

Regular Session, 2014

SENATE CONCURRENT RESOLUTION NO. 55

BY SENATOR APPEL

BESE. Provides for legislative approval of the minimum foundation program formula for the 2014-2015 fiscal year. (8/1/14)

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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, 2014.

WHEREAS, the Minimum Foundation Program formula for the 2014-2015 Fiscal Year adopted by the State Board of Elementary and Secondary Education on March 13, 2014, and submitted to the legislature for approval on March 14, 2014, in accordance with applicable law reads as follows:

PROPOSED

FY 2014-15 MINIMUM FOUNDATION PROGRAM FORMULA

The FY 2014-15 Minimum Foundation Program (MFP) formula was adopted by the State Board of Elementary and Secondary Education on March 13, 2014. 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

1 operated and Type 5 charter schools, Louisiana School for Math, Science, and the
2 Arts (LSMSA), New Orleans Center for Creative Arts (NOCCA), Special School
3 District (SSD), Louisiana School for the Deaf and Visually Impaired (LSDVI), New
4 Type 2 Charter schools, Legacy Type 2 Charter schools, Office of Juvenile Justice
5 (OJJ) schools, and Louisiana State University and Southern University Lab schools.

6 The formula is divided into four calculations as follows:

7 **Level 1** determines the minimum cost of education based on the education
8 needs of each student. The cost includes funding for students enrolled in city and
9 parish school systems, Recovery School District operated and Type 5 Charter
10 schools, New Type 2 Charter schools, New Orleans Center for Creative Arts
11 (NOCCA), Louisiana School for Math, Science, and the Arts (LSMSA), Special
12 School District (SSD), and Louisiana School for the Deaf and Visually Impaired
13 (LSDVI). The cost is then shared equitably between the State and the city and parish
14 school systems based on the ability of the systems to support education in their
15 communities through local sales and property tax revenues.

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

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

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

- 23 • Supplementary funding to meet specific needs at city, parish, or other
24 local school systems and schools including Foreign Associate
25 Teacher Salary and Stipends Allocation, Career Development
26 Allocation, High Cost Services Allocation, and Supplemental Course
27 Allocation.
- 28 • Allocations for State-Approved public school systems or schools
29 including Legacy Type 2 Charter schools, Louisiana State University
30 and Southern University Lab schools, and Office of Juvenile Justice

1 (OJJ) schools.

- 2 • Mid-Year Allocation Adjustments to account for mid-year increases
- 3 and decreases in students in all city, parish, or other local public
- 4 school systems or schools.

5 State MFP funds shall only be expended for educational purposes.

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

14 **I. FORMULA CALCULATIONS**

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

16 **1. Determine Educational Costs**

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

- 19 1. City and Parish school systems
- 20 2. State-Approved Public Schools - The student counts of the following
- 21 state-approved schools shall be included in the membership and
- 22 weighted student counts of the city or parish school system in which
- 23 the student resides:
 - 24 a) New Type 2 Charter schools,
 - 25 b) New Orleans Center for Creative Arts (NOCCA),
 - 26 c) Louisiana School for Math, Science, and the Arts (LSMSA),
 - 27 d) Special School District (SSD) and
 - 28 e) Louisiana School for the Deaf and Visually Impaired
 - 29 (LSDVI)
- 30 3. Recovery School District - The student membership and weighted

1 student counts of schools transferred to the Recovery School District,
2 both operated and Type 5 Charter schools, shall continue to be
3 included in the membership and weighted student counts of the city
4 or parish school system from which jurisdiction of the school was
5 transferred.

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

7 The formula first counts each of the students enrolled on February 1 to
8 determine the cost of education services. The formula utilizes the February 1 Student
9 Membership Count to allocate funding beginning in July. The students eligible to
10 be counted are identified in the Student Membership Definition adopted by the State
11 Board of Elementary and Secondary Education. These students are counted as one
12 (1.0) in the formula.

13 **STEP TWO: Determine the Number of Students Eligible for the Weighted**
14 **Student Count**

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

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

25 **Low Income and English Language Learner Weight** - The formula
26 recognizes that students living in poverty or students with a native language other
27 than English are more likely to require additional educational services to be
28 successful. To recognize that these services require additional costs, students that
29 qualify for free or reduced price meals under the United States Department of
30 Agriculture (USDA) School Food Service Program guidelines, or an alternative

1 count as defined in the Student Membership Definition, and students identified as an
2 English Language Learner are provided a weight of 22%.

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

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

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

18 **Economy of Scale Weight** - This weight is provided for city or parish school
19 systems to recognize a base amount of funding for fixed overhead costs that should
20 be provided when student populations equal 7,500 students or less. The Economy of
21 Scale Weight is calculated as a curvilinear weight of 20% at a student membership
22 count of zero down to 0% at a student membership count equal to or greater than
23 7,500. To calculate this weight, the February 1 Student Membership Count for each
24 city and parish school system is subtracted from 7,500 and divided by 37,500. The
25 result of this calculation is then multiplied by each system's February 1 Student
26 Membership Count to determine the weighted students.

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

28 **Formula:**

29 **Total Weighted Student Membership Count**

30 **Equals**

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

2 **Plus**

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

4 **Career and Technical Education Weight**

5 **Special Education Weight**

6 **Gifted and Talented Weight**

7 **Economy of Scale Weight**

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

9 **Formula:**

10 **The State and Local Base Cost Per Pupil shall equal \$3,855 plus 2.75**

11 **percent times \$3,855 times the whole number of school years since 2013-2014.**

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

13 **Formula:**

14 **Total MFP Educational Costs**

15 **Equals**

16 **Total Weighted Student Membership Count**

17 **Multiplied by**

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

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

20 The Total MFP Educational Costs are shared between the State and the city

21 or parish school systems. The ability of school systems to support the cost of

22 education in their communities is measured by the potential to raise local revenue.

23 This potential contribution is measured by the following three factors using the latest

24 available data as reported through the Annual Financial Report (AFR) as required by

25 R.S. 17:92:

26 1. Local Property Tax Revenue Contribution

27 2. Local Sales Tax Revenue Contribution

28 3. Other Local Revenue Contribution

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

30 **Formula:**

1 **Local Property Tax Revenue Contribution**

2 **Equals**

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

4 **Times**

5 **Net Assessed Property Value**

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

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

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

16 **Formula:**

17 **Local Sales Tax Revenue Contribution**

18 **Equals**

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

20 **Multiplied By**

21 **State Computed Sales Tax Rate**

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

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

1 **Computed Sales Tax Rate** - The Computed Sales Tax Rate is calculated
2 annually at the rate necessary to maintain a state and local allocation ratio of
3 65%/35%.

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

5 **Formula:**

6 **Other Local Revenue Contribution**

7 **Equals**

8 **State Revenue in lieu of taxes**

9 **Plus**

10 **Federal Revenue in lieu of taxes**

11 **Plus**

12 **50% of Earnings on Property**

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

14 **Formula:**

15 **Local Cost Allocation**

16 **Equals**

17 **Property Tax Contribution**

18 **Plus**

19 **Sales Tax Contribution**

20 **Plus**

21 **Other Revenues Contribution**

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

23 **Formula:**

24 **State Cost Allocation**

25 **Equals**

26 **Total State and Local Cost**

27 **Minus**

28 **Local Cost Allocation**

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

1 system.

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

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

- 8 1. Total Sales Taxes
- 9 2. Total Property Taxes
- 10 3. State and Federal Revenue in Lieu of Taxes
- 11 4. 50% Earnings on Property Revenue

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

13 **Formula:**

14 **Eligible Local Revenue**

15 **Equals**

16 **Total Sales Tax Revenue**

17 **Plus**

18 **Total Property Tax Revenue**

19 **Plus**

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

21 **Plus**

22 **50% of Earnings on Property Revenue**

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

24 **Formula:**

25 **Local Revenue Eligible for Incentive**

26 **Equals**

27 **Eligible Local Revenue**

28 **Minus**

29 **Local Cost Allocation**

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

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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. The State Board of Elementary and Secondary Education may reset the Level 2 Incentive Factor on an annual basis.

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

1 and schools regarding teacher and support worker pay raises, Hold Harmless
2 funding, and mandated operating costs, and are in addition to allocations provided
3 in Level 1 and 2. These allocations are as follows:

4 **Formula:**

5 **Total Level 3 Legislative Allocations**

6 **Equals**

7 **Continuation Pay Raises**

8 **Plus**

9 **Hold Harmless Enhancement**

10 **Plus**

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

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

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

17 a. Certificated Personnel Pay Raises provided in 2001-02, 2006-07,
18 2007-08, and 2008-09 will continue for each school system and
19 school based on the calculated per pupil amount times the February
20 1 Student Membership Count.

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

23 a. Noncertificated Support Worker Pay Raises provided in 2002-03,
24 2006-07, and 2007-08 will continue for each school system and
25 school based on the calculated per pupil amount times the February
26 1 Student Membership Count.

27 3. This provision applies to city and parish school systems, Recovery School
28 District, New Orleans Center for Creative Arts (NOCCA), Louisiana School
29 for Math, Science, and the Arts (LSMSA), Legacy Type 2 Charter Schools,
30 New Type 2 Charter Schools, Special School District (SSD), Louisiana

1 School for the Deaf and Visually Impaired (LSDVI), Louisiana State
2 University and Southern University Lab schools, and Office of Juvenile
3 Justice (OJJ).

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

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

9 **Allocation Adjustment** - After subtracting amounts attributable to insurance
10 supplements and legislative pay raises provided between FY 1993-94 and FY
11 1998-99 from the FY 2006-07 Hold Harmless amount, a revised Hold Harmless
12 amount is calculated. Each of the remaining Hold Harmless school systems will
13 receive a reduction of 10% to their remaining Hold Harmless allocation. On an
14 annual basis, any Hold Harmless system may choose to reduce the remaining balance
15 by an amount greater than 10% through formal notification to the Louisiana
16 Department of Education. This request must take place no later than June 30th each
17 year.

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

20 **STEP THREE: Determine Allocation for Increasing Mandated Costs in Health**

21 **Insurance, Retirement, and Fuel**

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

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

27 **Formula:**

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

29 **Equals**

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

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Plus

Level 2 State Cost Allocation Per Pupil

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Level 3 State Cost Allocation Per Pupil

D. Level 4: Supplementary Allocations

1. 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

1 employed and the funds used to support the total cost of the teacher salary, and the
2 remaining amount shall be associated with costs of VISA sponsorship pursuant to
3 State Board of Elementary and Secondary Education regulations.

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

9 **STEP TWO: Career Development Allocation**

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

15 The first step in the allocation is to calculate six percent (6%) of the MFP
16 State and Local Base Cost Per Pupil. This Per Pupil amount will be provided for
17 each qualifying course enrollment. A minimum amount of \$25,000 will be provided
18 for each city and parish school system and a minimum amount of \$10,000 will be
19 provided for each other public school with students enrolled in grades 9 through 12.

20 **Formula:**

21 **Career Development Allocation Per Pupil**

22 **Equals**

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

24 **Multiplied By**

25 **Six Percent (6%)**

26 **Formula:**

27 **Career Development Allocation**

28 **Equals**

29 **Career Development Allocation Per Pupil**

30 **Multiplied By**

1 **Number of Students Enrolled in Qualifying Courses in Grades 9 through**
2 **12**

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

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

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

11 Once costs associated with providing services for a student with disabilities
12 have been verified, the city or parish school system or other public schools will be
13 eligible to receive an allocation to assist with these costs. The allocation will be
14 limited by the amount budgeted for the High Cost Services Assistance Allocation.

15 The first step in the allocation will be to calculate the impact of these costs
16 on the budget of the school system or school using the latest available state and local
17 revenue data. The High Cost Services requested for reimbursement will be reduced
18 by the MFP state and local amount allocated on behalf of each student from Levels
19 1, 2, and 3. The next step will rank the Percent (%) Impact from highest to lowest
20 percent, with two separate rank listings for school systems and other public schools.

21 **Formula:**

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

23 **Equals**

24 **Cost of Services**

25 **Divided By**

26 **Total State and Local Revenue**

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

1 STEP FOUR: Calculate Supplemental Course Allocation

2 As Louisiana's economy is creating jobs that require technical and academic
3 education beyond that provided for in every school's curriculum, schedule,
4 geographic region, and facility, a minimum foundation of education includes access
5 to coursework not provided for within a secondary school's traditional program or
6 school building, individualized to students' postsecondary interests and needs. Such
7 high school credit courses shall include career and technical preparation; academic
8 work required to achieve TOPS but not available due to limited resources; advanced
9 coursework not available due to limited resources; dual enrollment courses providing
10 advanced standing upon college admission; and intensive remediation for students
11 struggling to stay on pace or graduate.

12 To ensure equitable access to such individualized courses for students across
13 the state, the formula shall provide any participating public school system or public
14 school a Supplemental Course Allocation (SCA) based on the student count of the
15 school system or school in grades 7 through 12, provided the courses, course costs,
16 approved educators offering courses, and student enrollments are recognized by the
17 State Board of Elementary and Secondary Education.

18 Public school systems, public schools, and the Louisiana Department of
19 Education shall recommend courses and educators providing these courses to the
20 State Board of Elementary and Secondary Education. The State Board of Elementary
21 and Secondary Education shall review and declare courses, educators, and public
22 school systems or public schools eligible.

23 Public school systems or public schools may choose to participate by offering
24 the list of eligible courses available to their students, but they are not required to
25 participate.

26 All public school students in grades 7 through 12 enrolled in an eligible
27 public school system or public school on February 1 shall be eligible to enroll in
28 courses provided the public school system or public school has approved the
29 student's enrollment.

30 Public school systems or public schools may use the Supplemental Course

1 Allocation to purchase approved courses for all eligible students.

2 The allocation for each public school system or public school shall equal the
3 number of students enrolled in grades 7 through 12 in each school system or school
4 as of February 1 each year multiplied by \$26 per pupil.

5 **Formula:**

6 **Supplemental Course Allocation for School Systems and Schools**

7 **Equals**

8 **Supplemental Course Allocation Per Pupil**

9 **Multiplied By**

10 **Number of Students in Grades 7 through 12 for School Systems and**
11 **Schools**

12 If the entire allocation is not committed by the public school systems or
13 public school by a date set forth by the Louisiana Department of Education, the
14 original allocation will be reduced by the uncommitted amount. The total
15 uncommitted amount from school systems and schools will be reallocated to those
16 school systems or schools that obligated one hundred percent of their original
17 allocation based on criteria set forth by the Louisiana Department of Education. All
18 allocated funds must be spent by the end of the fiscal year via course enrollments
19 using the online registration system.

20 **2. Allocations for Other Public Schools**

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

23 1. State Cost Allocation

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

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

1 operate such schools.

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

3 A Legacy Type 2 Charter school is a Type 2 Charter school approved before July 1,
4 2008 by the State Board of Elementary and Secondary Education.

5 1. State Cost Allocation

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

9 b. The State Cost Allocation equals the number of students
10 multiplied by the average State Per Pupil for the system
11 where the school is located.

12 2. Local Cost Allocation

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

16 b. The Local Cost Allocation equals the number of students
17 multiplied by the average Local Per Pupil for the system
18 where the school is located.

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

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

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

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

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

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

9 4. State Cost Allocation

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

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

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

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

25 5. Local Cost Allocation

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

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

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

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

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

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

20 **3. Mid-Year Student Allocations**

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

23 City and parish school systems, Recovery School District, Type 2 Charter
24 schools, Louisiana State University and Southern University Lab schools,
25 Special School District (SSD), Louisiana School for the Deaf and Visually
26 Impaired (LSDVI), Louisiana School for Math, Science and the Arts
27 (LSMSA), and New Orleans Center for Creative Arts (NOCCA).

28 2. If the current year October 1 Mid-Year Student Count is more or less than
29 the prior year February 1 student count, an adjustment to the current year
30 allocation shall be made for each student gained or lost. The October

1 adjustment equals the number of students gained or lost times the annual
2 State Cost per pupil allocation amount for the system or school in which the
3 change occurred. The February adjustment equals the number of students
4 gained or lost times one-half of the State Cost per pupil allocation for the
5 system or school in which the change occurred.

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

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

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

18 6. School systems or charter schools in the first year of operation are not
19 eligible for an October Mid-Year Adjustment. However, their allocation will
20 be finalized using October 1 data. The newly opened school systems or
21 charter schools will qualify for the February 1 mid-year adjustment.

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

24 **Total MFP State Cost Allocation**

25 **Formula:**

26 **Total MFP State Cost Allocation**

27 **Equals**

28 **Level 1 State Cost Allocation**

29 **Plus**

30 **Level 2 State Cost Allocation**

1 **Plus**
 2 **Level 3 State Cost Allocation**
 3 **Plus**
 4 **Level 4 State Cost Allocation**

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

7 **A. RECOVERY SCHOOL DISTRICT**

8 1. State Cost Allocation

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

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

30 2. Local Cost Allocation

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

3 **Formula:**

4 **Local Cost Allocation Per Pupil**

5 **Equals**

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

7 **Divided by**

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

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

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

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

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

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

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

30 e. The projected local revenues shall be divided by the Total School District

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

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

12 **Formula:**

13 **Local Cost Allocation**

14 **Equals**

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

16 **Multiplied By**

17 **Recovery School District Student Membership Count**

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

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

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

27 j. A final reconciliation will occur based upon the receipt of the annual
 28 audited financial statements of the system of prior jurisdiction. If an increase or
 29 decrease in local revenue collections exists, the state superintendent may establish
 30 a payment schedule. In the event that the fiscal status of the system of prior

1 jurisdiction or the Recovery School District changes during the fiscal year or on or
2 before the final reconciliation, the state superintendent may adjust the local revenue
3 based on the revenues identified.

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

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

10 A New Type 2 Charter school is a Type 2 Charter school approved after July
11 1, 2008, by the State Board of Elementary and Secondary Education.

12 1. State Cost Allocation

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

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

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

19 2. Local Cost Allocation

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

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

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

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

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

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

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

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

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

19 **C. SPECIAL SCHOOL DISTRICT (SSD), LOUISIANA SCHOOL FOR THE**
20 **DEAF AND VISUALLY IMPAIRED (LSDVI), LOUISIANA SCHOOL FOR**
21 **MATH, SCIENCE AND THE ARTS (LSMSA) AND NEW ORLEANS**
22 **CENTER FOR CREATIVE ARTS (NOCCA).**

23 1. Special School District (SSD), the Louisiana School for the Deaf and
24 Visually Impaired (LSDVI), the Louisiana School for Math, Science and the Arts
25 (LSMSA) and New Orleans Center for Creative Arts (NOCCA) shall be provided
26 both a State and Local allocation.

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

- 1 3. Local Cost Allocation
- 2 a. The Local Cost Allocation will be based on the Local Cost
- 3 Allocation for the city or parish school system where the
- 4 attending students reside.
- 5 b. The Local Cost Allocation will be funded with a transfer of
- 6 the MFP monthly amount representing the Local Cost
- 7 Allocation Per Pupil from the city or parish school board
- 8 where the attending students reside.
- 9 c. Where student attendance is from multiple school systems,
- 10 the Department of Education shall determine the Local Cost
- 11 Allocation based on students reported by the schools.
- 12 4. For a system(s) that shares local revenue, the allocation for SSD,
- 13 LSDVI, LSMSA, and NOCCA will be completed before the
- 14 calculation of local revenues.
- 15 5. The student membership and weighted student counts of SSD,
- 16 LSDVI, LSMSA, and NOCCA authorized by the State Board of
- 17 Elementary and Secondary Education shall be included in the
- 18 membership and weighted student counts of the city, parish, or other
- 19 public school system in which the student resides using the February
- 20 1 Student Membership Count of SSD, LSDVI, LSMSA and NOCCA.

III. FORMULA PROCEDURES

A. Preliminary Allocation

- 23 1. The minimum foundation program formula for the upcoming
- 24 fiscal year adopted by the State Board of Elementary and
- 25 Secondary Education, along with a preliminary allocation
- 26 schedule representing the estimated cost of the proposed
- 27 formula, shall be submitted to the Joint Legislative
- 28 Committee on the Budget and to the House and Senate
- 29 Education Committees for consideration no later than March
- 30 15.

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

3 **B. Final Allocation**

4 Final allocations for the fiscal year in which the formula takes effect
5 will be determined no later than June 30 of the preceding fiscal year.
6 The latest available data will be utilized to calculate the final
7 allocation except that student count estimates will be utilized for
8 school systems or charter schools opening for the first time in the
9 fiscal year beginning July 1.

10 **IV. FORMULA PAYMENTS**

11 **A. PAYMENT PROCEDURES**

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

16 **B. REQUESTED PAYMENT ADJUSTMENTS**

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

- 22 a. Sufficient documentation will be requested to
23 substantiate this requested allocation adjustment.
- 24 b. The adjusted allocation will remain in effect until the
25 actual October or February Mid-Year Student Count.
26 Once the Mid-Year Student Count is final,
27 reconciliation will be completed and payments
28 adjusted accordingly.

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

30 1. Review and/or audit of the systems' or schools' data used in

1 determining their Minimum Foundation Program allocation may result in
2 changes in final statistical information. The Minimum Foundation Program
3 allocation adjustments necessary as a result of these audit findings will be
4 made in the following school year. These adjustments are applicable to the
5 following: city or parish school systems, Recovery School District, Type 2
6 Charter schools, Louisiana State University and Southern University Lab
7 schools, Office of Juvenile Justice (OJJ) schools, Special School District
8 (SSD), Louisiana School for the Deaf and Visually Impaired (LSDVI),
9 Louisiana School for Math, Science and the Arts (LSMSA), and New
10 Orleans Center for Creative Arts (NOCCA).

11 **V. 70% EXPENDITURE REQUIREMENT**

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

18 **VI. SEVERABILITY PROVISION**

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

27 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
28 approve the formula developed by the State Board of Elementary and Secondary Education,
29 pursuant to Article VIII, Section 13(B) of the Constitution of Louisiana, to determine the
30 cost of a minimum foundation program of education in all public elementary and secondary

1 schools as well as to equitably allocate the funds to parish and city school systems, and
2 adopted by the board on March 13, 2014.

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

DIGEST

Appel

SCR No. 55

Provides for approval of the 2014-2015 Minimum Foundation Program formula.