

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 18** HLS 15RS 1078
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

| | | |
|---|----------|-------------------------------|
| Date: May 25, 2015 | 12:11 PM | Author: CARTER |
| Dept./Agy.: Education | | Analyst: Jodi Mauroner |
| Subject: FY16 Minimum Foundation Program (MFP) | | |

EDUCATION/FINANCE OR +\$84,762,481 GF EX See Note Page 1 of 2
 Provides for legislative approval of the MFP formula for the 2015-2016 fiscal year

The proposed concurrent resolution provides for the proposed FY 15-16 Minimum Foundation Program (MFP) formula that was adopted by the Board of Elementary and Secondary Education (BESE) on March 6, 2015. 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 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|---------------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$84,762,481 | \$0 | \$0 | \$0 | \$0 | \$84,762,481 |
| 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$84,762,481 | \$0 | \$0 | \$0 | \$0 | \$84,762,481 |

| REVENUES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 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 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

The proposed concurrent resolution is based upon the Minimum Foundation Program (MFP) formula that was adopted by BESE on March 6, 2015 which will result in an estimated increase in state expenditures over the Existing Operating Budget of \$84.7 M for FY 15-16. The FY 15 Existing Operating Budget is \$3.593 B and \$3.678 B is requested for FY 16. The current version of HB 1 includes a total of \$3.678 B funded with SGF (\$3.362 B), Lottery Proceeds Fund (\$159.4 M), SELF Fund (\$105.9 M) and Overcollections Fund (\$50.3 M).

The MFP base funding includes the following adjustments: 1) \$40.5 M increase associated with an increase in student enrollment of approximately 5,033 students; 2) \$36.2 M increase for a 1.375% growth in the base per pupil amount from \$3,961 to \$4,051 2) \$8 M for recommendations of the MFP Task Force which included increases for high cost services for students with disabilities (\$5.4 M) and supplemental course allocations (\$2.6 M).

LEVEL 1: Uses the February 1 student count to determine the cost of education services. 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%). Maintains the calculation of local share necessary to maintain a state and local allocation ratio of 65% to 35%. Provides for the base per pupil amount of \$3,961 to be increased by 1.375% to \$4.051.

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.

CONTINUED ON PAGE 2

REVENUE EXPLANATION

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

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|--|----------------------------|-------|--|
| Senate | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} |

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

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: Supplementary Allocations. 1) Career Development Allocation (\$6 M)- increase of \$2 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 (\$9.4 M)- increase of \$5.4 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. The proposed formula revises the distribution methodology to distribute the same percentage of the requested allocation to each school; 3) Supplemental Course Allocation (\$10.1 M) increase of \$2.6 M to provide for the cost of secondary course choices specifically approved by BESE. For each school system and other public schools funded through the formula, the proposed allocation shall equal \$35 for each student enrolled in grades 7-12 as of February 1; an increase from the current \$26 per pupil allocation. Provides for the redistribution of uncommitted funds as of a date set by DOE.
 4) Foreign Language Associate Program Salary and Stipends Allocation. Continues the supplemental allocation at \$21,000 per teacher with the \$1,000 increase to be used for the costs of the VISA sponsorship incurred by CODOFIL, 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 16 MFP continues the language requiring 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.

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| <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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