

1 schools, and Louisiana State University and Southern University Lab schools. The
2 formula is divided into four calculations as follows:

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

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

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

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

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

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

10 **I. FORMULA CALCULATIONS**

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

12 **1. Determine Educational Costs**

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

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

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

28 The formula first counts each of the students enrolled on February 1 to determine
 29 the cost of education services. The formula utilizes the February 1 Student
 30 Membership Count to allocate funding beginning in July. The students eligible to

1 be counted are identified in the Student Membership Definition adopted by the State
2 Board of Elementary and Secondary Education. These students are counted as one
3 (1.0) in the formula.

4 **STEP TWO: Determine the Number of Students Eligible for the Weighted**
5 **Student Count**

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

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

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

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

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

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

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

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

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

18 **Formula:**

19 **Total Weighted Student Membership Count**

20 **Equals**

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

22 **Plus**

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

24 **Career and Technical Education Weight**

25 **Special Education Weight**

26 **Gifted and Talented Weight**

27 **Economy of Scale Weight**

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

29 **Formula:**

1 **The State and Local Base Cost Per Pupil shall equal \$3,961 plus**
2 **1.375percent times \$3,961 for a total of \$4,015.**

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

4 **Formula:**

5 **Total MFP Educational Costs**

6 **Equals**

7 **Total Weighted Student Membership Count**

8 **Multiplied by**

9 **State and Local Base Cost Per Pupil**

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

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

17 1. Local Property Tax Revenue Contribution

18 2. Local Sales Tax Revenue Contribution

19 3. Other Local Revenue Contribution

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

21 **Formula:**

22 **Local Property Tax Revenue Contribution**

23 **Equals**

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

25 **Times**

26 **Net Assessed Property Value**

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

1 year Net Assessed Property Value to the prior year uncapped Net Assessed Property
2 Value.

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

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

7 **Formula:**

8 **Local Sales Tax Revenue Contribution**

9 **Equals**

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

11 **Multiplied By**

12 **State Computed Sales Tax Rate**

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

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

22 **Computed Sales Tax Rate** - The Computed Sales Tax Rate is calculated
23 annually at the rate necessary to maintain a state and local allocation ratio of
24 65%/35%.

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

26 **Formula:**

27 **Other Local Revenue Contribution**

28 **Equals**

29 **State Revenue in lieu of taxes**

30 **Plus**

1 **Federal Revenue in lieu of taxes**

2 **Plus**

3 **50% of Earnings on Property**

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

5 **Formula:**

6 **Local Cost Allocation**

7 **Equals**

8 **Property Tax Contribution**

9 **Plus**

10 **Sales Tax Contribution**

11 **Plus**

12 **Other Revenues Contribution**

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

14 **Formula:**

15 **State Cost Allocation**

16 **Equals**

17 **Total State and Local Cost**

18 **Minus**

19 **Local Cost Allocation**

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

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

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

- 28 1. Total Sales Taxes
- 29 2. Total Property Taxes
- 30 3. State and Federal Revenue in Lieu of Taxes

1 4. 50% Earnings on Property Revenue

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

3 **Formula:**

4 **Eligible Local Revenue**

5 **Equals**

6 **Total Sales Tax Revenue**

7 **Plus**

8 **Total Property Tax Revenue**

9 **Plus**

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

11 **Plus**

12 **50% of Earnings on Property Revenue**

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

14 **Formula:**

15 **Local Revenue Eligible for Incentive**

16 **Equals**

17 **Eligible Local Revenue**

18 **Minus**

19 **Local Cost Allocation**

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

21 **Formula:**

22 **Limit on Revenue Eligible for Incentive**

23 **Equals**

24 **Total State and Local Cost Allocation**

25 **Multiplied by**

26 **34%**

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

28 **Formula:**

29 **Local Support of Level 2 Incentive**

30 **Equals**

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

2 **Eligible for Incentive**

3 **Multiplied by**

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

5 **Multiplied by**

6 **Level 2 Incentive Factor**

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

10 **STEP FIVE – Determine State Cost of Level 2 Incentive**

11 **Formula:**

12 **State Support of Level 2 Incentive**

13 **Equals**

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

15 **Eligible for Incentive**

16 **Minus**

17 **Local Support of Level 2 Incentive**

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

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

22 These allocations are as follows:

23 **Formula:**

24 **Total Level 3 Legislative Allocations**

25 **Equals**

26 **Continuation Pay Raises**

27 **Plus**

28 **Hold Harmless Enhancement**

29 **Plus**

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

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

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

6 a. Certificated Personnel Pay Raises provided in 2001-02, 2006-07, 2007-08,
7 and 2008-09 will continue for each school system and school based on the
8 calculated per pupil amount times the February 1 Student Membership
9 Count.

10 2. Noncertificated Support Worker Pay Raises were implemented in three recent
11 years to assist with increasing these salaries.

12 a. Noncertificated Support Worker Pay Raises provided in 2002-03, 2006-07,
13 and 2007-08 will continue for each school system and school based on the
14 calculated per pupil amount times the February 1 Student Membership
15 Count.

16 3. This provision applies to city and parish school systems, Recovery School
17 District, New Orleans Center for Creative Arts (NOCCA), Louisiana School for
18 Math, Science, and the Arts (LSMSA), Legacy Type 2 Charter Schools, New
19 Type 2 Charter Schools, Louisiana State University and Southern University Lab
20 schools, and Office of Juvenile Justice (OJJ).

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

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

26 **Allocation Adjustment** - After subtracting amounts attributable to insurance
27 supplements and legislative pay raises provided between FY 1993-94 and FY
28 1998-99 from the FY 2006-07 Hold Harmless amount, a revised Hold Harmless
29 amount is calculated. Each of the remaining Hold Harmless school systems will
30 receive a reduction of 10% to their remaining Hold Harmless allocation. On an

1 annual basis, any Hold Harmless system may choose to reduce the remaining balance
2 by an amount greater than 10% through formal notification to the Louisiana
3 Department of Education. This request must take place no later than June 30th each
4 year.

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

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

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

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

14 **Formula:**
15 **Level 1, 2, and 3 State Cost Allocation Per Pupil**
16 **Equals**
17 **Level 1 State Cost Allocation Per Pupil**
18 **Plus**
19 **Level 2 State Cost Allocation Per Pupil**
20 **Plus**
21 **Level 3 State Cost Allocation Per Pupil**

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

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

26 **Formula:**
27 **Total Level 4 Supplementary Allocations**
28 **Equals**
29 **Foreign Language Associate Program Salary and Stipend Allocation**
30 **Plus**

1 **Career Development Allocation**

2 **Plus**

3 **High Cost Services Assistance Allocation**

4 **Plus**

5 **Supplemental Course Allocation**

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

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

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

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

26 **STEP TWO: Career Development Allocation**

27 The cost of providing materials and equipment, and teacher credentialing and
28 training to attain a statewide industry-based credential is above and beyond the cost
29 typically required for high school courses. An allocation will be provided to support

1 the development of these technical courses required for statewide credentials in city
2 and parish school systems and other public schools.

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

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

13 **Formula:**

14 **Career Development Allocation Per Pupil**

15 **Equals**

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

17 **Multiplied By**

18 **Six Percent (6%)**

19 **Formula:**

20 **Career Development Allocation**

21 **Equals**

22 **Career Development Allocation Per Pupil**

23 **Multiplied By**

24 **Number of Student Enrollments in Qualifying Courses in Grades 9 through**
25 **12**

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

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

29 In an effort to assist with these expenses, an allocation will be provided to city,
30 parish, and other public school systems and schools which submit documentation as

1 required by the Louisiana Department of Education substantiating that the current
2 cost of services for a specific student including estimated costs for new services, or
3 new students, exceeds three times the most recent state average total expenditure per
4 pupil amount.

5 Once costs associated with providing services for a student with disabilities have
6 been verified, the city or parish school system or other public schools will be eligible
7 to receive an allocation to assist with these costs. The allocation will be limited by
8 the amount budgeted for the High Cost Services Assistance Allocation. So as to be
9 equitably distributed, the total allocation provided to city and parish school systems
10 versus other public schools shall be proportional to the share of total qualifying
11 applications submitted by city and parish school systems versus other public schools.
12 Based on the \$9.4 million available, all entities within each group, city and parish
13 school systems and other public school systems, shall receive the same percent of the
14 requested allocation. The High Cost Services requested for reimbursement will be
15 reduced by the MFP state and local amount allocated on behalf of each student from
16 Levels 1, 2, and 3.

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

18 Pursuant to R.S. 17:4002.1 through 4002.6, the Supplemental Course Allocation
19 shall provide for the cost of secondary courses specifically approved by the State
20 Board of Elementary and Secondary Education. For each city and parish school
21 system and other public school, the allocation shall equal the number of students
22 enrolled in grades 7 through 12 as of February 1 each year multiplied by \$35 per
23 pupil.

24 **Formula:**
25 **Supplemental Course Allocation for School Systems or Other Public Schools**
26 **Equals**
27 **Supplemental Course Allocation Per Pupil**
28 **Multiplied By**
29 **Number of Students in Grades 7 through 12**

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

8 2. Allocations for Other Public Schools

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

11 1. State Cost Allocation

- 12 a. The February 1 Student Membership count at the Louisiana State
13 University and Southern University Lab Schools shall be multiplied
14 by the Average State Cost Allocation Per Pupil to equal the Louisiana
15 State University and Southern University Lab Schools State Cost
16 Allocation.
- 17 b. Funds appropriated for these schools shall be allocated to the
18 institution of higher education operating such a school. Each such
19 institution of higher education shall ensure the equitable expenditure
20 of such funds to operate such schools.

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

22 A Legacy Type 2 Charter school is a Type 2 Charter school approved before July 1,
23 2008 by the State Board of Elementary and Secondary Education.

24 1. State Cost Allocation

- 25 a. Any Legacy Type 2 Charter school shall annually be allocated funds
26 as determined by applying the formula contained in R. S. 17:3995.
- 27 b. The State Cost Allocation equals the number of students multiplied
28 by the State Per Pupil for the system where the school is located.

29 2. Local Cost Allocation

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

STEP THREE: Office of Juvenile Justice (OJJ) Schools

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

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

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

24 4. State Cost Allocation

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

28 b. The State Cost Allocation Per Pupil allocation shall be adjusted based
29 on a factor determined by the Louisiana Department of Education to provide for the

1 differential in the number of educational days provided to the students in the custody
2 of the Office of Juvenile Justice (OJJ).

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

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

9 5. Local Cost Allocation

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

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

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

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

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

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

1 3. Mid-Year Student Allocations

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

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

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

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

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

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

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

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

4 7. October and February Mid-Year Adjustments shall be combined and
5 applied 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**
18 **SCHOOLS**

19 **A. RECOVERY SCHOOL DISTRICT**

20 1. State Cost Allocation

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

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

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

10 2. Local Cost Allocation

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

13 **Formula:**

14 **Local Cost Allocation Per Pupil**

15 **Equals**

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

17 **Divided by**

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

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

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

1 1. Sales and use taxes, less any tax collection fee paid by the school
2 system

3 2. Ad valorem taxes, less any tax collection fee paid by the school
4 system

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

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

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

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

22 **Formula:**

23 **Local Cost Allocation**

24 **Equals**

25 **Projected Local Revenues from District of Prior Jurisdiction Per Pupil**

26 **Multiplied By**

27 **Recovery School District Student Membership Count**

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

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

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

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

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

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

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

22 1. State Cost Allocation

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

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

27 c. Mid-Year Adjustments shall adhere to the guidelines established in this
28 document.

29 2. Local Cost Allocation

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

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

5 c. One exception to R. S. 17:3995 is that the Local Cost allocation will be
6 funded with a transfer of the MFP monthly amount representing the Local Per Pupil
7 from the city or parish school system in which the attending students reside.

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

11 e. Mid-Year Adjustments will adhere to the guidelines established in this
12 document.

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

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

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

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

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

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

6 2. State Cost Allocation

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

10 3. Local Cost Allocation

11 a. The Local Cost Allocation will be based on the Local Cost Allocation
12 Per Pupil for the city or parish school system where the attending
13 students reside.

14 b. For any student enrolled in LSMSA or NOCCA, the Local Cost
15 Allocation shall be funded by the State. Where student attendance is
16 from multiple school systems, the Department of Education shall
17 determine the Local Cost Allocation based on students reported by
18 the schools.

19 **III. FORMULA PROCEDURES**

20 **A. Preliminary Allocation**

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

28 2. This preliminary allocation shall utilize student and other input data
29 available at the time.

1 **B. Final Allocation**

2 Final allocations for the fiscal year in which the formula takes effect will be
3 determined no later than June 30 of the preceding fiscal year. The latest
4 available data will be utilized to calculate the final allocation except that
5 student count estimates will be utilized for school systems or charter schools
6 opening for the first time in the fiscal year beginning July 1. For first-year
7 city, parish or other public school systems or schools, the final allocation will
8 be based on the October 1 count, once available.

9 **IV. FORMULA PAYMENTS**

10 **A. PAYMENT PROCEDURES**

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

15 **B. REQUESTED PAYMENT ADJUSTMENTS**

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

20 a. Sufficient documentation will be requested to substantiate this requested
21 allocation adjustment.

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

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

26 1. Review and/or audit of the systems' or schools' data used in determining
27 their Minimum Foundation Program allocation may result in changes in final
28 statistical information. The Minimum Foundation Program allocation
29 adjustments necessary as a result of these audit findings will be made in the

1 following school year. These adjustments are applicable to the following:
2 city or parish school systems, Recovery School District, Type 2 Charter
3 schools, Louisiana State University and Southern University Lab schools,
4 Office of Juvenile Justice (OJJ) schools, Louisiana School for Math, Science
5 and the Arts (LSMSA), and New Orleans Center for Creative Arts
6 (NOCCA).

7 **V. 70% EXPENDITURE REQUIREMENT**

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

16 **VI. PAY RAISE REQUIREMENT**

17 If a city, parish, or local public school system or school has a net increase from
18 2014-2015 to 2015-2016 in its per student Level 1 and 2 State Cost Allocation, the
19 city, parish, or local public school system or school shall be required to sustain the
20 certificated classroom teacher pay raises provided by appropriation in 2013-2014.

21 If the city, parish, or local public school system or school has established plans to
22 sustain or increase the teacher pay raises provided for by the 2013-2014
23 appropriation prior to the development of this formula, then this provision shall not
24 apply.

25 **VII. SEVERABILITY PROVISION**

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

1 broadly construed so as to give effect to each and every possible provision or
 2 application of this minimum foundation formula which is not specifically held
 3 invalid, unlawful, or unconstitutional.

4 THEREFORE BE IT RESOLVED that the Legislature of Louisiana does hereby
 5 approve the formula developed by the State Board of Elementary and Secondary Education
 6 pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana to determine the cost
 7 of a minimum foundation program of education in all public elementary and secondary
 8 schools as well as to equitably allocate the funds to parish and city school systems, and
 9 adopted by the board on March 6, 2015.

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 18 Original

2015 Regular Session

Carter

Provides for legislative approval of the minimum foundation program (MFP) formula for FY 2015-2016 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 6, 2015.

Proposed formula utilizes 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:
 - 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.
- (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 - Proposed formula provides for a base per pupil funding amount of \$4,015, which represents a 1.375% increase.

Level 1 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 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 - Continues as follows:

- (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) 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

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.

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

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

Retains as follows with regard to foreign language associate teachers:

- (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 the additional \$1,000 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 o 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

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. Proposed formula increases maximum allocation to \$9.4 million and revises the allocation methodology so that all entities within each group, city and parish school systems and other public school systems, shall receive the same percent of the requested 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 \$35 the per student enrolled in grades seven through 12.

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

Proposed formula provides 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.