

Regular Session, 2013

HOUSE BILL NO. 643

BY REPRESENTATIVE MILLER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

SCHOOLS/FINANCE-MFP: Provides with respect to the payment of UAL and other retirement obligations from MFP to determine state-funded per pupil allocation for charter schools, course providers, and scholarship schools

1 AN ACT

2 To amend and reenact R.S. 17:3995(A)(1)(introductory paragraph) and (a), 4002.6(A)(2)  
3 through (4) and (C)(3), and 4016(A), relative to public funds for education; to  
4 provide relative to the amount of funds transferred to charter schools by school  
5 districts; to provide relative to the amount of public funds course providers are  
6 entitled to; to provide relative to funding for scholarships within the Student  
7 Scholarships for Educational Excellence Program; to provide for definitions; to  
8 provide for calculations; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 17:3995(A)(1)(introductory paragraph) and (a), 4002.6(A)(2)  
11 through (4) and (C)(3), and 4016(A) are hereby amended and reenacted to read as follows:

12 §3995. Charter school funding

13 A.(1) For the purpose of funding, a Type 1, Type 3, and Type 4 charter  
14 school shall be considered an approved public school of the local school board  
15 entering into the charter agreement and shall receive a per pupil amount each year  
16 from the local school board based on the October first membership count of the  
17 charter school. Type 1B and Type 2 charter schools shall receive a per pupil amount  
18 each year authorized by the state board each year as provided in the Minimum  
19 Foundation Program approved formula. The per pupil amount provided to a Type

1 1, 1B, 2, 3, or 4 charter school shall be computed annually ~~and shall be equal to no~~  
2 ~~less than the per pupil amount received by the school district in which the charter~~  
3 ~~school is located~~ from the following sources based on the district's October first  
4 membership count:

5 (a)(i) The state-funded per pupil allocation received by the district pursuant  
6 to the most recent legislatively approved minimum foundation program formula  
7 resolution, including all levels, but shall not include employer retirement costs. For  
8 the purposes of this Subparagraph, the phrase "employer retirement costs" means the  
9 cost per pupil of retirement expenses paid by the school district and includes the  
10 normal cost and unfunded accrued liability payments paid by the school district to  
11 the Teachers' Retirement System of Louisiana and the Louisiana School Employees'  
12 Retirement System as well as costs paid by the school district to cover health care  
13 or health insurance for retired teachers and school employees.

14 (ii) Employer retirement costs shall be calculated as follows:

15 (aa) The current employer contribution rate for the applicable state retirement  
16 system shall be multiplied by the number of employees the employer has in such  
17 system.

18 (bb) To the figure derived in Subitem (ii)(aa) of this Subparagraph shall be  
19 added the cost of any other post-employment benefits paid by the school system for  
20 retirees in the applicable state retirement system.

21 (cc) The total calculated in Subitem (ii)(bb) of this Subparagraph shall then  
22 be divided by the most recent student census figure.

23 (dd) The calculations provided for in Subitems (ii)(aa) through (cc) of this  
24 Subparagraph shall be done for each applicable retirement system and those  
25 calculations shall be added together to yield a total per pupil employer retirement  
26 cost.

27 \* \* \*

1 §4002.6. Course providers; funding

2 A.

3 \* \* \*

4 (2) For purposes of this Part, the per course amount means an amount equal  
5 to the market rate as determined by the course provider and reported to the state  
6 Department of Education up to one-sixth of ninety percent of the per pupil amount  
7 each year ~~as determined by the minimum foundation program for~~ provided for a  
8 charter school pursuant to R.S. 17:3995 in the local school system in which the  
9 eligible funded student resides. Any remaining funds, except those specified in  
10 Paragraph (3) of this Subsection, for that student shall be returned to the state or to  
11 the local school system according to the pro rata share for the per pupil amount each  
12 year as determined ~~by the minimum foundation program~~ pursuant to R.S. 17:3995  
13 for the local school system in which the student resides. Transfers of course  
14 payments shall be made by the state Department of Education on behalf of the  
15 responsible city or parish school system in which the student resides to the  
16 authorized course provider.

17 (3) For each student identified in R.S. 17:4002.3(2)(a) and (b), an amount  
18 equal to ten percent of the per pupil amount ~~according to the pro rata share as~~  
19 ~~determined each year by the minimum foundation program~~ calculated pursuant to  
20 R.S. 17:3995 for the local school system in which such student resides shall remain  
21 with the local school system in which the eligible funded student is enrolled full  
22 time. These funds shall be used to finance any administrative or operational costs  
23 to support students enrolled in courses offered by course providers, as determined  
24 by the state board.

25 (4) For students identified in R.S. 17:4002.3(2)(c), the course provider shall  
26 receive payment only for the courses in which the student is enrolled in accordance  
27 with Subsection C of this Section. The remaining funds for each of these students  
28 up to the maximum per pupil amount ~~for the parish~~ as determined pursuant to R.S.  
29 17:3995 for the school system in which the participating student resides ~~as~~

1 ~~determined each year by the minimum foundation program~~ or actual tuition and fees,  
2 as applicable, shall remain with the participating school in which the student is  
3 enrolled in accordance with R.S. 17:4011 through 4025.

4 \* \* \*

5 C.

6 \* \* \*

7 (3) The remaining ten percent of the per pupil amount ~~according to the pro~~  
8 ~~rata share as determined each year by the minimum foundation program~~ calculated  
9 pursuant to R.S. 17:3995 for the local public school system in which the eligible  
10 funded student resides shall remain with the school in which the eligible funded  
11 student is enrolled full time. This shall be in addition to the ten percent specified in  
12 Paragraph (A)(3) of this Section.

13 \* \* \*

14 §4016. Scholarship amounts; funding

15 A. The state board shall allocate annually from the minimum foundation  
16 program an amount per pupil to each participating school equal to the ~~amount~~  
17 ~~allocated~~ per pupil amount provided for a charter school pursuant to R.S. 17:3995  
18 in ~~to~~ the local school system in which the scholarship recipient resides, considering  
19 all student characteristics. This amount shall be counted toward the equitable  
20 allocation of funds appropriated to parish and city school systems as provided in  
21 Article VIII, Section 13(B) of the Constitution of Louisiana. For a participating  
22 school that charges tuition, if the maximum amount of tuition plus incidental or  
23 supplementary fees that are charged to non-scholarship students enrolled in such  
24 school and any costs incurred in administering the tests required pursuant to R.S.  
25 17:4023 is less than the amount allocated per pupil to the local school system in  
26 which the student resides, any remaining funds shall be returned to the state or to the  
27 local school system in which the scholarship recipient attended or otherwise would  
28 be attending public school for that year according to the pro rata share for the per  
29 pupil amount each year as determined ~~by the minimum foundation program~~ for

1        pursuant to R.S. 17:3995 in the local school system in which the scholarship  
 2        recipient attended or otherwise would be attending public school for that year.

3                                        \*           \*           \*

4        Section 2. This Act shall become effective on July 1, 2013; if vetoed by the governor  
 5        and subsequently approved by the legislature, this Act shall become effective on July 1,  
 6        2013, or on the day following such approval by the legislature, whichever is later.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Miller HB No. 643

**Abstract:** Provides for calculation and distribution of certain public funds for educational programs and purposes.

Present law (R.S. 17:3995) provides generally for the funding of charter schools.

Present law provides that a charter school shall receive an amount not less than a school district's per pupil amount for each pupil enrolled in the charter school. Proposed law changes present law so that a charter school will receive an amount equal to the calculation in proposed law, as more fully explained below.

Present law provides for 2 sources of funding for charter schools: (1) the state-funded per pupil allocation the school district receives from the Minimum Foundation Program (MFP) and (2) certain local revenues generated for supporting education. Proposed law retains present law relative to local revenues. Proposed law modifies present law relative to the state-funded portion of charter school funds. Under present law a charter school is entitled to receive, per pupil enrolled, an amount not less than the full state-funded amount per pupil the district receives. Proposed law removes "employer retirement costs" from the state-funded portion the charter school is entitled to receive per pupil. Proposed law further defines "employer retirement costs" as the cost per pupil of retirement expenses paid by the school district and includes the normal cost and unfunded accrued liability costs paid by the district to the Teachers' Retirement System of Louisiana (TRSL) and the Louisiana School Employees' Retirement System (LSERS), as well as costs paid by the district to cover health insurance and health care for retired teachers and school employees.

Proposed law establishes a calculation for determining the "employer retirement cost". For each applicable retirement system, the following calculation is performed:

$$\frac{[(\text{employer contribution rate} \times \text{employees in the given retirement system}) + \text{health care costs}]}{(\text{most recent student census figure})}$$

The sum of both total calculations (one for TRSL and one for LSERS) yields the total "employer retirement cost" for the school district. This is the sum that is subtracted from the state-funded portion of the charter school monies.

Present law (R.S. 4002.6) provides relative to the funding of course providers in the "Course Choice Program", which allows students to enroll in on-line courses for credit. Present law authorizes course providers in this program to charge an amount up to 1/6th of 90% of the

per pupil amount a school system receives through the MFP each year. Proposed law instead provides that the course provider may charge an amount up to 1/6th of 90% of the per pupil amount that charter schools are entitled to under proposed law (see discussion of R.S. 17:3995, above).

Present law provides that if there is money left between the course provider's charge and the per pupil amount, the difference is split pro rata between the state and the school district based on their share of the total per pupil amount established in the MFP. Proposed law provides that the difference will be split pro rata between the state and the local school district based on their share of the per pupil amount determined as provided in proposed law for charter schools.

Present law further provides that an amount equal to 10% of the per pupil amount according to the pro rata share as determined by the MFP for the school district shall remain with the district. Proposed law changes this to 10% of the per pupil amount calculated pursuant to proposed law.

Present law (R.S. 17:4016) provides for funding of scholarships for students in the Student Scholarships for Educational Excellence Program. Present law provides that the State Board of Elementary and Secondary Education shall allocate each year from the MFP an amount per pupil equal to the per pupil amount for the local school system the child resides in. Proposed law changes this allocation to an amount equal to the per pupil amount for the school system as calculated in proposed law.

Effective July 1, 2013.

(Amends R.S. 17:3995(A)(1)(intro. para.) and (a), 4002.6(A)(2)-(4) and (C)(3), and 4016(A))