006-07 the following additional adjustments will occur:

- State and local per pupil amount so that FY 05-06 funding increased by 5% and for years after the increase will be based on an index or 2.75%, whichever is greater.
- Student membership and weighted counts will be based on current year (10/1/06) basis starting in FY 06-07
- Local wealth calculations for Category 1 districts will be based on 25% of FY 04-05 data for FY 06-07 and FY 07-08.
- Local wealth calculations for Categories 2 and 3 systems will be based on FY 04-05 date for FY 06-07 and FY 07-08
- Category 1 receive an adjustment equal to 40% of the 20% of Level 1 to help in recovery efforts in FY 06-07 and years thereafter to pay retiree health insurance costs, reduced over time as students return.