

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SCR 55** SLS 14RS 56
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP SEN COMM AMD**
 Sub. Bill For.:

Date: May 15, 2014 8:04 AM	Author: APPEL
Dept./Agy.: Department of Education	Analyst: Jodi Mauroner
Subject: Minimum Foundation Program	

BESE OR INCREASE GF EX See Note Page 1 of 2
 Provides for legislative approval of the minimum foundation program formula for the 2014-2015 fiscal year. (8/1/14)

The proposed concurrent resolution provides for the revised FY 14-15 Minimum Foundation Program (MFP) formula that was adopted by the Board of Elementary and Secondary Education (BESE) on May 12, 2014. The formula contains 4 levels: Level 1- provides for the calculation of the the total MFP costs and the proportion supported by the state and local school districts; Level 2- provides incentive for local effort; Level 3- provides for specific legislative allocations (continued funded for payraises, hold harmless allocations and mandated cost increases in health insurance, retirement and fuel); Level 4- provides for supplementary funding (includes Foreign Language Associate salary and stipends, career development allocation, high cost services, and supplemental course allocations).

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed concurrent resolution is based upon the revised Minimum Foundation Program (MFP) formula that was adopted by BESE on May 12, 2014 which will result in an estimated increase in state expenditures over the Existing Operating Budget of \$81.5 M for FY 14-15. The FY 14 budget is \$3.510 B and \$3.591 B is budgeted for FY 15.

The MFP base funding includes the following adjustments: 1) \$46.4 M increase associated with an increase in student enrollment of 9,472 students; 2) \$22.7 M increase associated with changes in local tax revenues; 3) \$12 M increase for recommendations of the MFP Task Force which included career development education, high cost services for students with disabilities and supplemental course allocations; and 4) \$6.8 M reduction due to a projected 1,355 students moving out of public schools and into the Student Scholarship for Educational Excellence Program. Additionally, the FY 15 MFP, as originally proposed, annualized the \$69 M legislative appropriation that was funded outside of the formula in FY 13-14. As a result of this adjustment, the proposed formula recognized a 2.75% growth in the base per pupil cost from \$3,855 to \$3,961.

Note: Due to the rejection of SCR 55 on May 1, the House adopted amendments which removed \$70.7M from the base in order to continue funding the 2.75% increase outside of the formula. Additionally, funding associated with the new initiatives in Level 4 was redirected to pay employer contributions to the Teachers Retirement System (\$14 M).

LEVEL 1: Maintains the weights for Career and Technical Education units (6%) Special Education/Other Exceptionalities (150%) and Special Education/Gifted and Talented (60%) and Low Income and English Learner (22%). However, revisions to the Low Income/English Learner weight deletes language which references those included based on income eligibility guidelines which could result in a double count of those students. Maintains the calculation of local share necessary to maintain a state and local allocation ratio of 65% to 35%.

CONTINUED ON PAGE 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	<i>Evan Brasseaux</i> Evan Brasseaux Staff Director
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}		
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		

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CONTINUED EXPLANATION from page one:

LEVEL 2: Maintains the provisions of incentives for local effort.

LEVEL 3: Continues the pay raises for certificated and support personnel initiated in 2001-2002 and 2006-2007 through 2008-2009; the 10 year phase out of the hold harmless funding; and a \$100 per pupil funding amount for increasing mandated costs of health insurance, retirement and fuel.

LEVEL 4: Proposes new funding initiatives. 1) Career Development Allocation (\$4 M) to support the development of technical courses required for statewide credentials in city and parish school systems and other public schools in the amount of 6% of the base per pupil cost for each qualifying student course enrollment; a minimum amount of \$25,000 will be provided for each city and parish school system and a minimum of \$10,000 will be provided for other public schools with students enrolled in grades 9 through 12. 2) High Cost Services Allocation (\$4 M) to provide additional funds to public school systems and schools which substantiate that the prior year cost of services for students with disabilities exceeds three times the most recent state average total expenditure per pupil amount; allocation amounts will be limited by the amount budgeted for this initiative and are to be distributed equitably to school systems and other public schools proportional to the total of qualifying applications submitted. 3) Supplemental Course Allocation (\$7.6 M) to provide for the cost of secondary course choices specifically approved by BESE. For each school system and other public school funded through the formula, the allocation shall equal \$26 for each student enrolled in grades 7-12 as of February 1. Provides for the redistribution of uncommitted funds as of a date set by DOE. (NOTE: The amount cited for Supplemental Course Allocation includes \$3.5 M which is funded in the Sub-grantee Assistance for the Course Choice Program, outside of the MFP appropriation.)

In addition, the Foreign Language Associate Program Salary and Stipends Allocation is moved from Level 3 to Level 4. The supplemental allocation has been increased from \$20,000 to \$21,000 per teacher with the \$1,000 increase to be used for the costs of the VISA sponsorship pursuant to BESE regulations. The cap of 300 teachers is retained.

ALLOCATIONS FOR OTHER PUBLIC SCHOOLS: Continues funding methodology for the LSU and Southern University Lab Schools, Type 2 Charter Schools, Office of Juvenile Justice Schools, the Recovery School District, NOCCA and LSMSA.

PAY RAISE REQUIREMENT: The FY 15 MFP revises the language requiring schools to use at least 50 percent of any increased funding to supplement and enhance full time certificated staff salaries and retirement benefits for schools with an average teacher salary below the SREB average. Proposed language requires school systems to sustain 2013-2014 pay raises if there is a net increase in the Level 1 and 2 cost allocation. If the school system has established plans to sustain or increase the pay raises prior to the development of this formula, the provision does not apply.

ACCOUNTABILITY: The proposed formula deletes the requirement that DOE submit a MFP Accountability report to House and Senate Education Committees by June 30 of each year and further deletes provision for schools to expend funds for weighted students on the students who generate such funds and to report this spending activity annually.

Senate Dual Referral Rules House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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Staff Director