

2017 Regular Session

HOUSE CONCURRENT RESOLUTION NO. 7

BY REPRESENTATIVE NANCY LANDRY AND SENATOR THOMPSON

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 May 11, 2017.

WHEREAS, the minimum foundation program formula for the 2017-2018 Fiscal Year as adopted by the State Board of Elementary and Secondary Education on May 11, 2017, reads as follows:

**PROPOSED**

**FY 2017-2018 MINIMUM FOUNDATION PROGRAM FORMULA**

**(As compared to SCR 55)**

The FY 2017-18 Minimum Foundation Program (MFP) formula was adopted by the State Board of Elementary and Secondary Education on May 11, 2017

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

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

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

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

**Level 4** provides additional funding including:

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

State MFP funds shall only be expended for educational purposes. Expenditures for educational purposes are those expenditures related to the operational and instructional activities of city, parish, or other public school systems or schools to include: instructional programs, pupil support programs, instructional staff programs,

school administration, general administration, business services, operations and maintenance of plant services, student transportation services, food services operations, enterprise operations, community services operations, facility acquisition and construction services and debt services as defined by Louisiana Accounting and Uniform Governmental Handbook, Bulletin 1929.

## **I. FORMULA CALCULATIONS**

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

#### **1. Determine Educational Costs**

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

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

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

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

#### **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%.

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

**Economy of Scale Weight** - This weight is provided for city or parish school systems to recognize a base amount of funding for fixed overhead costs that should be provided when student populations equal 7,500 students or less. The Economy of Scale Weight is calculated

as a curvilinear weight of 20% at a student membership count of zero down to 0% at a student membership count equal to or greater than 7,500. To calculate this weight, the February 1 Student Membership Count for each city and parish school system is subtracted from 7,500 and divided by 37,500. The result of this calculation is then multiplied by each system's February 1 Student Membership Count to determine the weighted students.

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

**Formula:**

**Total Weighted Student Membership Count**

**Equals**

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

**Plus**

**Low Income and English Language Learner Weight**

**Career and Technical Education Weight**

**Special Education Weight**

**Gifted and Talented Weight**

**Economy of Scale Weight**

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

**Formula:**

**The State and Local Base Cost Per Pupil shall equal \$3,961.**

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

**Formula:**

**Total MFP Educational Costs**

**Equals**

**Total Weighted Student Membership Count**

**Multiplied by**

**State and Local Base Cost Per Pupil**

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

The Total MFP Educational Costs are shared between the State and the city or parish school systems. The ability of school systems to support the cost of education in their communities is measured by the potential to raise local revenue. This potential contribution is measured

by the following three factors using the latest available data as reported through the Annual Financial Report (AFR) as required by R.S. 17:92:

1. Local Property Tax Revenue Contribution
2. Local Sales Tax Revenue Contribution
3. Other Local Revenue Contribution

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

**Formula:**

**Local Property Tax Revenue Contribution**

**Equals**

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

**Times**

**Net Assessed Property Value**

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

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

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

**Formula:**

**Local Sales Tax Revenue Contribution**

**Equals**

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

**Multiplied By**

**State Computed Sales Tax Rate**

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

**Sales Tax Increase Cap** - If a system's Computed Sales Tax Base increased equal to or greater than 15% over the Computed Sales Tax Base calculated in the prior year formula,

then the growth in the Computed Sales Tax Base will be capped at 15% over the amount used in the prior year formula. This cap will be applied on a year-to-year basis comparing the current year sales tax base to the prior year uncapped sales tax base.

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

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

**Formula:**

**Other Local Revenue Contribution**

**Equals**

**State Revenue in lieu of taxes**

**Plus**

**Federal Revenue in lieu of taxes**

**Plus**

**50% of Earnings on Property**

**STEP FOUR - Determine Local Cost Allocation**

**Formula:**

**Local Cost Allocation**

**Equals**

**Property Tax Contribution**

**Plus**

**Sales Tax Contribution**

**Plus**

**Other Revenues Contribution**

**STEP FIVE - Determine State Cost Allocation**

**Formula:**

**State Cost Allocation**

**Equals**

**Total State and Local Cost**

**Minus**

**Local Cost Allocation**

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

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

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

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

**STEP ONE - Determine Eligible Local Revenue**

**Formula:**

**Eligible Local Revenue**

**Equals**

**Total Sales Tax Revenue**

**Plus**

**Total Property Tax Revenue**

**Plus**

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

**Plus**

**50% of Earnings on Property Revenue**

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

**Formula:**

**Local Revenue Eligible for Incentive**

**Equals**

**Eligible Local Revenue**

**Minus**

**Local Cost Allocation**



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

**Formula:**

**Limit on Revenue Eligible for Incentive**

**Equals**

**Total State and Local Cost Allocation**

**Multiplied by**

**34%**

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

**Formula:**

**Local Support of Level 2 Incentive**

**Equals**

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

**Multiplied by**

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

**Multiplied by**

**Level 2 Incentive Factor**

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

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

**Formula:**

**State Support of Level 2 Incentive**

**Equals**

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

**Minus**

**Local Support of Level 2 Incentive**

**C. Level 3: Legislative Allocations**

Level 3 provides funding for three programs that address funding for school systems and schools regarding teacher and support worker pay raises, Hold Harmless funding, and

mandated operating costs, and are in addition to allocations provided in Level 1 and 2. These allocations are as follows:

**Formula:**

**Total Level 3 Legislative Allocations**

**Equals**

**Continuation Pay Raises**

**Plus**

**Hold Harmless Enhancement**

**Plus**

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

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

1. Certificated Personnel Pay Raises were implemented in four recent years to assist in increasing Teacher and Principal pay to the Southern Regional Average. These funds continue to be provided directly to systems and schools to support these increased salaries.
  - a. Certificated Personnel Pay Raises provided in 2001-02, 2006-07, 2007-08, and 2008-09 will continue for each school system and school based on the calculated per pupil amount times the February 1 Student Membership Count.
2. Noncertificated Support Worker Pay Raises were implemented in three recent years to assist with increasing these salaries.
  - a. Noncertificated Support Worker Pay Raises provided in 2002-03, 2006-07, and 2007-08 will continue for each school system and school based on the calculated per pupil amount times the February 1 Student Membership Count.
3. This provision applies to city and parish school systems, Recovery School District, New Orleans Center for Creative Arts (NOCCA), Louisiana School for Math, Science, and the Arts (LSMSA), THRIVE, Legacy Type 2 Charter Schools, New Type 2 Charter Schools, Type 3B Charter Schools, Louisiana State University and Southern University Lab schools, and Office of Juvenile Justice (OJJ).

**STEP TWO: Calculate Hold Harmless Enhancement**

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

**Allocation Adjustment** - After subtracting amounts attributable to insurance supplements and legislative pay raises provided between FY 1993-94 and FY 1998-99 from the FY 2006-07 Hold Harmless amount, a revised Hold Harmless amount is calculated. Each of the remaining Hold Harmless school systems will receive a reduction of 10% to their remaining Hold Harmless allocation. On an annual basis, any Hold Harmless system may choose to reduce the remaining balance by an amount greater than 10% through formal notification to the Louisiana Department of Education. This request must take place no later than June 30th each year.

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

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

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

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

**Formula:**

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

**Equals**

**Level 1 State Cost Allocation Per Pupil**

**Plus**

**Level 2 State Cost Allocation Per Pupil**

**Plus**

**Level 3 State Cost Allocation Per Pupil**

**D. Level 4: Supplementary Allocations**

1. Specific Needs Allocations

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

**Formula:**

**Total Level 4 Supplementary Allocations**

**Equals**

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

**Plus**

**Career Development Allocation**

**Plus**

**High Cost Services Assistance Allocation**

**Plus**

**Supplemental Course Allocation**

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

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

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

**Stipend Allocation** - First year teachers will receive an installation incentive of an additional \$6,000; second and third year teachers will receive a retention incentive of an

additional \$4,000. These amounts must be provided to each Foreign Associate Teacher or Escadrille Louisiane graduate by each school district or school in which they are employed.

**STEP TWO: Career Development Allocation**

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

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

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

**Formula:**

**Career Development Allocation Per Pupil**

**Equals**

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

**Multiplied By**

**Six Percent (6%)**

**Formula:**

**Career Development Allocation**

**Equals**

**Career Development Allocation Per Pupil**

**Multiplied By**

**Number of Student in Qualifying Courses in Grades 9 through 12**

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

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

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

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

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

**Formula:**

**Percent (%) Impact on Budget**

**Equals**

**Cost of Services**

**Divided By**

**Total State and Local Revenue**

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

**STEP FOUR: Calculate Supplemental Course Allocation**

Pursuant to R.S. 17:4002.1 through 4002.6, the Supplemental Course Allocation shall provide for the cost of secondary course choices specifically approved by the State Board of Elementary and Secondary Education. For each city and parish school system and other public school, the allocation shall equal the number of students enrolled in grades 7 through 12 as of February 1 each year multiplied by \$59 per pupil.

**Formula:**

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

**Equals**

**Supplemental Course Allocation Per Pupil**

**Multiplied By**

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

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

2. Allocations for Other Public Schools

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

1. State Cost Allocation

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

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

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

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

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

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

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

2. Eligible Students - Each student counted in the prior year average daily membership, as defined by the State Board of Elementary and Secondary Education in the



Student Membership Definition, is calculated by dividing the number of days the student is under the guidance and direction of teachers by the total instructional days during the specified school year.

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

4. State Cost Allocation

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

b. The State Cost Allocation Per Pupil allocation shall be adjusted based on a factor determined by the Louisiana Department of Education to provide for the differential in the number of educational days provided to the students in the custody of the Office of Juvenile Justice (OJJ).

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

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

5. Local Cost Allocation

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

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

c. For the purpose of the Local Cost Allocation Per Pupil, the average daily membership of the Office of Juvenile Justice (OJJ) shall be included in the

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

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

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

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

### 3. Mid-Year Student Allocations

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

City and parish school systems, Recovery School District, New Type 2 Charter schools, Legacy Type 2 Charter schools, Type 3B Charter schools, Louisiana State University and Southern University Lab schools, Louisiana School for Math, Science and the Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), and THRIVE.

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

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

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

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

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

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

**Total MFP State Cost Allocation**

**Formula:**

**Total MFP State Cost Allocation**

**Equals**

**Level 1 State Cost Allocation**

**Plus**

**Level 2 State Cost Allocation**

**Plus**

**Level 3 State Cost Allocation**

**Plus**

**Level 4 State Cost Allocation**

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

**A. Recovery School District**

**1. State Cost Allocation**

a. Once all final calculations are made, the final State Cost Allocation Per Pupil Amount for the city or parish school system which counted the Recovery School District students will be multiplied by the

February 1 Recovery School District Student Membership Count to equal the Recovery School District State Cost Allocation.

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

2. Local Cost Allocation

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

**Formula:**

**Local Cost Allocation Per Pupil**

**Equals**

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

**Divided by**

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

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

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

1. Sales and use taxes, less any tax collection fee paid by the school system
2. Ad valorem taxes, less any tax collection fee paid by the school system
3. Earnings from sixteenth section lands owned by the school system

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

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

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

**Formula:**

**Local Cost Allocation**

**Equals**

**Projected Local Revenues from District of Prior Jurisdiction Per Pupil****Multiplied By****Recovery School District Student Membership Count**

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

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

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

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

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

**B. New Type 2 Charter Schools**

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

## 1. State Cost Allocation

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

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

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

## 2. Local Cost Allocation

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

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

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

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

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

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

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

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

6. The exclusion of any portion of local revenues specifically dedicated by the legislature or by voter approval to capital outlay or debt service shall be applicable

only to a charter school housed in a facility or facilities provided by the district in which the charter school is located.

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

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

2. State Cost Allocation

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

3. Local Cost Allocation

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

b. For any student enrolled in LSMSA, NOCCA, or THRIVE, the Local Cost Allocation Per Pupil shall be funded by the State.

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

**III. FORMULA PROCEDURES**

A. Preliminary Allocation

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



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

**B. Final Allocation**

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

**IV. FORMULA PAYMENTS**

**A. Payment Procedures**

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

**B. Requested Payment Adjustments**

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

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

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

**C. Payment Adjustments for Audit Findings**

1. Review and/or audit of the systems' or schools' data used in determining their Minimum Foundation Program allocation may result in changes

in final statistical information. The Minimum Foundation Program allocation adjustments necessary as a result of these audit findings will be made in the following school year. These adjustments are applicable to the following: city or parish school systems, Recovery School District, Type 2 Charter schools, Type 3B Charter schools, Louisiana State University and Southern University Lab schools, Office of Juvenile Justice (OJJ) schools, Louisiana School for Math, Science and the Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), and THRIVE.

#### **V. 70% EXPENDITURE REQUIREMENT**

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

#### **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.

#### **VIII. EMERGENCY ASSISTANCE**

Emergency assistance will be provided in FY 2017-18 in two categories:

##### **A. Natural Disaster**

Funding assistance will be provided to city, parish, or other public school systems or schools for the significant loss of students as the result of a natural disaster, if all four of the following criteria are met by a city, parish, or other public school system or school:

1. Located within a parish that was identified in a federal disaster declaration between March 2016 and April 2017, AND
2. 2017-18 July MFP formula allocation is less than the 2016-17 July MFP formula allocation, AND
3. Experiences a decrease in the February 1, 2017 MFP student count as compared to the February 1, 2016 MFP student count, AND
4. Students exiting as the result of a disaster were reported through the February 1, 2017 student count, and disaster exits were seven (7) percent or greater of all student exits.

Upon qualifying for all four criteria, additional funding will be provided as follows:

- a. If the number of student exits as the result of a disaster as a percent of total exits are between seven (7) and nineteen (19) percent, an allocation will be provided equal to 50 percent of the decrease calculated in the 2017-18 MFP allocation and any downward funding adjustments as a result of the 2017-18 October or February Mid-Year Adjustments will not be implemented.
- b. If the number of student exits as the result of a disaster as a percent of total exits are twenty (20) percent or greater, an allocation will be provided equal to 100 percent of the decrease calculated in the 2017-18 MFP allocation and any downward funding adjustments as a result of the 2017-18 October or February Mid-Year Adjustments will not be implemented.

**B. Military Deployment**

In the event of a deployment of a brigade combat team or a combination of units of approximately the same size from a Louisiana military base on or before September 30, 2017, anticipated to result in at least a ten (10) percent reduction in military connected students, the 2017-18 MFP state allocation for the school district in which

the military base is located will be held constant and any downward funding adjustments as a result of the 2017-18 October or February Mid-Year Adjustments would not be implemented.

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 May 11, 2017.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE