

2016 Regular Session

SENATE CONCURRENT RESOLUTION NO. 44

BY SENATOR MORRISH

BESE. Provides for legislative approval of the Minimum Foundation Program formula for the 2016-2017 fiscal year. (8/1/16)

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A CONCURRENT RESOLUTION

To provide for legislative approval of the formula developed by the State Board of Elementary and Secondary Education pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana 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 parish and city school systems, and adopted by the board on March 4, 2016.

WHEREAS, the Minimum Foundation Program formula for the 2016-2017 Fiscal Year was adopted by the State Board of Elementary and Secondary Education on March 4, 2016, and submitted to the legislature for approval on March 15, 2016, in accordance with applicable law reads as follows:

PROPOSED

FY 2016-17 MINIMUM FOUNDATION PROGRAM FORMULA

The FY 2016-17 Minimum Foundation Program (MFP) formula was adopted by the State Board of Elementary and Secondary Education on March 4, 2016

The formula determines allocations for city, parish, or other public school systems or schools. The definition of city, parish, or local public school systems and schools shall include city or parish school systems, Recovery School District including operated and Type

1 5 charter schools, Louisiana School for Math, Science, and the Arts (LSMSA), New Orleans
2 Center for Creative Arts (NOCCA), New Type 2 Charter schools, Legacy Type 2 Charter
3 schools, Type 3B Charter schools, Office of Juvenile Justice (OJJ) schools, and Louisiana
4 State University and Southern University Lab schools. The formula is divided into four
5 calculations as follows:

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

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

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

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

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

30 State MFP funds shall only be expended for educational purposes. Expenditures for

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

8 **I. FORMULA CALCULATIONS**

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

10 **1. Determine Educational Costs**

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

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

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

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

30 **STEP TWO: Determine the Number of Students Eligible for the Weighted**

Student Count

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

The following are the additional costs recognized by the formula:

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

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

Special Education Weight - The formula addresses the extra cost associated with the delivery of services required in order to meet the needs of students with disabilities. Students with disabilities that have an Individualized Education Plan (IEP) developed according to State Board of Elementary and Secondary Education regulations are provided a weight of 150%.

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

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

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

15 **Formula:**

16 **Total Weighted Student Membership Count**

17 **Equals**

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

19 **Plus**

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

21 **Career and Technical Education Weight**

22 **Special Education Weight**

23 **Gifted and Talented Weight**

24 **Economy of Scale Weight**

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

26 **Formula:**

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

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

30 **Formula:**

1 **Total MFP Educational Costs**

2 **Equals**

3 **Total Weighted Student Membership Count**

4 **Multiplied by**

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

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

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

12 1. Local Property Tax Revenue Contribution

13 2. Local Sales Tax Revenue Contribution

14 3. Other Local Revenue Contribution

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

16 **Formula:**

17 **Local Property Tax Revenue Contribution**

18 **Equals**

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

20 **Times**

21 **Net Assessed Property Value**

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

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

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

2 **Formula:**

3 **Local Sales Tax Revenue Contribution**

4 **Equals**

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

6 **Multiplied By**

7 **State Computed Sales Tax Rate**

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

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

17 **Computed Sales Tax Rate** - The Computed Sales Tax Rate is calculated
18 annually at the rate necessary to maintain a state and local allocation ratio of
19 65%/35%.

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

21 **Formula:**

22 **Other Local Revenue Contribution**

23 **Equals**

24 **State Revenue in lieu of taxes**

25 **Plus**

26 **Federal Revenue in lieu of taxes**

27 **Plus**

28 **50% of Earnings on Property**

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

30 **Formula:**

1 **Local Cost Allocation**

2 **Equals**

3 **Property Tax Contribution**

4 **Plus**

5 **Sales Tax Contribution**

6 **Plus**

7 **Other Revenues Contribution**

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

9 **Formula:**

10 **State Cost Allocation**

11 **Equals**

12 **Total State and Local Cost**

13 **Minus**

14 **Local Cost Allocation**

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

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

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

- 24 1. Total Sales Taxes
- 25 2. Total Property Taxes
- 26 3. State and Federal Revenue in Lieu of Taxes
- 27 4. 50% Earnings on Property Revenue

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

29 **Formula:**

30 **Eligible Local Revenue**

1 **Equals**

2 **Total Sales Tax Revenue**

3 **Plus**

4 **Total Property Tax Revenue**

5 **Plus**

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

7 **Plus**

8 **50% of Earnings on Property Revenue**

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

10 **Formula:**

11 **Local Revenue Eligible for Incentive**

12 **Equals**

13 **Eligible Local Revenue**

14 **Minus**

15 **Local Cost Allocation**

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

17 **Formula:**

18 **Limit on Revenue Eligible for Incentive**

19 **Equals**

20 **Total State and Local Cost Allocation**

21 **Multiplied by**

22 **34%**

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

24 **Formula:**

25 **Local Support of Level 2 Incentive**

26 **Equals**

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

28 **Revenue Eligible for Incentive**

29 **Multiplied by**

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

1 **Multiplied by**

2 **Level 2 Incentive Factor**

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

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

7 **Formula:**

8 **State Support of Level 2 Incentive**

9 **Equals**

10 **Lesser of Local Revenue Eligible for Incentive or Limit on Local**
11 **Revenue Eligible for Incentive**

12 **Minus**

13 **Local Support of Level 2 Incentive**

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

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

18 These allocations are as follows:

19 **Formula:**

20 **Total Level 3 Legislative Allocations**

21 **Equals**

22 **Continuation Pay Raises**

23 **Plus**

24 **Hold Harmless Enhancement**

25 **Plus**

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

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

- 28 1. Certificated Personnel Pay Raises were implemented in four recent years to
29 assist in increasing Teacher and Principal pay to the Southern Regional
30 Average. These funds continue to be provided directly to systems and

1 schools to support these increased salaries.

2 a. Certificated Personnel Pay Raises provided in 2001-02, 2006-07,
3 2007-08, and 2008-09 will continue for each school system and
4 school based on the calculated per pupil amount times the February
5 1 Student Membership Count.

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

8 a. Noncertificated Support Worker Pay Raises provided in 2002-03,
9 2006-07, and 2007-08 will continue for each school system and
10 school based on the calculated per pupil amount times the February
11 1 Student Membership Count.

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

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

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

23 **Allocation Adjustment** - After subtracting amounts attributable to
24 insurance supplements and legislative pay raises provided between FY
25 1993-94 and FY 1998-99 from the FY 2006-07 Hold Harmless amount, a
26 revised Hold Harmless amount is calculated. Each of the remaining Hold
27 Harmless school systems will receive a reduction of 10% to their remaining
28 Hold Harmless allocation. On an annual basis, any Hold Harmless system
29 may choose to reduce the remaining balance by an amount greater than 10%
30 through formal notification to the Louisiana Department of Education. This

1 request must take place no later than June 30th each year.

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

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

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

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

11 **Formula:**

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

13 **Equals**

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

15 **Plus**

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

17 **Plus**

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

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

20 1. Specific Needs Allocations

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

24 **Formula:**

25 **Total Level 4 Supplementary Allocations**

26 **Equals**

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

28 **Plus**

29 **Career Development Allocation**

30 **Plus**

1 **High Cost Services Assistance Allocation**

2 **Plus**

3 **Supplemental Course Allocation**

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

6 **Salary Allocation** - Any city, parish, or other public school system or school
7 employing a Foreign Language Associate or a graduate of the Escadrille Louisiane
8 program shall receive a supplemental allocation from State Board of Elementary and
9 Secondary Education of \$21,000 per teacher. The state shall maintain support of the
10 Foreign Language Associate program at a maximum of 300 Foreign Language
11 Associates employed in any given year. These teachers shall be paid by the
12 employing city, parish, or other local public school system or school at least the state
13 average classroom teacher salary (without PIP) by years of experience and degree
14 beginning with year three. Of the \$21,000 allocation, \$20,000 shall be allocated to
15 the school where the teacher is employed and the funds used to support the total cost
16 of the teacher salary, and the remaining amount shall be associated with costs of
17 VISA sponsorship pursuant to State Board of Elementary and Secondary Education
18 regulations.

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

24 **STEP TWO: Career Development Allocation**

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

30 The first step in the allocation is to calculate six percent (6%) of the MFP

1 State and Local Base Cost Per Pupil to determine the Career Development Per Pupil
2 Amount. The Career Development Per Pupil Amount will be provided for each
3 qualifying student course enrollment in grades 9 through 12.

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

10 **Formula:**

11 **Career Development Allocation Per Pupil**

12 **Equals**

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

14 **Multiplied By**

15 **Six Percent (6%)**

16 **Formula:**

17 **Career Development Allocation**

18 **Equals**

19 **Career Development Allocation Per Pupil**

20 **Multiplied By**

21 **Number of Student Enrollments in Qualifying Courses in Grades 9**

22 **through 12**

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

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

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

1 Once costs associated with providing services for a student with disabilities
2 have been verified, the city or parish school system or other public schools will be
3 eligible to receive an allocation to assist with these costs. The allocation will be
4 limited by the amount budgeted for the High Cost Services Assistance Allocation.
5 So as to be equitably distributed, the total allocation provided to city and parish
6 school systems versus other public schools shall be proportional to the share of total
7 qualifying applications submitted by city and parish school systems versus other
8 public schools.

9 The first step in the allocation will be to calculate the impact of these costs
10 on the budget of the school system or school using the latest available state and local
11 revenue data. The High Cost Services requested for reimbursement will be reduced
12 by the MFP state and local amount allocated on behalf of each student from Levels
13 1, 2, and 3. The next step will rank the Percent (%) Impact from highest to lowest
14 percent, with two separate rank listings for school systems and other public schools.

15 **Formula:**

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

17 **Equals**

18 **Cost of Services**

19 **Divided By**

20 **Total State and Local Revenue**

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

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

26 Pursuant to R.S. 17:4002.1 through 4002.6, the Supplemental Course
27 Allocation shall provide for the cost of secondary course choices specifically
28 approved by the State Board of Elementary and Secondary Education. For each city
29 and parish school system and other public school, the allocation shall equal the
30 number of students enrolled in grades 7 through 12 as of February 1 each year

1 multiplied by \$35 per pupil.

2 **Formula:**

3 **Supplemental Course Allocation for School Systems or Other Public**
4 **Schools**

5 **Equals**

6 **Supplemental Course Allocation Per Pupil**

7 **Multiplied By**

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

9 If the entire allocation is not committed by the city or parish public school
10 systems or other public school by a date set forth by the Louisiana Department of
11 Education, the original allocation will be reduced by the uncommitted amount. The
12 total uncommitted amount from each city or parish public school systems or other
13 public school will be reallocated to those city or parish public school systems or
14 other public schools that obligated one hundred percent of their original allocation
15 based on criteria set forth by the Louisiana Department of Education.

16 2. Allocations for Other Public Schools

17 **STEP ONE: Louisiana State University and Southern University Laboratory**
18 **Schools**

19 1. State Cost Allocation

20 a. The February 1 Student Membership count at the Louisiana State
21 University and Southern University Lab Schools shall be multiplied
22 by the Average State Cost Allocation Per Pupil to equal the Louisiana
23 State University and Southern University Lab Schools State Cost
24 Allocation.

25 b. Funds appropriated for these schools shall be allocated to the
26 institution of higher education operating such a school. Each such
27 institution of higher education shall ensure the equitable expenditure
28 of such funds to operate such schools.

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

30 A Legacy Type 2 Charter school is a Type 2 Charter school approved before

1 July 1, 2008 by the State Board of Elementary and Secondary Education.

2 1. State Cost Allocation

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

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

7 2. Local Cost Allocation

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

10 b. The Local Cost Allocation equals the number of students multiplied
11 by the Local Per Pupil for the system where the student resides.

12 c. For any student enrolled in a Legacy Type 2 Charter school, the
13 Local Cost Allocation shall be funded by the State.

14 3. The exclusion of any portion of local revenues specifically dedicated by the
15 legislature or by voter approval to capital outlay or debt service shall be
16 applicable only to a charter school housed in a facility or facilities provided
17 by the district in which the charter school is located.

18 **STEP THREE: Office of Juvenile Justice (OJJ) Schools**

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

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

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

- 1 4. State Cost Allocation
- 2 a. The State Cost Allocation is equal to the State Cost Allocation Per
- 3 Pupil for the system where each student resided prior to adjudication
- 4 multiplied by the prior year average daily membership of the Office
- 5 of Juvenile Justice schools.
- 6 b. The State Cost Allocation Per Pupil allocation shall be adjusted based
- 7 on a factor determined by the Louisiana Department of Education to
- 8 provide for the differential in the number of educational days
- 9 provided to the students in the custody of the Office of Juvenile
- 10 Justice (OJJ).
- 11 c. Additionally, the State Cost Allocation Per Pupil shall be adjusted
- 12 based on a factor determined by the Louisiana Department of
- 13 Education to recognize the increased number of special education
- 14 students in the Office of Juvenile Justice (OJJ) schools relative to the
- 15 state average special education student population.
- 16 d. The average daily membership will be reconciled on an annual basis
- 17 using the latest available data.
- 18 5. Local Cost Allocation
- 19 a. Each student counted in the prior year average daily membership, as
- 20 defined by the State Board of Elementary and Secondary Education,
- 21 shall be provided for and funded from the minimum foundation
- 22 program a Local Cost Allocation Per Pupil equal to the Local Cost
- 23 Allocation Per Pupil for the district where the student resided prior
- 24 to adjudication.
- 25 b. The Local Cost Allocation is equal to the Local Cost Allocation Per
- 26 Pupil for the system were each student resided prior to adjudication
- 27 multiplied by the prior year average daily membership of the Office
- 28 of Juvenile Justice schools.
- 29 c. For the purpose of the Local Cost Allocation Per Pupil, the average
- 30 daily membership of the Office of Juvenile Justice (OJJ) shall be

1 included in the membership counts of the city, parish, or other local
2 public school board in which the student resided prior to adjudication
3 to the Office of Juvenile Justice.

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

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

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

14 3. Mid-Year Student Allocations

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

17 City and parish school systems, Recovery School District, New Type 2
18 Charter schools, Legacy Type 2 Charter schools, Louisiana State University
19 and Southern University Lab schools, Louisiana School for Math, Science
20 and the Arts (LSMSA), and New Orleans Center for Creative Arts
21 (NOCCA).

22 2. If the current year October 1 Mid-Year Student Count is more or less than the
23 prior year February 1 student count, an adjustment to the current year
24 allocation shall be made for each student gained or lost. The October
25 adjustment equals the number of students gained or lost times the annual
26 State Cost per pupil allocation amount for the system or school in which the
27 change occurred. The February adjustment equals the number of students
28 gained or lost times one-half of the State Cost per pupil allocation for the
29 system or school in which the change occurred.

30 3. Individual adjustments shall be made for increases or decreases in the

1 October or February Mid-Year Student Counts for the Recovery School
2 District, the system of prior jurisdiction, and Type 5 Charter schools.

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

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

12 6. City, Parish, or Local public school systems or schools in the first year of
13 operation are not eligible for an October Mid-Year Adjustment. However,
14 their allocation will be finalized using October 1 data. The newly opened
15 city, parish, or local public school systems or schools will qualify for the
16 February 1 mid-year adjustment.

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

19 **Total MFP State Cost Allocation**

20 **Formula:**

21 **Total MFP State Cost Allocation**

22 **Equals**

23 **Level 1 State Cost Allocation**

24 **Plus**

25 **Level 2 State Cost Allocation**

26 **Plus**

27 **Level 3 State Cost Allocation**

28 **Plus**

29 **Level 4 State Cost Allocation**

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

1 **A. Recovery School District**

2 1. State Cost Allocation

3 a. Once all final calculations are made, the final State Cost Allocation Per Pupil
4 Amount for the city or parish school system which counted the Recovery
5 School District students will be multiplied by the February 1 Recovery
6 School District Student Membership Count to equal the Recovery School
7 District State Cost Allocation.

8 b. In a system with one or more Type 3B charter schools, if the Type 3B charter
9 is not its own LEA, the local school system shall distribute minimum
10 foundation program formula funds to each Type 3B charter school in the
11 system pursuant to calculations determined by the Louisiana Department of
12 Education. If the Type 3B charter is its own LEA, such payments shall be
13 made to the Type 3B charter school by the Louisiana Department of
14 Education. Such calculations shall include differentiated funding weights for
15 certain students, including students identified as being eligible for special
16 education services. The calculations shall ensure equity so that each Type 3B
17 charter school in the system receives a per-pupil amount equal to the amount
18 a Type 5 charter school located in the same parish or school system boundary
19 would have received from the Recovery School District (RSD).

20 2. Local Cost Allocation

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

23 **Formula:**

24 **Local Cost Allocation Per Pupil**

25 **Equals**

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

27 **Divided by**

28 **Total School District Membership (Recovery School District Student**
29 **Membership Count plus Student Membership Count for the system of**
30 **prior jurisdiction plus New Type 2 Charter school students residing in**

- 1 **the jurisdiction)**
- 2 b. To begin the fiscal year, the Local Cost allocation is based on eligible
- 3 projected local revenues for the most recent prior fiscal year from the city or
- 4 parish school district that had jurisdiction of the school prior to its transfer.
- 5 c. For purposes of the Recovery School District calculation, local revenue is
- 6 defined to include revenue from the following sources, excluding any portion
- 7 which has been specifically dedicated by the legislature or by voter approval
- 8 to capital outlay or debt service, per the definitions in the Annual Financial
- 9 Report (AFR) and the Louisiana Accounting and Uniform Governmental
- 10 Handbook as reported to the Department of Education:
- 11 1. Sales and use taxes, less any tax collection fee paid by the school
- 12 system
- 13 2. Ad valorem taxes, less any tax collection fee paid by the school
- 14 system
- 15 3. Earnings from sixteenth section lands owned by the school system
- 16 d. The exclusion of any portion of local revenues specifically dedicated by the
- 17 legislature or by voter approval to capital outlay or debt service shall be
- 18 applicable only to a charter school housed in a facility or facilities provided
- 19 by the system in which the charter school is located.
- 20 e. The projected local revenues shall be divided by the Total School District
- 21 Membership Count including the Recovery School District Student
- 22 Membership Count, both operated and charter schools, plus the Student
- 23 Membership Count of the system of prior jurisdiction. If any New Type 2
- 24 Charter School student resides within the physical boundaries of the system
- 25 of prior jurisdiction, this school the student attends shares in the local
- 26 revenues of the system of prior jurisdiction. As a result, the New Type 2
- 27 Charter School Student Membership Count of the students residing in the
- 28 jurisdiction will be added to the Recovery School District and the system of
- 29 prior jurisdiction Student Membership Count.
- 30 f. The Local Cost Allocation for the Recovery School District is determined by

1 multiplying the local revenue per pupil times the number of Recovery School
2 District students used in the MFP final allocation.

3 **Formula:**

4 **Local Cost Allocation**

5 **Equals**

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

7 **Multiplied By**

8 **Recovery School District Student Membership Count**

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

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

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

20 j. A final reconciliation will occur based upon the receipt of the annual audited
21 financial statements of the system of prior jurisdiction. If an increase or
22 decrease in local revenue collections exists, the state superintendent may
23 establish a payment schedule. In the event that the fiscal status of the system
24 of prior jurisdiction or the Recovery School District changes during the fiscal
25 year or on or before the final reconciliation, the state superintendent may
26 adjust the local revenue based on the revenues identified.

27 3. Monies appropriated to the Recovery School District, except for
28 administrative costs, that are attributable to the transfer of a school from a
29 prior school system and monies allocated or transferred from the prior system
30 to the Recovery School District shall be expended solely on the operation of

1 schools transferred from the prior system to the jurisdiction of the Recovery
2 School District.

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

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

6 1. State Cost Allocation

- 7 a. Any New Type 2 Charter School shall annually be provided a State
8 Cost Allocation as determined by applying the formula contained in
9 R.S. 17:3995.
- 10 b. The State Cost Allocation equals the number of students multiplied
11 by the State Cost Allocation Per Pupil for the system in which the
12 student resides.
- 13 c. Mid-Year Adjustments shall adhere to the guidelines established in
14 this document.

15 2. Local Cost Allocation

- 16 a. Any New Type 2 Charter school shall annually be provided a Local
17 Cost Allocation by applying the formula contained in R. S. 17:3995.
- 18 b. The Local Cost Allocation equals the number of students multiplied
19 by the Local Cost Allocation Per Pupil for the system in which the
20 student resides.
- 21 c. One exception to R. S. 17:3995 is that the Local Cost allocation will
22 be funded with a transfer of the MFP monthly amount representing
23 the Local Cost Allocation from the city or parish school system in
24 which the attending students reside.
- 25 d. The city or parish where students attending the New Type 2 Charter
26 school reside is the local taxing authority and shall provide the local
27 support for the students.
- 28 e. Mid-Year Adjustments will adhere to the guidelines established in
29 this document.

30 3. Virtual Charter schools may receive, as approved by the State Board of

1 Elementary and Secondary Education, a lesser percentage of the state and
2 local amount calculated in R.S. 17:3995.

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

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

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

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

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

22 2. State Cost Allocation
23 a. The State Cost Allocation shall be based on the State Cost Allocation
24 Per Pupil for the city or parish school system where the attending
25 students reside.

26 3. Local Cost Allocation
27 a. The Local Cost Allocation will be based on the Local Cost Allocation
28 for the city or parish school system where the attending students
29 reside.

30 b. For any student enrolled in LSMSA or NOCCA, the Local Cost

1 Allocation Per Pupil shall be funded by the State.

- 2 c. Where student attendance is from multiple school systems, the
3 Department of Education shall determine the Local Cost Allocation
4 based on students reported by the schools.

5 **III. FORMULA PROCEDURES**

6 A. Preliminary Allocation

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

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

14 B. Final Allocation

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

21 **IV. FORMULA PAYMENTS**

22 **A. Payment Procedures**

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

26 **B. Requested Payment Adjustments**

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

1 a. Sufficient documentation will be requested to substantiate this requested
2 allocation adjustment.

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

6 **C. Payment Adjustments for Audit Findings**

7 Review and/or audit of the systems' or schools' data used in determining their
8 Minimum Foundation Program allocation may result in changes in final statistical
9 information. The Minimum Foundation Program allocation adjustments necessary as a result
10 of these audit findings will be made in the following school year. These adjustments are
11 applicable to the following: city or parish school systems, Recovery School District, Type
12 2 Charter schools, Louisiana State University and Southern University Lab schools, Office
13 of Juvenile Justice (OJJ) schools, Louisiana School for Math, Science and the Arts
14 (LSMSA), and New Orleans Center for Creative Arts (NOCCA).

15 **V. 70% EXPENDITURE REQUIREMENT**

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

23 **VI. PAY RAISE REQUIREMENT**

24 If a city, parish, or local public school system or other public school has a net
25 increase from 2015-2016 to 2016-2017 in its per student Level 1 and 2 State Cost Allocation,
26 the city, parish, or local public school system or other public school shall be required to
27 sustain the certificated classroom teacher pay raises provided by appropriation in 2013-2014.
28 If the city, parish, or local public school system or other public school has established plans
29 to sustain or increase the teacher pay raises provided for by the 2013-2014 appropriation
30 prior to the development of this formula, then this provision shall not apply.

VII. SEVERABILITY PROVISION

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

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby approve the formula developed by the State Board of Elementary and Secondary Education, pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana, 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 parish and city school systems, and adopted by the board on March 4, 2016.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Cheryl Serrett.

SCR 44 Original	DIGEST 2016 Regular Session	Morrish
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Provides for legislative approval of the Minimum Foundation Program (MFP) formula for FY 2016-2017 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 4, 2016.

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:
 - City and parish school systems
 - Recovery School District Schools, both operated and Type 5 Charter schools
 - New Type 2 Charter schools
 - Additionally includes Type 3B Charter 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 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.

Base Per Pupil Amount - increases base per pupil funding amount from \$3,961 to \$4,015, which represents a 1.375% increase.

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 local 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

- (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. 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.
- (3) Adds 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

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.

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.

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

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

Provides that if a city, parish, or local public school system or other public school has a net increase from 2015-2016 to 2016-2017 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.

Effective August 1, 2016.