

2018 Regular Session

SENATE CONCURRENT RESOLUTION NO. 48

BY SENATOR MORRISH

BESE. Provides for legislative approval of the MFP formula for the 2018-2019 Fiscal Year.

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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 13, 2018.

WHEREAS, the minimum foundation program formula for the 2018-2019 Fiscal Year as adopted by the State Board of Elementary and Secondary Education on March 13, 2018, reads as follows:

PROPOSED

FY 2018-2019 MINIMUM FOUNDATION PROGRAM FORMULA

(As compared to SCR 55)

The FY 2018-19 Minimum Foundation Program (MFP) formula was adopted by the State Board of Elementary and Secondary Education on March 13, 2018.

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), THRIVE, New Type 2 Charter schools, Legacy Type
3 2 Charter schools, Type 3B Charter schools, Office of Juvenile Justice (OJJ) schools, and
4 Louisiana State University and Southern University Lab schools. The formula is divided into
5 four 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
8 school systems, Recovery School District operated and Type 5 Charter schools, New
9 Type 2 Charter schools, and Type 3B Charter schools. The cost is then shared
10 equitably between the State and the city and parish school systems based on the
11 ability of the systems to support education in their communities through local sales
12 and property tax revenues.

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

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

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

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

1 and decreases in students in all city, parish, or other local public
2 school systems or schools.

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

12 **I. FORMULA CALCULATIONS**

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

14 **1. Determine Educational Costs**

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

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

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

29 The formula first counts each of the students enrolled on February 1 to determine the cost
30 of education services. The formula utilizes the February 1 Student Membership Count to

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

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

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

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

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

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

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

1 150%.

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

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

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

29 **Formula:**

30 **Total MFP Educational Costs**

1 **Equals**
 2 **Total Weighted Student Membership Count**
 3 **Multiplied by**
 4 **State and Local Base Cost Per Pupil**

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

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

- 11 1. Local Property Tax Revenue Contribution
- 12 2. Local Sales Tax Revenue Contribution
- 13 3. Other Local Revenue Contribution

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

15 **Formula:**

16 **Local Property Tax Revenue Contribution**

17 **Equals**

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

19 **Times**

20 **Net Assessed Property Value**

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

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

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

29 **Formula:**

30 **Local Sales Tax Revenue Contribution**

1 **Equals**
 2 **Computed Sales Tax Base (debt and non-debt) (including TIF areas)**
 3 **Multiplied By**
 4 **State Computed Sales Tax Rate**

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

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

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

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

16 **Formula:**
 17 **Other Local Revenue Contribution**
 18 **Equals**
 19 **State Revenue in lieu of taxes**
 20 **Plus**
 21 **Federal Revenue in lieu of taxes**
 22 **Plus**
 23 **50% of Earnings on Property**

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

25 **Formula:**
 26 **Local Cost Allocation**
 27 **Equals**
 28 **Property Tax Contribution**
 29 **Plus**
 30 **Sales Tax Contribution**

1 **Plus**

2 **Other Revenues Contribution**

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

4 **Formula:**

5 **State Cost Allocation**

6 **Equals**

7 **Total State and Local Cost**

8 **Minus**

9 **Local Cost Allocation**

10 **Minimum State Cost Allocation** - In no event shall the State Cost Allocation be less than
11 25% of Total Level 1 Cost for any city or parish school system.

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

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

- 18 1. Total Sales Taxes
- 19 2. Total Property Taxes
- 20 3. State and Federal Revenue in Lieu of Taxes
- 21 4. 50% Earnings on Property Revenue

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

23 **Formula:**

24 **Eligible Local Revenue**

25 **Equals**

26 **Total Sales Tax Revenue**

27 **Plus**

28 **Total Property Tax Revenue**

29 **Plus**

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

1 **Plus**

2 **50% of Earnings on Property Revenue**

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

4 **Formula:**

5 **Local Revenue Eligible for Incentive**

6 **Equals**

7 **Eligible Local Revenue**

8 **Minus**

9 **Local Cost Allocation**

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

11 **Formula:**

12 **Limit on Revenue Eligible for Incentive**

13 **Equals**

14 **Total State and Local Cost Allocation**

15 **Multiplied by**

16 **34%**

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

18 **Formula:**

19 **Local Support of Level 2 Incentive**

20 **Equals**

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

22 **Eligible for Incentive**

23 **Multiplied by**

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

25 **Multiplied by**

26 **Level 2 Incentive Factor**

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

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

30 **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.

1 a. Noncertificated Support Worker Pay Raises provided in 2002-03,
2 2006-07, and 2007-08 will continue for each school system and
3 school based on the calculated per pupil amount times the February
4 1 Student Membership Count.

5 3. This provision applies to city and parish school systems, Recovery School
6 District, New Orleans Center for Creative Arts (NOCCA), Louisiana School
7 for Math, Science, and the Arts (LSMSA), THRIVE, Legacy Type 2 Charter
8 Schools, New Type 2 Charter Schools, Type 3B Charter Schools, Louisiana
9 State University and Southern University Lab schools, and Office of Juvenile
10 Justice (OJJ).

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

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

16 **Allocation Adjustment** - After subtracting amounts attributable to insurance
17 supplements and legislative pay raises provided between FY 1993-94 and FY
18 1998-99 from the FY 2006-07 Hold Harmless amount, a revised Hold Harmless
19 amount is calculated. Each of the remaining Hold Harmless school systems will
20 receive a reduction of 10% to their remaining Hold Harmless allocation. On an
21 annual basis, any Hold Harmless system may choose to reduce the remaining balance
22 by an amount greater than 10% through formal notification to the Louisiana
23 Department of Education. This request must take place no later than June 30th each
24 year.

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

27 **STEP THREE: Determine Allocation for Increasing Mandated Costs in Health** 28 **Insurance, Retirement, and Fuel**

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

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

3 **Formula:**

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

5 **Equals**

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

7 **Plus**

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

9 **Plus**

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

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

12 1. Specific Needs Allocations

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

16 **Formula:**

17 **Total Level 4 Supplementary Allocations**

18 **Equals**

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

20 **Plus**

21 **Career Development Allocation**

22 **Plus**

23 **High Cost Services Assistance Allocation**

24 **Plus**

25 **Supplemental Course Allocation**

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

27 **Salary Allocation** - Any city, parish, or other public school system or school
28 employing a Foreign Language Associate or a graduate of the Escadrille Louisiane program
29 shall receive a supplemental allocation from State Board of Elementary and Secondary
30 Education of \$21,000 per teacher. The state shall maintain support of the Foreign Language

1 Associate program at a maximum of 300 Foreign Language Associates employed in any
2 given year.

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

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

14 **STEP TWO: Career Development Allocation**

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

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

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

1 **Formula:**
 2 **Career Development Allocation Per Pupil**
 3 **Equals**
 4 **MFP State and Local Base Cost Per Pupil**
 5 **Multiplied By**
 6 **Six Percent (6%)**

7 **Formula:**
 8 **Career Development Allocation**
 9 **Equals**
 10 **Career Development Allocation Per Pupil**
 11 **Multiplied By**
 12 **Number of Student in Qualifying Courses in Grades 9 through 12**

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

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

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

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

28 The first step in the allocation will be to calculate the impact of these costs on the
 29 budget of the school system or school using the latest available state and local revenue data.
 30 The High Cost Services requested for reimbursement will be reduced by the MFP state and

1 local amount allocated on behalf of each student from Levels 1, 2, and 3. The next step will
 2 rank the Percent (%) Impact from highest to lowest percent, with two separate rank listings
 3 for school systems and other public schools.

4 **Formula:**

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

6 **Equals**

7 **Cost of Services**

8 **Divided By**

9 **Total State and Local Revenue**

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

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

15 Pursuant to R.S. 17:4002.1 through 4002.6, the Supplemental Course Allocation shall
 16 provide for the cost of secondary course choices specifically approved by the State Board
 17 of Elementary and Secondary Education. For each city and parish school system and other
 18 public school, the allocation shall equal the number of students enrolled in grades 7 through
 19 12 as of February 1 each year multiplied by \$59 per pupil.

20 **Formula:**

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

22 **Equals**

23 **Supplemental Course Allocation Per Pupil**

24 **Multiplied By**

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

26 If the entire allocation is not committed by the city or parish public school systems
 27 or other public school by a date set forth by the Louisiana Department of Education, the
 28 original allocation will be reduced by the uncommitted amount. The total uncommitted
 29 amount from each city or parish public school systems or other public school will be
 30 reallocated to those city or parish public school systems or other public schools that

1 obligated one hundred percent of their original allocation based on criteria set forth by the
2 Louisiana Department of Education.

3 2. Allocations for Other Public Schools

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

5 1. State Cost Allocation

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

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

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

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

17 1. State Cost Allocation

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

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

24 2. Local Cost Allocation

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

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

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

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

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

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

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

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

21 4. State Cost Allocation

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

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

29 c. Additionally, the State Cost Allocation Per Pupil shall be adjusted
30 based on a factor determined by the Louisiana Department of Education to recognize

1 the increased number of special education students in the Office of Juvenile Justice
2 (OJJ) schools relative to the state average special education student population.

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

5 5. Local Cost Allocation

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

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

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

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

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

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

26 3. Mid-Year Student Allocations

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

29 City and parish school systems, Recovery School District, New Type 2 Charter
30 schools, Legacy Type 2 Charter schools, Type 3B Charter schools, Louisiana State

1 University and Southern University Lab schools, Louisiana School for Math, Science
2 and the Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), and
3 THRIVE.

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

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

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

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

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

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

29 **Total MFP State Cost Allocation**

30 **Formula:**

1 **Total MFP State Cost Allocation**

2 **Equals**

3 **Level 1 State Cost Allocation**

4 **Plus**

5 **Level 2 State Cost Allocation**

6 **Plus**

7 **Level 3 State Cost Allocation**

8 **Plus**

9 **Level 4 State Cost Allocation**

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

11 **A. Recovery School District**

12 1. State Cost Allocation

13 a. Once all final calculations are made, the final State Cost Allocation
14 Per Pupil Amount for the city or parish school system which counted
15 the Recovery School District students will be multiplied by the
16 February 1 Recovery School District Student Membership Count to
17 equal the Recovery School District State Cost Allocation.

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

1 (RSD).

2 2. Local Cost Allocation

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

5 **Formula:**

6 **Local Cost Allocation Per Pupil**

7 **Equals**

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

9 **Divided by**

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

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

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

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

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

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

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

1 applicable only to a charter school housed in a facility or facilities provided by the
2 system in which the charter school is located.

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

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

15 **Formula:**

16 **Local Cost Allocation**

17 **Equals**

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

19 **Multiplied By**

20 **Recovery School District Student Membership Count**

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

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

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

30 j. A final reconciliation will occur based upon the receipt of the annual

1 audited financial statements of the system of prior jurisdiction. If an increase or
2 decrease in local revenue collections exists, the state superintendent may establish
3 a payment schedule. In the event that the fiscal status of the system of prior
4 jurisdiction or the Recovery School District changes during the fiscal year or on or
5 before the final reconciliation, the state superintendent may adjust the local revenue
6 based on the revenues identified.

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

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

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

15 1. State Cost Allocation

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

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

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

22 2. Local Cost Allocation

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

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

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

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

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

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

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

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

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

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

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

26 2. State Cost Allocation

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

30 3. Local Cost Allocation

- 1 a. The Local Cost Allocation will be based on the Local Cost
2 Allocation for the city or parish school system where the
3 attending students reside.
- 4 b. For any student enrolled in LSMSA, NOCCA, or THRIVE,
5 the Local Cost Allocation Per Pupil shall be funded by the
6 State.
- 7 c. Where student attendance is from multiple school systems,
8 the Department of Education shall determine the Local Cost
9 Allocation based on students reported by the schools.

10 **III. FORMULA PROCEDURES**

11 A. Preliminary Allocation

- 12 1. The minimum foundation program formula for the upcoming fiscal
13 year adopted by the State Board of Elementary and Secondary
14 Education, along with a preliminary allocation schedule representing
15 the estimated cost of the proposed formula, shall be submitted to the
16 Joint Legislative Committee on the Budget and to the House and
17 Senate Education Committees for consideration no later than
18 March 15.
- 19 2. This preliminary allocation shall utilize student and other input data
20 available at the time.

21 B. Final Allocation

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

29 **IV. FORMULA PAYMENTS**

30 A. **Payment Procedures**

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

5 **B. Requested Payment Adjustments**

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

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

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

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

18 1. Review and/or audit of the systems' or schools' data used in
19 determining their Minimum Foundation Program allocation may result in changes
20 in final statistical information. The Minimum Foundation Program allocation
21 adjustments necessary as a result of these audit findings will be made in the
22 following school year. These adjustments are applicable to the following: city or
23 parish school systems, Recovery School District, Type 2 Charter schools, Type 3B
24 Charter schools, Louisiana State University and Southern University Lab schools,
25 Office of Juvenile Justice (OJJ) schools, Louisiana School for Math, Science and the
26 Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), and THRIVE.

27 **V. 70% EXPENDITURE REQUIREMENT**

28 To provide for appropriate accountability of state funds while providing city, parish, or local
29 public school systems or other public schools flexibility in determining specific
30 expenditures, city, parish, or local public school systems or other public schools must ensure

1 that 70% of the city, parish, or local public school system or other public school general fund
2 expenditures are in the areas of instruction and school administration at the school building
3 level as developed by the Department of Education and defined by the State Board of
4 Elementary and Secondary Education regulations.

5 **VII. SEVERABILITY PROVISION**

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

13 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
14 approve the formula developed by the State Board of Elementary and Secondary Education,
15 pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana, to determine the
16 cost of a minimum foundation program of education in all public elementary and secondary
17 schools as well as to equitably allocate the funds to parish and city school systems, and
18 adopted by the board on March 13, 2018.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Jeanne C. Johnston.

DIGEST

SCR 48 Engrossed

2018 Regular Session

Morrish

Provides for legislative approval of the Minimum Foundation Program (MFP) formula for FY 2018-2019 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 13, 2018.

Provides that 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.

Proposed formula uses 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

Determines the minimum cost of education based on the education needs of each student.

- (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
 - State-approved public schools, including New Type 2 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.

Retains State and Local Base Cost Per Pupil amount of \$3,961.

Continues to specify the proportion of the costs supported by the state and local school systems as follows:

- (1) Retains provisions that the calculation of the state and local school system share of the total MFP cost includes a property tax revenue contribution, a sales tax revenue contribution, and other local revenue contributions. Maintains a state and local allocation ratio of 65%/35%.
- (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

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

- (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 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. Maintains the Level 1 Reward Factor at 1.72.

Level 3 -Legislative Allocations

Provides specific legislative funding for continuing teacher and support worker pay raises, the Hold Harmless provision, and mandated operating costs.

Retains Level 3 as "Legislative Allocations" as follows:

Continuation of Funding for Pay Raises

- (1) Continues supplemental pay raises for certificated personnel initiated in 2001-2002, 2006-2007, 2007-2008, and 2008-2009 as a per pupil amount.
- (2) Continues supplemental pay raises for non-certificated support workers initiated in 2002-2003, 2006-2007, and 2007-2008 as a per pupil amount.

Hold Harmless Enhancement

- (1) Continues the 10-year phase-out of Hold Harmless funding for Concordia, East Baton Rouge, Evangeline, Iberville, Jefferson, Plaquemines, St. Charles, St. James, and West Feliciana parishes, beginning with a 10% reduction of the revised "over funded" amount in FY 2007-2008.
- (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 Allocation

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. The allocation is limited by the amount budgeted for the High Cost Services Assistance 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. Retains \$59 allocation per student enrolled in grades 7-12.

Allocations for Other Public Schools

Provides for state cost allocation for LSU and SU Lab 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 the city, parish, or other local public school system or other public school general fund expenditures must be in the areas of instruction and school administration at the school building level.

Emergency Assistance

- (1) Eliminates funding assistance provided for city, parish, and other local public school systems or schools for the significant loss of students as a result of a natural disaster.
- (2) Eliminates provisions holding the 2017-2018 MFP state allocation constant for a school district in which a military base is located in case of a deployment of a specified size on or before Sept. 30, 2017.