

Provides for legislative approval of the Minimum Foundation Program formula for FY 2014-15 to determine the cost of a minimum foundation program (MFP) 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), adopted by the board on March 13, 2014, and amended by the board on May 12, 2014.

The MFP formula currently in effect is the formula adopted by the board and approved by the legislature for the 2011-2012 Fiscal Year.

Proposed formula has a cost of \$3.595 Billion.

Proposed formula expands the traditionally used term "city, parish, or other local public school systems" to "city, parish, or other local public school systems or schools".

Present formula utilizes three levels to determine MFP funding allocations for city and parish school systems, as follows:

- Level 1 - Cost Determination and Equitable Distribution of State and Local Funds
- Level 2 - Incentive for Local Effort
- Level 3 - Legislative Enhancements

Proposed formula utilizes four levels to determine MFP funding allocations for city, parish, or other local public school systems or schools.

- Level 1 - Calculation State and Local Cost Allocation.
- Level 2 - Incentive for Local Effort
- Level 3 - Legislative Allocations
- Level 4 - Supplementary Allocations

Level 1 - Calculate State and Local Cost Allocation - Compared to present formula, proposed formula:

- (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:
 - Parish and city school systems
 - Recovery School District Schools, both operated and Type 5 Charter schools
 - Type 2 Charter schools
 - LSU and Southern Lab Schools
 - Office of Juvenile Justice (OJJ) schools
- (3) Maintains the existing weight of 22% for add-on student units for at-risk and English language learner students and re-designates this the "Low Income and English Language Learner Weight". Deletes language prohibiting double counting of these students.
- (4) Maintains the existing weight of 150% for Special Education Students with disabilities.
- (5) Maintains the 60% existing weight for Gifted and Talented Students.
- (6) Maintains the existing weight of 6% for Career and Technical Education course units.
- (7) Maintains the Economy of Scale curvilinear weight of 20% for school systems with a student membership of less than 7,500.

BASE PER PUPIL AMOUNT

Present formula provides a base per pupil funding amount of \$3,855.

Proposed formula provides for a base per pupil funding amount of \$3,961, which represents a 2.75% increase.

Present formula provides that if no annual increase is provided in the formula and the formula previously adopted remains in effect, BESE must annually adjust the state and local per pupil amount, with approval from the Joint Legislative Committee on the Budget (JLCB). Further provides that if the JLCB does not approve the rate established by BESE, then an annual growth adjustment of 2.75% shall be automatically applied to the state and local base per pupil amount.

Proposed formula deletes these provisions.

Compared to present formula, Level 1 of proposed formula determines the proportion of the costs supported by the state and local school systems as follows:

- (1) Retains provisions that the calculation of the local school system share of the total MFP cost includes a property tax revenue contribution, a sales tax revenue contribution, and an other revenue contribution:
- (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 - Compared to present formula, proposed formula provides as follows:

- (1) Retains present formula 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) Limit on Revenue Eligible for Reward is equal 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. Establishes the Level 1 Reward Factor at 1.72%.

Level 3 - Legislative Allocations

Present formula designates Level 3 as "Legislative Enhancements" and includes continuing pay raises for certificated and non-certificated support workers, funding for foreign language associate teachers, hold harmless funding for certain school districts, and funding for increasing mandated costs in health insurance, retirement, and fuel.

Proposed formula redesignates Level 3 as "Legislative Allocations". Proposed formula moves funding for foreign language associate teachers to the new Level 4 created in the formula, but retains all other Level 3 components as provided in present formula.

Continuation of Funding for Pay Raises:

- (1) Continues supplemental pay raises for certificated personnel initiated in 2001-02, 2006-07, 2007-08, and 2008-09 as a per pupil amount.
- (2) Continues supplemental pay raises for non-certificated support workers initiated in 2002-03, 2006-07, and 2007-08 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. Bernard, St. James, and West Feliciana parishes, beginning with a 10% reduction of the revised "over funded" amount in FY 07-08.

- (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

Proposed formula continues present formula 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

Proposed formula creates a new Level 4 as follows:

Foreign Language Associate Enhancement

(Present formula includes funding for foreign language associate teachers in Level 3.)

Compared to present formula, proposed formula provides as follows with regard to foreign language associate teachers:

- Increases the supplemental allocation from BESE to local school systems that employ a Foreign Language Associate or a graduate of the Escadrille Louisiane program from \$20,000 to \$21,000 per teacher. Retains provision that the number of these teachers not to exceed a total of 300 teachers. Specifies that the additional \$1,000 is to be used toward the costs of VISA sponsorship.
- 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.
- 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.

Proposed formula provides for three new allocations in Level 4 as follows:

- (1) **Career Development Allocation** - Supports technical courses required for statewide credentials. Allocation is to be equal to 6% of the \$3,961 base per pupil amount or \$238 per 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. Projected cost is \$4 million.
- (2) **High Cost Services Assistance** - Provides additional funds for students with disabilities. Provides 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. Projected cost is \$4 million.
- (3) **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. The allocation for each public school system and other public school is \$26 per student enrolled in grades 7 - 12. Projected cost to MFP is \$7.6 million.

70% Local General Fund Required Instructional Expenditure at the School Building Level

Proposed formula retains the requirement that 70% of general fund expenditures must be in the areas of instruction and school administration at the school building level.

Pay Raise Requirement

Present formula requires that 50% of increased funds over the prior year shall be used to supplement full-time certificated salaries and retirement benefits teachers in schools and school systems with an average teacher salary below the SREB average teacher salary.

Proposed formula deletes this requirement and provides instead that if a city, parish, or local public school system or other public school has a net increase from 2013-2014 to 2014-2015 in its per student Level 1 and 2 State Cost Allocation, the city, parish, or local public school system or other public school shall be required to sustain the certificated classroom teacher pay raises provided by appropriation in 2013-2014. Further provides that if the city, parish, or local public school system or other public school has established plans to sustain or increase the teacher pay raises provided for by the 2013-2014 appropriation prior to the development of proposed formula, then this provision shall not apply.

Deleted Provisions:

Accountability Provisions

- (1) Deletes requirement that the Department of Education annually prepare and submit a MFP Accountability Report to the House and Senate education committees.
- (2) Deletes requirement that school systems demonstrate that the funds generated through the various weight factors be expended for the specified purpose.