MINIMUM FOUNDATION PROGRAM

Audit & Evaluation Report

FY 2001 - 2002

December 2003

Cecil J. Picard, State Superintendent of Education

Reaching For Results

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This public document was published at a total cost of $191.75. Fifty (50) copies of this public document were published in this first printing at a cost of $191.75. This document was published by the Louisiana Department of Education, Office of Management and Finance, Division of Education Finance; P.O. Box 94064; Baton Rouge, LA 70804 under authority of LA R.S. 17:7(2)(d) to provide continuous information on school finance in the State of Louisiana. This material was printed in accordance with the standards for printing by state agencies established pursuant to R.S. 43:31.

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FOREWORD

The 2001-2002 *Minimum Foundation Program Audit and Evaluation Data Book* is presented to the Legislature, State Board of Elementary and Secondary Education and the Local School Community. This report contains results from the Minimum Foundation Program annual audits and evaluation conducted by the Department of Education, Division of Education Finance, in accordance with R.S.17: 7(2)(d). The Minimum Foundation Program formula is used to determine the costs for a minimum education program as well as to distribute funds equitably from both state and local sources.

Annual audits are performed to determine the accuracy and reliability of data being reported to the Department by local school districts. Evaluations of the data reported by local school districts are used to determine the effectiveness of the formula in terms of meeting goals established for the Minimum Foundation Program. Those goals are (1) to meet student academic needs, (2) to provide funds on an equitable basis, (3) to encourage local taxpayers and school boards to establish and set tax levies that support a minimum education program, and (4) to evaluate performance in relation to funding.

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Seventy Percent Expenditure Requirement in the Instructional Area

Six districts did not meet the 70% Local General Fund Expenditure Requirement in the Instructional Area based on the FY 2001-2002 financial data. (See Appendix B for district comments.)

Each of the six districts in noncompliance with this requirement in FY 2001-2002 was also in noncompliance in FY 2000-2001.

The lowest percentage for these six districts was 65.52%, which reflects a 1.1% increase from 2000-2001; the highest was 69.22%. (See the table on page 10.)

Audits of MFP Student Data

In 2001-2002, the audit staff began the process of risk-based auditing. A risk analysis was developed based on certain criteria. Complete field audits were conducted in 16 school districts; combination fieldwork and desk reviews were conducted in 8 school districts; and desk reviews were completed for the remaining 42 school districts.

The audits encompassed data elements used in the 2001-2002 MFP formula including the October 1 Student Membership Count, Vocational Education Unit Count, At-Risk Student Count, and Special Education Student Count.

Individual student records were reviewed in selected school districts based on risk assessments.

Of the student records reviewed, a net total of 1,422 students were denied inclusion in the October 1, 2001, Student Membership Count.

Adjustments were also made to the At-Risk Student Count, Special Education Student Count, and Vocational Education Unit Count.

All together the adjustments for the 2001-2002 audits produced a total savings of approximately $5.6 million.

For the past nine years, results from these audits have provided cumulative savings to the state of approximately *$30.8 million.*

Executive Summary

The Minimum Foundation Program formula is designed to determine the costs of a minimum education program. In order to distribute total costs on an equitable basis, the Department makes *adjustments* to each district's October 1 student count through weights designed to recognize student needs unique to each local school system. *Level 1* costs, which are to be shared by the State and the local school system, are determined by multiplying the total weighted student count by a set per pupil amount. Each local school systems' share of the total cost is determined according to the Local Wealth Factor (LWF), which is used to reflect each district's ability to pay (as measured by fiscal capacity). *Level 2* of the formula is designed to recognize the local tax effort and to provide an incentive (i.e., additional state funds) for school districts that raise revenues beyond the minimum costs determined in Level 1 of the formula.

Hold Harmless funding previously operated as a prior year funding adjustment in Level 1 and Level 2 of the MFP formula. In FY 2001-2002, the "hold harmless" distinction was eliminated for all systems in Level 1 and Level 2. Instead, the "overfunded" allocations for 11 specified school districts was separated and limited in Level 3. These 11 school districts received their designated per pupil amounts times their current year October 1 membership, not to exceed the total Hold Harmless amount received in the prior year. Continuation of Hold Harmless funding reflects legislative decisions rather than formula design. Consequently, districts with higher fiscal capacity continue to receive more in State support than targeted by the formula which overstates the state share cost of the formula.

Highlights from this year's annual evaluation are provided below. For the selected statistical analysis, 1997-98 data were used for a five-year comparison. Findings and recommendations begin on page 18.

Revenues for Education

Local Revenues have increased 21.4% since FY 1997-98. The largest share of that increase continues to come from Sales Tax Revenues. Local Revenues made up 38.8% of the $5.2 billion collected in Total Revenues in FY 2001-2002. Local Revenues averaged $2,797 per pupil in FY 2001-2002.

State Revenues have increased 11.9% since FY 1997-98. State Revenues made up 48.5% of the total $5.2 billion in FY 2001-2002 Total Revenues. State Revenues averaged $3,498 per pupil in FY 2001-2002.

Federal Revenues have increased 30.8% since FY 1997-98. Of the $5.2 billion in Total Revenues in FY 2001-2002, Federal Revenues made up 12.7%, an increase of 1.1% over FY 2000-2001. Federal Revenues averaged $914 per pupil in FY 2001-2002.

Total Revenues from all sources averaged $7,209 per pupil in FY 2001-2002, an increase of $449 over FY 2000-01.

Total Expenditures (Including Interest on Debt)

Classroom expenditures in FY 2001-2002 made up 55.6% of the $5.3 billion in Total Expenditures; of more than $2.9 billion spent for classroom instruction, $1.85 billion provided for full time classroom teachers' salaries. Since 1997-98, costs for classroom expenditures have increased by $851 per pupil.

General Administration costs in FY 2001-2002 ($109.8 million) made up 2.1% of Total Expenditures. Since FY 1997-98, costs for General Administration have increased by $26 per pupil.

Total Expenditures (including Interest on Debt) from all sources averaged $7,302 per pupil in FY 2001-2002, an increase of $605 per pupil over 2000-2001.

Variation in Revenue and Expenditures Among Local School Districts

The Coefficient of Variation (c.v.) in Total Local Revenues per pupil was .351 in FY 2001-2002; it has not changed significantly since FY 1997-98 when c.v. = .363.

The Coefficient of Variation (c.v.) in MFP State aid per pupil increased from c.v. = .134 in FY 1997-98 to c.v. = .162 in FY 2001-2002. To offset the disparities caused by the fiscal capacity of local school systems completely, the variation among districts in state aid and the variation among districts in local revenue must grow inversely by the same amount. Greater variation in local revenue results in increased difficulty in achieving fiscal equity.

The Coefficient of Variation (c.v.) for Total Instruction per pupil - which includes classroom instruction, pupil support and instructional staff support - is down from a low c.v. = .093 in FY 1997-98 to an even lower c.v. = .076 in FY 2001-2002. This indicator shows that districts are continuing to spend on an average similar per pupil amounts for instructional services.

Moderate spending disparities among local school districts continue for the support services area of General Administration (c.v. = .525 in FY 2001-2002) while 2001-2002 expenditure data reflect higher disparities among local school districts in Central Services (c.v. = .736 in FY 2001-2002) expenditures. Facility acquisitions and construction services reflect the highest level of spending disparity among local school systems, at c.v. = 1.002 in FY 2001-2002.

Correlation between Fiscal Capacity and Selected Variables

The relationship between the Local Wealth Factor (LWF) of each local school system and Total Local Revenues per pupil (r = .863) remains strong and positive. This indicator implies that wealthier school systems, as identified by the pupil driven formula, continue to raise more in Local Revenues than do school systems identified as poorer.

A strong inverse relationship continues to exist between the district Local Wealth Factor (LWF) and the amount of MFP State aid per pupil (r = -.908 in FY 2001-2002). The negative correlation indicates that districts with a lower LWF receive more in MFP State aid per pupil than do districts with a higher LWF.

Spending disparities among local school districts for instruction declined from c.v. = .093 in FY 1997-98 to c.v. = .076 in FY 2001-2002; the correlation between Total Expenditures (including interest on debt) and the district Local Wealth Factor (LWF) declined from r = .686 in FY 1997-98 to r = .398 in FY 2001-2002. The data suggest that the higher a local school district's LWF, the higher is its total spending for education.

Evaluation By Wealth Quintile

In FY 2001-2002, statewide fiscal capacity averaged $1,944 per pupil. The disparity among school districts has continued to increase with significant ranges between quintiles. Average fiscal capacity ranged from $1,034 per pupil for districts in the lowest wealth quintile to $3,089 per pupil for districts in the highest wealth quintile.

Revenues generated through property and sales taxes (including revenues for debt) continue to vary greatly among local school districts. Property Revenues ranged from an average $454 per pupil in the lowest wealth quintile to an average $1,275 per pupil for districts in the highest wealth quintile. Sales Revenues ranged from $887 per pupil for the lowest wealth quintile to $2,438 per pupil in the highest wealth quintile.

Total Federal, State and Local Revenues ranged from an average $6,696 in the lowest wealth quintile, to an average $7,684 per pupil in the highest wealth quintile, a difference of $988 per pupil in FY 2001-2002.

MFP State aid per pupil continues to be distributed inversely to local wealth. Districts in the lowest wealth quintile received an average $3,918 in MFP State aid per pupil, while districts in the highest wealth quintile received $2,573 per pupil. Overall, State aid through the MFP averaged $3,289 per pupil in FY 2001-2002.

In FY 2001-2002, the statewide equivalent millage rate, which is calculated based upon net assessed property values of the local district, averaged 40.82. Districts in the lowest wealth quintile had an average of 34.09 mills, including debt that generated on an average $454 per pupil in property revenues. Highest wealth quintile districts averaged 30.49 mills (including debt), which generated an average per pupil amount of $1,275. The data indicate that districts in the lowest wealth quintile had a higher tax rate; but because of a low tax base, they were unable to match funds raised by districts in the highest wealth quintile.

The statewide average sales tax rate, which is calculated based upon the computed sales tax base, averaged 1.87% in FY 2001-2002. Districts in the lowest wealth quintile had an average rate of 2.01%, which generated on an average $887 per pupil, while districts in the highest wealth quintile had an average sales tax rate of 1.97%, which generated an average of $2,438 per pupil. This difference suggests that school districts with a low tax base usually have low funding per pupil even with high tax rates. Whereas, districts with a high tax base (property and sales) have high funding per pupil even with similar tax rates.

Of total fund expenditures, classroom instruction expenditures accounted for 57% in the lowest quintile, 54% in the second quintile, 58% in the third quintile, 53% in the fourth quintile, and 56% in the highest quintile. The state average classroom expenditure was 56% in FY 2001-2002.

Local Contributions and Amount Targeted for Level 1

The funding formula determines an amount needed from both the State and local sources to meet the costs determined in Level 1 of the formula. In FY 2001-2002, only one school district (Madison) failed to meet the Level 1 share of costs. Madison Parish is in the lowest wealth quintile.

Local districts were targeted to contribute an average $1,486 per pupil to cover the minimum costs determined by the formula. The actual contribution averaged $2,593 per pupil.

Twenty-six school systems, which make up the lowest wealth quintile in FY 2001-2002, were targeted to contribute an average $813 per pupil toward the costs of Level 1 support. While the average actual contribution made by these districts was $1,384 per pupil, one school system fell short by an average of $50 per pupil (or $122,953).

Ten school systems, which make up the highest wealth quintile, were targeted to contribute an average $2,339 per pupil toward the costs of Level 1 support. The actual contribution averaged $3,769 per pupil.

State Contribution and Hold Harmless Funding

In FY 2001-2002, the State's MFP contribution averaged $3,289 per pupil. The MFP State aid for wealthier districts averaged $2,573 per pupil; districts in the lowest wealth quintile received an average per pupil amount of $3,918 in State aid.

Eleven school systems received funding through an adjustment based on the prior year formula calculation known as "hold harmless funding." Funding to accommodate the adjustment cost $85.5 million in FY 2001-2002. Nine districts in the highest wealth quintile received an average $536 per pupil more than the amount targeted by the formula. One district in the lowest wealth quintile received an average $30 per pupil more than that targeted by the formula and one district in the second lowest quintile received an average $61 per pupil more than that targeted by the formula.

SECTION I
MFP AUDIT REPORT

The establishment of a Department of Education MFP audit function in 1993 fulfilled the requirements of R.S. 17:7(2)(d) adopted in the 1992 Legislative Session requiring the institution of fiscal accountability measures for the Minimum Foundation Program. The Division of Education Finance audit staff is responsible for verification of the data utilized in the Minimum Foundation Program formula and for the evaluation of local public school district compliance with established procedures and policies applicable to the funding formula. The scope of the audits is continually being expanded to recognize the evolution of the funding formula, in addition to including examinations of items related to funding. The following are the results of the major reviews conducted for 2001-2002.

Reviews of Seventy Percent Instructional Expenditure Requirement

Finding 1: Six of the sixty-six school districts did not meet the 70% Instructional Expenditure Requirement for FY 2001-2002. These districts are Cameron, Plaquemines, St. Helena, Tensas, West Feliciana and Winn.

Explanation: The Seventy Percent Instructional Expenditure Requirement, as stated in SCR 139 of the 2001 Legislative Session, dictates that local school districts spend seventy percent of general fund monies, both State and local, on areas of instruction. The financial information reported by the local public school districts in a special report entitled the "Annual Financial Report" is used to calculate the percentage of funds expended on instruction according to the established definition. Each of the six districts in noncompliance with this requirement was also in noncompliance in FY 2000-01. While Plaquemines increased from 64.42% to 65.52%, they remained the lowest percentage of the six districts; the highest percentage was for West Feliciana with 69.22%. (See the table on page 10.)

Summary: In the 2001-2002 school year, the number of districts not meeting the 70% instructional requirement decreased from fourteen to six. Each district not meeting the 70% Instructional Requirement made a reporting to the Department outlining reasons for falling short of the requirement. The obstacles these districts are facing in meeting the 70% Instructional Requirement remain much the same among districts and over time. In broad terms they are as follows. (See Appendix B for greater detail.)

- Operational costs increasing at a much greater percentage than instructional costs.
- Younger, less experienced teaching staff earning lower salaries and thereby reducing overall salary expenses.
- Increases in property and liability insurance.
- Large investments in technology.
- Reduction in staff that has not resulted in the operation of fewer facilities.
- High transportation costs due to the geographical spread of the district.
- Aging facilities requiring increased maintenance and repair.

Why districts are unable to meet the 70% Instructional Requirement may no longer be the question but rather, “Is this requirement realistic or meaningful?” School systems should be given flexibility to spend in a manner suited to the unique needs

of a given district while being held accountable for the services provided the students of that system.

There has been much discussion about tying accountability to spending. In February 2003, the School Finance Review Commission (SFRC) made specific recommendations to the State Board of Elementary and Secondary Education (SBESE) regarding the linkage of the MFP funding formula to the state's Accountability Program in the FY 2003-2004 formula.

The SFRC recommendation was acted upon by SBESE and is currently reflected in HCR 235 of the 2003 Regular Session of the Legislature. Specifically, an MFP Accountability report must be generated for schools with performance scores below the state average and growth of less than five points. This report will be submitted each year by April 1 to the House and Senate Committees on Education. (The first report is due April 1, 2004.) The following data elements are to be contained in the report.

1. School Data – School name, city and district; type of school; October 1 Elementary/Secondary Enrollment; and grade span.

2. Accountability Data – Scores and labels.

3. Fiscal Data – Expenditures per Elementary/Secondary Enrollment for classroom instruction (less adult education) and pupil/instructional support.

4. Student Demographic Data – Percent of students classified as at-risk, special education, gifted and talented, and minority. Also included are data regarding Advanced Placement, student attendance rates, and pupil-teacher ratios.

5. Teacher Data – Average FTE (full-time equivalent) teacher salaries, percent of teachers certified, average years of experience, percent master's degree and above, percent minority, and teachers' days absent.

6. Staffing Data – Number per 1000 pupils for certified teachers, uncertified teachers, and instructional aides.

The following tables relate to the 70% Instructional Requirement. The first table provides a by district calculation of the instructional percentage per the 70% Instructional Requirement definition of instruction. An additional table provides a five-year by district historical reference of instructional percentages per the 70% calculation. Also included in this table is data regarding the absolute change in instructional dollars in the same five-year period (1997-1998 compared to 2001-2002).

The usefulness of the 70% Instructional Expenditure Requirement should be re-evaluated in light of accountability initiatives, including but not limited to the MFP Accountability Report, which requires a reporting of fiscal data for schools not meeting certain accountability criteria.

"Seventy Percent" Instructional Evaluation By District

For Fiscal Year 2001-2002 (General Funds)

LEA	District	Elementary/Secondary Membership	Instructional	Support	Grand Total (Instructional plus Support)	Per Pupil Grand Total	Percent Instructional
1	Acadia Parish	9,739	$33,427,134	$11,379,509	$44,806,643	$4,601	74.60%
2	Allen Parish	4,332	$16,527,031	$6,461,463	$22,988,494	$5,307	71.89%
3	Ascension Parish	15,159	$66,254,750	$21,028,276	$87,283,026	$5,758	75.91%
4	Assumption Parish	4,622	$18,375,390	$7,559,922	$25,935,312	$5,611	70.85%
5	Avoyelles Parish	6,824	$23,195,813	$7,815,330	$31,011,143	$4,544	74.80%
6	Beauregard Parish	6,027	$22,631,276	$9,007,359	$31,638,635	$5,249	71.53%
7	Bienville Parish	2,572	$9,885,727	$3,573,813	$13,459,540	$5,233	73.45%
8	Bossier Parish	18,595	$72,021,963	$26,465,159	$98,487,122	$5,296	73.13%
9	Caddo Parish	44,859	$199,604,987	$69,554,404	$269,159,391	$6,000	74.16%
10	Calcasieu Parish	31,644	$126,211,501	$43,135,911	$169,347,412	$5,352	74.53%
11	Caldwell Parish	1,895	$5,819,643	$2,266,940	$8,086,583	$4,267	71.97%
12	Cameron Parish	1,879	$9,505,190	$4,491,784	$13,996,974	$7,449	67.91%
13	Catahoula Parish	1,841	$6,813,592	$2,985,849	$9,799,441	$5,323	69.53%
14	Claiborne Parish	2,811	$11,476,197	$3,849,560	$15,325,757	$5,452	74.88%
15	Concordia Parish	3,871	$14,773,577	$4,536,123	$19,309,700	$4,988	76.51%
16	DeSoto Parish	4,886	$22,698,547	$8,258,599	$30,957,146	$6,336	73.32%
17	E. Baton Rouge Parish	52,350	$203,402,145	$85,651,377	$289,053,522	$5,522	70.37%
18	East Carroll Parish	1,746	$6,582,474	$2,740,130	$9,322,604	$5,339	70.61%
19	East Feliciana Parish	2,578	$10,489,535	$3,977,841	$14,467,376	$5,612	72.50%
20	Evangeline Parish	6,379	$21,085,890	$7,219,828	$28,305,718	$4,437	74.49%
21	Franklin Parish	3,827	$14,616,995	$4,800,756	$19,417,751	$5,074	75.28%
22	Grant Parish	3,594	$12,311,459	$4,881,661	$17,193,120	$4,784	71.61%
23	Iberia Parish	14,415	$58,239,575	$19,013,140	$77,252,715	$5,359	75.39%
24	Iberville Parish	4,817	$19,799,659	$6,838,818	$26,638,477	$5,530	74.33%
25	Jackson Parish	2,530	$11,574,689	$5,028,881	$16,603,570	$6,563	69.71%
26	Jefferson Parish	50,766	$199,960,387	$76,303,712	$276,264,099	$5,442	72.38%
27	Jefferson Davis Parish	5,793	$23,179,402	$8,566,771	$31,746,173	$5,480	73.01%
28	Lafayette Parish	29,310	$116,381,847	$34,029,328	$150,411,175	$5,132	77.38%
29	Lafourche Parish	15,085	$61,949,991	$20,046,310	$81,996,301	$5,436	75.55%
30	LaSalle Parish	2,654	$10,628,903	$3,957,043	$14,585,946	$5,496	72.87%
31	Lincoln Parish	6,701	$22,818,563	$6,974,576	$29,793,139	$4,446	76.59%
32	Livingston Parish	19,853	$70,950,893	$20,906,422	$91,857,315	$4,627	77.24%
33	Madison Parish	2,445	$8,495,273	$3,285,157	$11,780,430	$4,818	72.11%
34	Morehouse Parish	5,255	$18,447,671	$7,176,252	$25,623,923	$4,876	71.99%
35	Natchitoches Parish	6,940	$25,763,660	$9,572,648	$35,336,308	$5,092	72.91%
36	Orleans Parish	73,185	$266,746,026	$111,886,875	$378,632,901	$5,174	70.45%
37	Ouachita Parish	17,760	$71,533,744	$24,665,999	$96,199,743	$5,417	74.36%
38	Plaquemines Parish	4,923	$20,729,320	$10,907,329	$31,636,649	$6,426	65.52%
39	Pointe Coupee Parish	3,207	$13,039,080	$5,616,822	$18,655,902	$5,817	69.89%
40	Rapides Parish	22,996	$89,847,360	$30,881,394	$120,728,754	$5,250	74.42%
41	Red River Parish	1,728	$6,727,557	$2,632,179	$9,359,736	$5,417	71.88%
42	Richland Parish	3,572	$13,693,799	$5,039,924	$18,733,723	$5,245	73.10%
43	Sabine Parish	4,312	$15,037,943	$5,567,131	$20,605,074	$4,779	72.98%
44	St. Bernard Parish	8,575	$36,067,147	$12,026,253	$48,093,400	$5,609	74.99%
45	St. Charles Parish	9,819	$51,330,086	$20,362,938	$71,693,024	$7,301	71.60%
46	St. Helena Parish	1,410	$4,920,332	$2,220,222	$7,140,554	$5,064	68.91%
47	St. James Parish	4,064	$16,778,981	$5,456,720	$22,235,701	$5,471	75.46%
48	St. John Parish	6,225	$30,179,701	$11,563,707	$41,743,408	$6,706	72.30%
49	St. Landry Parish	15,327	$57,675,182	$20,187,363	$77,862,545	$5,080	74.07%
50	St. Martin Parish	8,519	$31,683,152	$11,653,244	$43,336,396	$5,087	73.11%
51	St. Mary Parish	10,537	$41,389,696	$15,678,355	$57,068,051	$5,416	72.53%
52	St. Tammany Parish	32,834	$149,197,894	$50,530,994	$199,728,888	$6,083	74.70%
53	Tangipahoa Parish	18,075	$62,886,200	$16,455,834	$79,342,034	$4,390	79.26%
54	Tensas Parish	1,031	$4,147,710	$2,108,004	$6,255,714	$6,068	66.30%
55	Terrebonne Parish	19,401	$79,464,376	$24,964,819	$104,429,195	$5,383	76.09%
56	Union Parish	3,526	$11,821,331	$4,577,319	$16,398,650	$4,651	72.09%
57	Vermilion Parish	8,719	$31,175,295	$11,345,918	$42,521,213	$4,877	73.32%
58	Vernon Parish	9,946	$39,578,929	$14,736,566	$54,315,495	$5,461	72.87%
59	Washington Parish	4,568	$19,026,581	$6,929,718	$25,956,299	$5,682	73.30%
60	Webster Parish	7,762	$26,390,458	$8,099,053	$34,489,511	$4,443	76.52%
61	W. Baton Rouge Parish	3,681	$15,337,377	$6,542,373	$21,879,750	$5,944	70.10%
62	West Carroll Parish	2,454	$7,865,217	$2,814,318	$10,679,535	$4,352	73.65%
63	West Feliciana Parish	2,400	$11,536,145	$5,128,987	$16,665,132	$6,944	69.22%
64	Winn Parish	2,855	$8,681,563	$3,961,527	$12,643,090	$4,428	68.67%
65	City of Monroe	9,944	$40,978,665	$13,030,516	$54,009,181	$5,431	75.87%
66	City of Bogalusa	3,078	$12,380,390	$5,047,763	$17,428,153	$5,662	71.04%
	State Totals	725,027	$2,863,748,566	1,035,960,816	$3,899,709,382	$5,379	73.43%

Note: Total Instruction includes Regular Program, Special Education Program, Vocational Education Program, Other Instructional Program, Special Programs, Pupil Support Service (exclude object code 730), and Instructional Staff Service (exclude object code 730), less Nonpublic Textbook Revenue (kpc 7960).

Total Support (exclude object code 730) includes General Administration, School Administration, Business Service, Operation and Maintenance, Student Transportation, Central Service and Food Service Operation less Nonpublic Transportation Revenue (kpc 7945)

		Seventy Percent Instructional Requirement 1997-1998 through 2001-2002					Instructional Expenditures per 70% Definition 1997-1998 and 2001-2002			
LEA	District	70% Percent 1997-1998	70% Percent 1998-1999	70% Percent 1999-2000	70% Percent 2000-2001	70% Percent 2001-2002	Instruction 1997-1998	Instruction 2001-2002	Absolute Change	Percent Change
1	Acadia Parish	72.13%	73.46%	73.84%	72.88%	74.60%	$26,718,656	$33,427,134	$6,708,478	25.11%
2	Allen Parish	71.18%	72.38%	71.46%	70.30%	71.89%	$12,275,177	$16,527,031	$4,251,854	34.64%
3	Ascension Parish	74.48%	75.06%	73.72%	75.00%	75.91%	$49,961,519	$66,254,750	$16,293,231	32.61%
4	Assumption Parish	70.58%	70.66%	70.38%	70.33%	70.85%	$14,362,691	$18,375,390	$4,012,699	27.94%
5	Avoyelles Parish	75.89%	75.19%	75.05%	74.35%	74.80%	$20,043,811	$23,195,813	$3,152,002	15.73%
6	Beauregard Parish	71.65%	71.10%	71.55%	71.11%	71.53%	$20,404,127	$22,631,276	$2,227,149	10.92%
7	Bienville Parish	73.90%	74.68%	73.55%	72.49%	73.45%	$9,211,696	$9,885,727	$674,031	7.32%
8	Bossier Parish	71.86%	72.28%	72.28%	72.21%	73.13%	$60,681,729	$72,021,963	$11,340,234	18.69%
9	Caddo Parish	73.19%	73.37%	73.43%	72.85%	74.16%	$161,581,938	$199,604,987	$38,023,049	23.53%
10	Calcasieu Parish	75.10%	75.63%	75.63%	74.30%	74.53%	$114,905,909	$126,211,501	$11,305,592	9.84%
11	Caldwell Parish	73.00%	74.18%	72.28%	71.07%	71.97%	$5,214,609	$5,819,643	$605,034	11.60%
12	Cameron Parish	68.70%	68.48%	66.66%	67.11%	67.91%	$8,402,955	$9,505,190	$1,102,235	13.12%
13	Catahoula Parish	70.84%	71.38%	70.51%	68.32%	69.53%	$6,208,466	$6,813,592	$605,126	9.75%
14	Claiborne Parish	74.60%	74.88%	75.01%	73.99%	74.88%	$8,529,141	$11,476,197	$2,947,056	34.55%
15	Concordia Parish	76.48%	75.65%	76.21%	75.79%	76.51%	$13,227,153	$14,773,577	$1,546,424	11.69%
16	DeSoto Parish	71.40%	72.18%	72.48%	71.56%	73.32%	$18,065,227	$22,698,547	$4,633,320	25.65%
17	E. Baton Rouge Parish	70.90%	72.29%	70.70%	68.80%	70.37%	$193,356,098	$203,402,145	$10,046,047	5.20%
18	East Carroll Parish	68.62%	70.33%	69.71%	68.53%	70.61%	$5,142,651	$6,582,474	$1,439,823	28.00%
19	East Feliciana Parish	70.86%	72.18%	72.56%	70.64%	72.50%	$8,281,281	$10,489,535	$2,208,254	26.67%
20	Evangeline Parish	73.76%	74.71%	74.02%	73.64%	74.49%	$18,680,863	$21,085,890	$2,405,027	12.87%
21	Franklin Parish	72.31%	71.82%	73.46%	73.45%	75.28%	$12,072,636	$14,616,995	$2,544,359	21.08%
22	Grant Parish	70.30%	71.15%	70.68%	68.74%	71.61%	$10,206,735	$12,311,459	$2,104,724	20.62%
23	Iberia Parish	74.56%	75.25%	74.95%	74.98%	75.39%	$49,166,720	$58,239,575	$9,072,855	18.45%
24	Iberville Parish	73.95%	71.99%	71.69%	69.16%	74.33%	$17,721,193	$19,799,659	$2,078,466	11.73%
25	Jackson Parish	71.85%	71.72%	69.46%	67.27%	69.71%	$9,238,716	$11,574,689	$2,335,973	25.28%
26	Jefferson Parish	72.34%	72.26%	71.85%	71.04%	72.38%	$187,061,393	$199,960,387	$12,898,994	6.90%
27	Jefferson Davis Parish	71.99%	72.81%	72.88%	71.62%	73.01%	$18,279,039	$23,179,402	$4,900,363	26.81%
28	Lafayette Parish	77.92%	78.46%	78.16%	77.84%	77.38%	$98,083,417	$116,381,847	$18,298,430	18.66%
29	Lafourche Parish	77.66%	78.08%	77.57%	76.61%	75.55%	$58,143,036	$61,949,991	$3,806,955	6.55%
30	LaSalle Parish	70.44%	73.34%	70.38%	70.39%	72.87%	$7,508,466	$10,628,903	$3,120,437	41.56%
31	Lincoln Parish	74.98%	75.66%	75.51%	72.74%	76.59%	$21,443,825	$22,818,563	$1,374,738	6.41%
32	Livingston Parish	76.96%	77.19%	77.90%	76.33%	77.24%	$56,388,638	$70,950,893	$14,562,255	25.82%
33	Madison Parish	73.39%	72.20%	71.30%	70.81%	72.11%	$7,813,025	$8,495,273	$682,248	8.73%
34	Morehouse Parish	71.25%	73.07%	72.56%	68.73%	71.99%	$15,793,150	$18,447,671	$2,654,521	16.81%
35	Natchitoches Parish	71.16%	72.02%	72.41%	72.36%	72.91%	$20,803,637	$25,763,660	$4,960,023	23.84%
36	Orleans Parish	72.48%	71.99%	70.03%	71.26%	70.45%	$247,160,184	$266,746,026	$19,585,842	7.92%
37	Ouachita Parish	75.36%	74.22%	73.46%	72.53%	74.36%	$55,486,789	$71,533,744	$16,046,955	28.92%
38	Plaquemines Parish	67.44%	66.22%	66.38%	64.42%	65.52%	$17,830,256	$20,729,320	$2,899,064	16.26%
39	Pointe Coupee Parish	74.29%	70.03%	70.86%	69.62%	69.89%	$10,724,266	$13,039,080	$2,314,814	21.58%
40	Rapides Parish	73.21%	74.71%	74.40%	73.07%	74.42%	$72,230,100	$89,847,360	$17,617,260	24.39%
41	Red River Parish	73.86%	74.22%	77.06%	67.81%	71.88%	$6,187,174	$6,727,557	$540,383	8.73%
42	Richland Parish	72.01%	72.83%	73.45%	72.41%	73.10%	$11,706,666	$13,693,799	$1,987,133	16.97%
43	Sabine Parish	74.84%	74.34%	73.59%	72.92%	72.98%	$13,173,340	$15,037,943	$1,864,603	14.15%
44	St. Bernard Parish	74.48%	75.13%	75.47%	74.60%	74.99%	$30,251,285	$36,067,147	$5,815,862	19.23%
45	St. Charles Parish	71.83%	75.33%	73.45%	71.12%	71.60%	$51,000,394	$51,330,086	$329,692	0.65%
46	St. Helena Parish	70.21%	72.54%	70.95%	66.86%	68.91%	$4,666,619	$4,920,332	$253,713	5.44%
47	St. James Parish	68.04%	69.30%	68.32%	75.77%	75.46%	$15,521,279	$16,778,981	$1,257,702	8.10%
48	St. John the Baptist Parish	71.68%	70.55%	72.20%	71.18%	72.30%	$22,778,472	$30,179,701	$7,401,229	32.49%
49	St. Landry Parish	73.96%	73.84%	73.63%	73.24%	74.07%	$45,222,793	$57,675,182	$12,452,389	27.54%
50	St. Martin Parish	75.72%	75.71%	75.31%	73.31%	73.11%	$27,489,737	$31,683,152	$4,193,415	15.25%
51	St. Mary Parish	72.96%	73.76%	73.60%	71.56%	72.53%	$39,172,515	$41,389,696	$2,217,181	5.66%
52	St. Tammany Parish	75.00%	75.19%	75.27%	74.81%	74.70%	$119,647,089	$149,197,894	$29,550,805	24.70%
53	Tangipahoa Parish	77.36%	78.39%	78.24%	77.36%	79.26%	$49,992,860	$62,886,200	$12,893,340	25.79%
54	Tensas Parish	69.57%	69.00%	68.63%	65.43%	66.30%	$4,083,155	$4,147,710	$64,555	1.58%
55	Terrebonne Parish	76.77%	77.62%	76.77%	75.22%	76.09%	$66,679,713	$79,464,376	$12,784,663	19.17%
56	Union Parish	70.93%	71.64%	72.16%	70.61%	72.09%	$8,633,295	$11,821,331	$3,188,036	36.93%
57	Vermilion Parish	73.88%	74.49%	73.21%	72.60%	73.32%	$27,644,453	$31,175,295	$3,530,842	12.77%
58	Vernon Parish	72.26%	73.38%	73.23%	71.88%	72.87%	$34,195,545	$39,578,929	$5,383,384	15.74%
59	Washington Parish	71.95%	72.02%	72.42%	72.07%	73.30%	$15,419,306	$19,026,581	$3,607,275	23.39%
60	Webster Parish	76.66%	76.66%	77.21%	75.63%	76.52%	$21,252,521	$26,390,458	$5,137,937	24.18%
61	W. Baton Rouge Parish	70.06%	69.86%	71.28%	71.21%	70.10%	$11,113,107	$15,337,377	$4,224,270	38.01%
62	West Carroll Parish	76.13%	76.43%	75.81%	73.80%	73.65%	$7,261,613	$7,865,217	$603,604	8.31%
63	West Feliciana Parish	70.88%	71.03%	69.98%	68.09%	69.22%	$9,964,773	$11,536,145	$1,571,372	15.77%
64	Winn Parish	71.33%	71.39%	70.82%	67.67%	68.67%	$7,919,935	$8,681,563	$761,628	9.62%
65	City of Monroe	74.76%	75.47%	75.38%	74.55%	75.87%	$31,701,381	$40,978,665	$9,277,284	29.26%
66	City of Bogalusa	73.67%	70.67%	70.62%	71.66%	71.04%	$10,633,123	$12,380,390	$1,747,267	16.43%
	STATE TOTAL	73.47%	73.87%	73.35%	72.63%	73.43%	$2,461,723,061	$2,863,748,566	$402,025,505	16.33%

Audits of MFP Data

Finding 2: The 2001-2002 school year audits revealed that 1,422 students should be denied inclusion from the October 1, 2001 Student Membership Count. Additionally, there were 1,175 student units denied from the Vocational Education Unit Count, and 2,293 students (383 gifted and talented and 1,910 other exceptionalities) denied from the Special Education Student Count. Four hundred thirty-one students were added to the At-Risk Student Count.

The audit findings resulted in adjustments to MFP funding levels with monetary savings to the State totaling *$5.6 million*. In the nine years in which funding adjustments have been made to local school districts' funding as a result of the audits, a total savings to the taxpayers of approximately *$30.8 million* has been realized. In addition, audits of student data were conducted at LSU and Southern University Lab schools.

Explanation: Students and/or units were denied inclusion in the October 1, 2001, Student Membership Count, Vocational Education Unit Count, and Special Education Student Count, and At-Risk Student Count for failing to meet established funding criteria. A number of school districts often misinterpreted the definitions when determining which students or units should or should not be counted for funding purposes. In 2001-2002, the audit staff began the process of risk based auditing. A risk analysis was developed based on certain criteria. Complete field audits were conducted in 16 school districts; combination fieldwork and desk reviews were conducted in eight school districts; and desk reviews were done for the remaining 42 school districts. Verification of membership data continues to be crucial because the MFP formula distributes State funds based on this information. Efforts again included resolving reporting errors in the October 1 Student Membership Count identified through computer generated reports, verification of the Vocational Education Unit Count, At-Risk Student Count, and Special Education Student Count. In addition, the student level data review was expanded to include an audit of the End of Year student data as submitted by the 66 Local School Districts.

Summary: In FY 1999-2000 the scope of the MFP audits was expanded to include reports provided by the Data Management staff that identified students who were reported as seniors for two consecutive years. Records of all students so identified were examined to determine if the students were appropriately included in the funded membership for the school district in which they were reported. A significant number of the identified students were not enrolled and attending school as of the October 1 funding date and were denied funding through the audit process.

In FY 2000-2001 the audit scope was further expanded to include reports of students reported in LANSER in Louisiana and who had no apparent SIS records in the state and also for students reported in LANSER in one school district and SIS in a different school district in the state. Audits of these select groups resulted in significant savings of state dollars.

Also in FY 2000-2001, the Data Management staff produced reports identifying students who were reported in the October 1 funded membership count and who, based on the end of year reporting should not have been included in funding. A reverse report was also generated identifying students who were not reported and

included for October 1 funded membership and who based on end of year reporting should have been funded. The audit staff examined supporting documentation for students on these reports. The result was dollar savings to the state and a more accurate report of students in the State of Louisiana.

All of the above resources continue to be used in the audit process. In FY 2002-2003, audits were expanded to include audit of PEP data as it related to the FY 2001-2002 certificated pay raise contained in the MFP formula. The scope of the MFP audits will continue to be refined with the ultimate goal of having the most accurate data possible used for funding the MFP program.

Decrease in SIS Reporting Errors

Finding 3: Since 1993-94, ongoing revisions and enhancements to the Student Information System (SIS) have resulted in significant decreases in reporting errors. The number of multiple enrollment errors occurring when two districts include the same student in membership has decreased by 872 students overall between 1993-94 and 2001-2002. During the 2001-2002 reporting year, this number decreased by 530 students over the prior year. Additionally, duplicate student errors, which occur when two students are identified on the database with the same or similar names, have also decreased by 1,994 students in the past nine years. The errors associated with reporting students with the same identification number have decreased as well by 5,178 students in the same time period.

Decrease of Reporting Errors in SIS

	1993-94	2001-2002	Difference	% Change
Multiple Enrollments	1,417	545	872	61% decrease
Duplicate Enrollments	2,462	468	1,994	81% decrease
Same ID	6,616	1,438	5,178	78% decrease

Explanation: The systems' edits and analyses associated with the Student Information System along with continued efforts of the staff of the Department in educating school district personnel on the importance of accuracy have resulted in improvements in the integrity of the data. Many districts now have similar edits and analysis programs they run on their data before submitting the data to the Department of Education.

Cumulative MFP Savings as a Result of Audits
Local School Districts and Lab Schools

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Number of students reduced from Oct. 1 membership	1,384	1,096	1,344	1,753	1,543	1,209	1,382	1,499	1,422
State dollars saved	$1,877,350	$2,367,994	$2,905,208	$2,961,111	$3,411,397	$2,246,193	$3,011,720	$6,382,521	$5,603,333
Cumulative dollars saved since creation of the Division of Education Finance	$1,877,350	$4,245,344	$7,150,552	$10,111,663	$13,523,060	$15,769,253	$18,780,973	$25,163,494	$30,766,827

Summary: Data integrity continues to be a primary focus for the Department. Phase I implementation of the Louisiana Education Accountability Data Systems (LEADS) project is currently underway. The project's long-term goal is to align and integrate all of the major Louisiana Department of Education data collections.

For FY 2002-2003 twenty-three school systems will be participating in the LEADS Phase I data collection, which will now see the Annual School Report data collected through the Student Information System (SIS), Profile of Educational Personnel (PEP) and the new Curriculum database systems, in place of the Annual School Report entry system. All school systems will be participating in LEADS Phase I by FY 2003-2004.

In addition to replacing the Annual School report collecting mechanism, LEADS Phase I will provide the ability to link students with their teachers and courses through the collection of class-level data.

Future phases of the LEADS project will include Grade collection, Transcript collection and GPA calculation, and the integration of SIS with the Special education system - Louisiana Network of Special Education Records (LANSER).

CONCLUSION

Accountability is now a major component of the Minimum Foundation Program. The evaluation, verification, and audit of the data elements utilized in the funding formula contribute to the integrity of the final State dollar amounts provided to the local school districts. Planned expansions in audit activities will serve to increase the level of confidence in the Minimum Foundation Program funding formula.

SECTION II
MFP EVALUATION REPORT

State and Local Revenues

Finding 1: Local revenues in FY 2001-2002 have increased by 21.4% since FY 1997-98. Sales tax revenues made up 54.8% of the $2 billion generated, while revenues from property taxes made up 36% of the total generated. In FY 2001-2002, districts in the lowest wealth quintile levied an average property tax rate of 34.09 mills (including debt) and an average sales tax rate (including debt) of 2.01% that generated on average $454 per pupil and $887 per pupil respectively. Districts in the highest wealth quintile levied an average property tax rate of 30.49 mills and a sales tax rate of 1.97%, which generated on average $1,275 per pupil and $2,438 per pupil. The overall increase in local revenues over the prior year was 2.5%, with sales tax revenues increasing 5.9% and property tax revenues increasing 5.4%.

Explanation: Local school systems continue to rely heavily on sales tax revenues for education. Sales taxes generate significantly greater revenues than those raised from property taxes. The data suggest that school districts with a low tax base usually have low funding per pupil even with high tax rates, whereas, districts with a high tax base (property and sales) have high funding per pupil with relatively the same or lower tax rates.

Finding 2: State revenues have increased 11.9% since FY 1997-98. In FY 2001-2002, State revenues made up 48.5% of the nearly $5.2 billion in total revenues collected. The Minimum Foundation Program (MFP), which is approximately 94% of the total State revenues, in FY 2001-2002 distributed on average $1,345 per pupil more to the districts in the lowest wealth quintile ($3,918) than to the districts in the highest wealth quintile ($2,573).

Explanation: The increase in State revenues is due mainly to the increase in the actual appropriated MFP amount of 4.8% over the prior year. The MFP continues to distribute funds in an equitable manner by providing more State funds to districts in the lower wealth quintile than to the districts in the highest wealth quintile.

Expenditures

Finding 3: Spending for total instruction has remained relatively stable since 1997-98. In FY 2001-2002, $2,943,407,994 was spent on classroom instruction, making up 55.6% of the Total Fund Expenditures including interest on debt ($5.3 billion). About 63% of classroom instruction - $1,853,001,312 - went for classroom teacher salaries. Of the Total Expenditures, districts in the lowest wealth quintile are spending approximately 64.1% on instruction (56.8% on classroom instruction), 28.7% on support, 5.8% on facility acquisition and construction, and 1.5% on interest on debt. Similarly, districts in the highest wealth quintile are spending 63.6% on instruction (55.8% on classroom instruction), 29.6% on total support, 4.9% on facility acquisition and construction, and 1.9% on interest on debt.

Explanation: Districts continue to spend similar percentages of the Total Expenditures including debt. This information is confirmed by low coefficient of variations (c.v.), which indicates that districts, regardless of wealth, on an average

spend comparable per pupil percentages on different programs (such as total instruction c.v. of .076).

MFP State Aid Coefficient of Variation and Correlation of Coefficients

Finding 4: The Coefficient of Variation (c.v.) in MFP State aid per pupil increased from c.v. of .134 in FY 1997-98 to c.v. of .162 in FY 2001-2002, but remains lower than the degree needed to offset disparities caused by the fiscal capacity of local school systems.

An inverse relationship between each district's Local Wealth Factor (LWF) and the amount of MFP State aid per pupil (r = -.181 in FY 1991-92 to r = -.908 in FY 2001-2002) has continued to strengthen since the adoption of the pupil-driven funding formula.

Explanation: When coupled, the correlation coefficient and the coefficient of variation indicate that, while the poorer districts do receive more in State aid per pupil, the difference in the amount distributed among districts is not sufficient to eliminate disparities caused by the varying fiscal capacity of local school systems.

State and Local Funding Targets

Finding 5: In FY 2001-2002, one school district (Madison) failed to meet the Level 1 share of costs. Madison Parish is in the lowest wealth quintile.

Twenty-six school systems, which make up the lowest wealth quintile in FY 2001-2002, were targeted to contribute an average $813 per pupil toward the costs of Level 1 support. While the average contribution made by these districts was $1,384 per pupil, one school system underfunded the local share by an average of $50 per pupil (or $122,953).

Ten school systems, which make up the highest wealth quintile, were targeted to contribute an average $2,339 per pupil toward the costs of Level 1 support. The contribution averaged $3,769 per pupil.

Explanation: The funding formula determines an amount needed from both the State and local sources to meet the costs determined in Level 1 of the formula. Underfunding occurs when local school districts fail to meet the Level 1 costs that are determined by the formula.

Finding 6: Eleven school systems continued to receive funding in Level 3 of the formula through an adjustment known as "Hold Harmless Funding." The eleven districts are Concordia, East Baton Rouge, Evangeline, Iberville, Jefferson, Lafayette, Plaquemines, Pointe Coupee, St. Charles, St. James, and West Feliciana. Funding necessary to accommodate the adjustment was $85.5 million in FY 2001-2002. Nine of the eleven districts were in the highest wealth quintile; one in the lowest wealth quintile; and one in the second to lowest quintile. The per pupil

Hold Harmless funding ranges from a high of $2,697 in West Feliciana to a low of $30 in Evangeline.

Explanation: The funding formula determines for each local school system an amount needed from both the State and local sources to meet the costs determined in Level 1. The prior year funding adjustments create a distribution of State aid that is contrary to the design of the MFP formula.

State's Effort to Equalize Funding

Finding 7: Districts in the highest wealth quintile on average generated $2,375 per pupil more in local revenues than the districts in the lowest wealth quintile. This difference is a reflection of greater fiscal capacity enjoyed by wealthier districts due to enhanced sales and property tax bases from which to derive revenue. The State, through its equalization efforts, was able to reduce the funding gap an average $1,316 per pupil. (The total State revenue provided to the districts in the lowest wealth quintile averaged $4,136 per pupil while the districts in the highest wealth quintile averaged $2,820 per pupil.)

Explanation: While the State has been able to offset the funding gap at a higher per pupil amount over time, the difference in the amount distributed among districts remains lower than the degree needed to offset disparities caused by the variation in fiscal capacity of local school systems.

Actual Average Classroom Teacher Salary and Number of Teachers Per One Thousand Students

Finding 8: There is little variation in the number of teachers hired and the average classroom teacher salary across quintiles. The data further indicate that the current method of distributing State dollars to local school systems for teacher salaries is in line with the Minimum Foundation Program (MFP) funding formula.

The actual average teacher salary in FY 2001-2002 was $36,328; this is $2,713 higher than the average teacher salary in FY 2000-2001 of $33,615. School systems in the fourth wealth quintile on average paid their teachers $37,134 (the highest actual average salaries by quintile in FY 2001-2002). This average was $2,514 more than for the teachers in the lowest wealth quintile, who averaged $34,620. The lowest number of teachers per one thousand was 62.4 in quintile four; the highest was 69.5 in the second lowest wealth quintile.

Explanation: The coefficient of variation in average teacher salary in 2001-2002 is c.v. = .056. The low coefficient of variation indicates that there is little disparity in the average teacher salary paid in the local school systems.

There is a moderate positive correlation between Local Wealth Factor (LWF) and the average teacher salary (FY 2001-2002 of r =.357), indicating that, as the local wealth of the district increases, the salaries paid to teachers also increases. A low negative correlation exists between the per pupil adjusted Minimum Foundation

Program amount and the actual average classroom teacher salary paid (r = -.323 in FY 2001-2002). That is, as the salary paid to teachers increases, the amount received from the Minimum Foundation Program declines. This relationship indicates that the current method of distributing dollars for teacher salaries is in line with the current funding formula. Moreover, there exists a positive relationship between the wealth of the local school system and the salaries paid to teachers and a negative relationship between the MFP distributions to the local school system and the salaries paid to teachers. It could be inferred from these relationships that classroom teachers' salaries are a function of local choice with some local school systems choosing to dedicate more local revenues to teacher salaries.

There is a negative relationship (r = -.574) between the number of teachers per one thousand students and the size of the local school system *(measured by the October 1 Elementary/Secondary Membership).* That is, as the size of the district increases, the number of teachers per one thousand students in the local school system decreases. The local wealth factor (r = .408) is positively related to the size of the local school system. Therefore, the data indicate that the districts with greater wealth and size tend to pay more through local funds.

MFP Formula Summary

Since its inception, the MFP Formula has been studied, revised and tweaked in response to concerns raised from the parties impacted by the mechanics of the formula. On the one hand, those receiving a distribution of funds through the Minimum Foundation Program Formula have an ever-watchful eye toward funding outcomes in relation to the impact of the formula on their individual school systems. On the other hand, legislators and policy-makers have a vested interest in the MFP Formula, as they are required to provide the means of financing the formula. Both parties' primary desire is that the goals of the MFP Formula be fulfilled through an equitable system that adequately meets the needs of all types of students in an environment allowing each to excel to the best of his or her ability.

Four primary issues related to state funding through the MFP formula continue to be explored. They are equity of state funding, adequacy of state funding, financial accountability and teacher pay. The most recent venue for study of the Minimum Foundation Program was the School Finance Review Commission established by Executive Order MJF 01-47 on October 17, 2001 by Governor Mike Foster. The Commission was charged with studying funding issues related to the Minimum Foundation Program Formula (MFP).

When equity is discussed, questions continue to be raised about the method for calculating wealth among districts. Even though "Hold Harmless" funding was frozen in FY 2001-2002 and isolated in Level 3 of the funding formula, the appropriateness of the "Hold Harmless" provision and its impact on equity continues to be an issue. Another recurring question surrounding the calculation of local wealth is whether or not personal income of individual school districts should be recognized when calculating the wealth of a school system.

Adequacy discussions center on whether the funding formula provides an amount of funding that is sufficient to assure a minimum educational program for every child. An initial query is whether the base per pupil amount is sufficient to meet the goals of the formula and the needs of the districts. Also of primary concern is that the formula provides state funding that is adequate for the needs of parish and city school systems serving high poverty children and special education children. Areas to review include spending patterns across districts and schools where these special needs children are being successfully served as well as the appropriateness of weights currently assigned in the formula.

In the area of financial accountability lies an effort to link accountability requirements to state funding. Districts should demonstrate financial accountability and program efficiency through improved student achievement. Key to this discussion is what the role of the State should be in determining proper resource allocation. For those systems not demonstrating acceptable progress in student achievement, the feasibility of the State directing classroom expenditures and/or suspending funding for some districts as outlined in the current standards-based Accountability Program may be explored. As noted earlier, the MFP Accountability Report is an outcome of the work of the Commission. A report must be generated for all schools with performance scores below the state average and growth of less than five points. This report will be submitted each year by April 1 to the House and Senate Committees on Education, with the first report due on April 1, 2004.

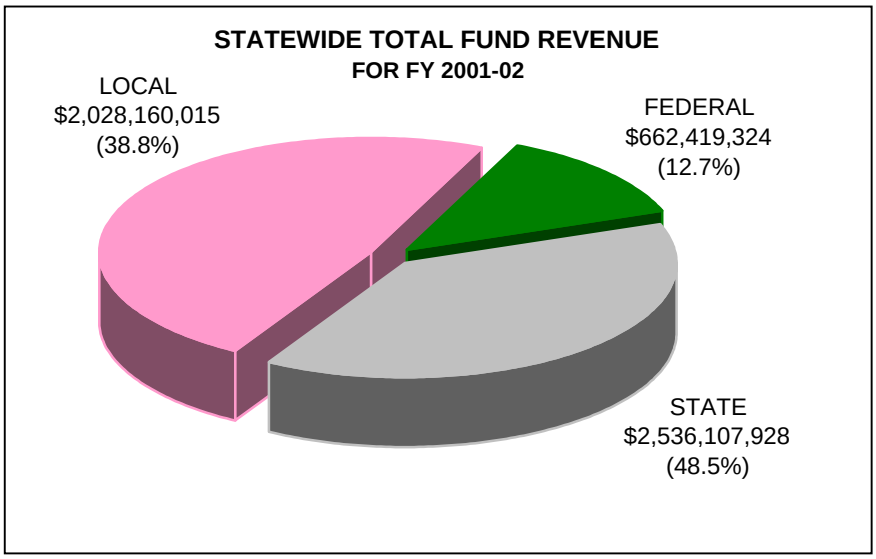
Finally, the fourth area of major concern for the Commission is teacher pay. Included for discussion of this topic is the method and impact of future pay raises on formula equity, salary equity among parish and city school systems, the relationship between teacher pay and class size, and what the State's role is in achieving a certain level of teacher compensation. Central to this issue is the cost of elevating teacher pay and where the burden for increased teacher salaries should be borne. Discussions should also include what will be required of teachers in the areas of skills, knowledge, and student performance when and if the State is able to meet teacher compensation goals. Another consideration when addressing teacher pay is the relevancy of a state teacher salary schedule and how such a schedule might be used in relation to MFP funding.

Each of these four issues seems to link equitable and adequate funding to resource allocation producing an acceptable level of standards-based performance. While state lawmakers continue to face growing demands to adequately fund education, school districts face escalating expectations from all interested parties that their allocation of resources be made in a manner that produces acceptable student performance outcomes.

SECTION III
SUMMARY OF DATA REVIEWED

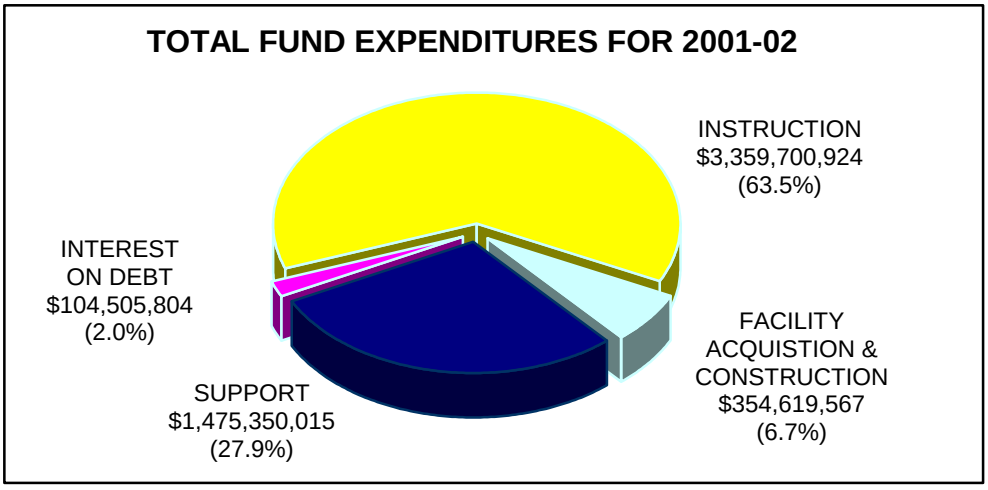
Revenues and Expenditures

Graph 1 illustrates the proportion of local, state and federal revenues to Total Fund Revenues collected in FY 2001-2002. Of the Total Revenues for education, 48.5% came from State sources [$2,536,107,928)]; 38.8% [$2,028,160,015] from local sources; and 12.7% [$662,419,324] from federal sources. Overall, 2001-2002 Total Fund Revenues from all sources show an absolute increase of 4.9% percent from the prior year.



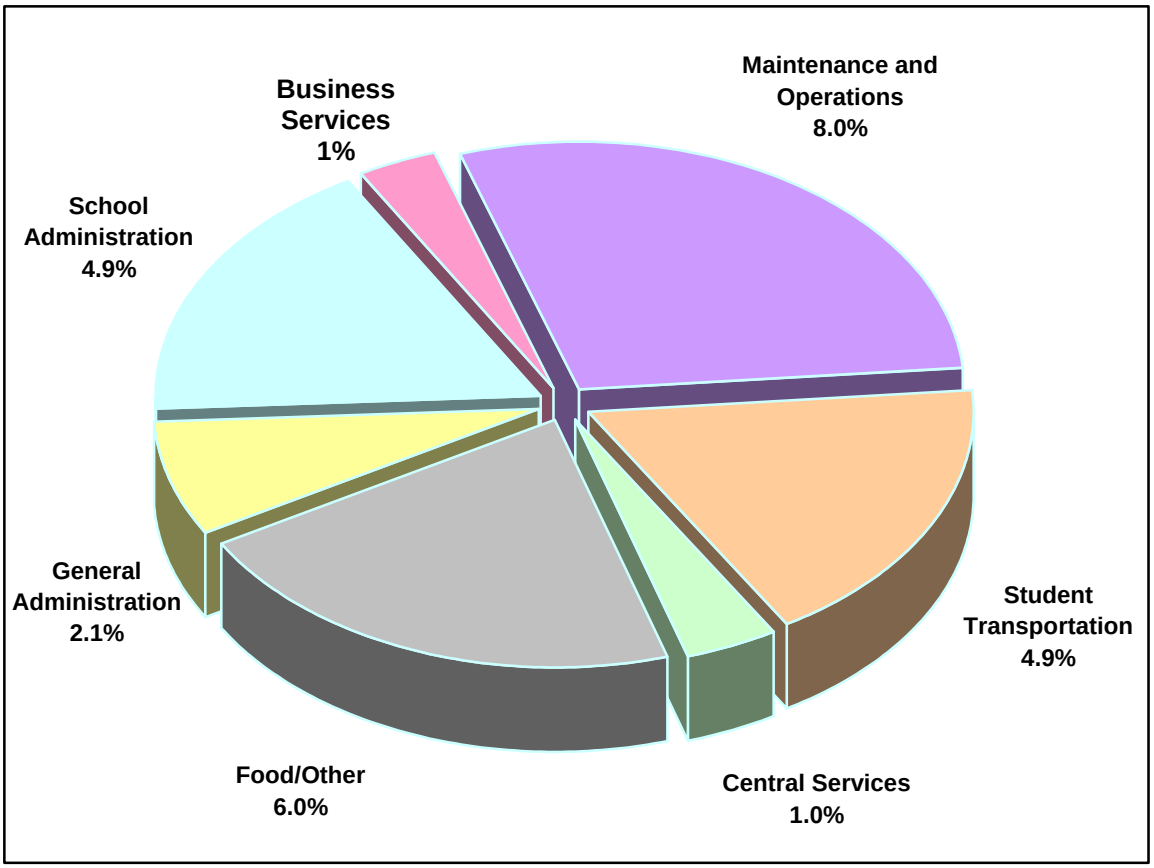
Graph 1

As illustrated in **Graph 2** below, in FY 2001-2002, 63.5% of Total Fund Expenditures (including interest on debt) went to provide instructional services [$3,359,700,924]. These services are those that involve direct interaction between teachers and students in various learning environments (i.e., the classroom, home or hospital). Expenditures for support services such as food service, transportation, business and administrative services make up 27.9% [$1,475,350,015] of Total Fund Expenditures. Facility acquisitions and construction services make up 6.7% [$354,619,567] and interest on debt accounts for 2.0% [$104,505,804] of Total Fund Expenditures.



Graph 2

2001-02 SUPPORT EXPENDITURES AS A PERCENT OF TOTAL EXPENDITURES



Graph 3

Tables 1 to 7 of this section represent the data reviewed and include revenues, expenditures, tax data, and measures of fiscal equity in terms of the degree of variation among school districts and the relationship between these factors and the wealth of the local school system.

Table 1 includes the overall percentage change in absolute revenues generated and expenditures by local school districts. Since FY 1997-98, local school systems have increased their total share of support for education by 21.4%. Districts continue to rely more heavily on revenues generated from sales taxes (increasing by 26.2% since FY 1997-98) than those generated through property taxes. Contribution through the MFP formula has risen 14.2% since FY 1997-98. Districts have increased spending for both instruction (19.4% since FY1997-98) and support services (16.2% since FY1997-98). With regard to fiscal equity, examinations of both variation and the correlation between revenues generated, spending per pupil and wealth of each local school district are shown in **Tables 2 and 3.**

Table 2. The degree of fiscal equity, with regard to revenues and expenditures per pupil, has been examined first in terms of the coefficient of variation. Coefficients closer to zero indicate less disparity in the average per pupil amount among school districts. Generally, the degree of variation in per pupil revenues and expenditures has shown little change since the inception of the new MFP formula. Variation in per pupil revenues remains higher among school systems than variations in spending. The Coefficient of Variation (c.v.) in MFP State aid per pupil increased from c.v. = .134 in FY 1997-1998 to c.v. = .162 in FY 2001-2002, an increase that is not sufficient to offset the disparities caused by the variation in fiscal capacity of local school systems. A larger coefficient of variation for the MFP per pupil allocation indicates greater capability to amend possible spending disparities that are a result of the local school systems' fiscal capacity. Variation in total instructional expenditures per pupil has continued to decline [.093 in 1997-98, .090 in 1998-1999, .080 in 1999-2000, .078 in 2000-2001 and .076 in 2001-2002]. The coefficient of variation in total support expenditures varied from year to year [.142 in 1997-98, .121 in 1998-1999, .132 in 1999-2000, .139 in 2000-2001, and .141 in 2001-2002].

In addition to the coefficient of variation, fiscal equity is measured using the bivariate correlation coefficient[1]. This method measures the relationship between each local school district's relative Local Wealth Factor (LWF) and either revenues or expenditures. The local wealth factor (LWF) is derived by ranking local school systems according to the proportion of potential revenues raised if the statewide average property millage were levied against net assessed property values and the statewide average sales tax rate were levied against the estimated sales tax base. This method parallels the Representative Tax System (RTS) developed by the Advisory Commission on Intergovernmental Relations (ACIR) and used by the federal government to estimate tax capacity of the states.

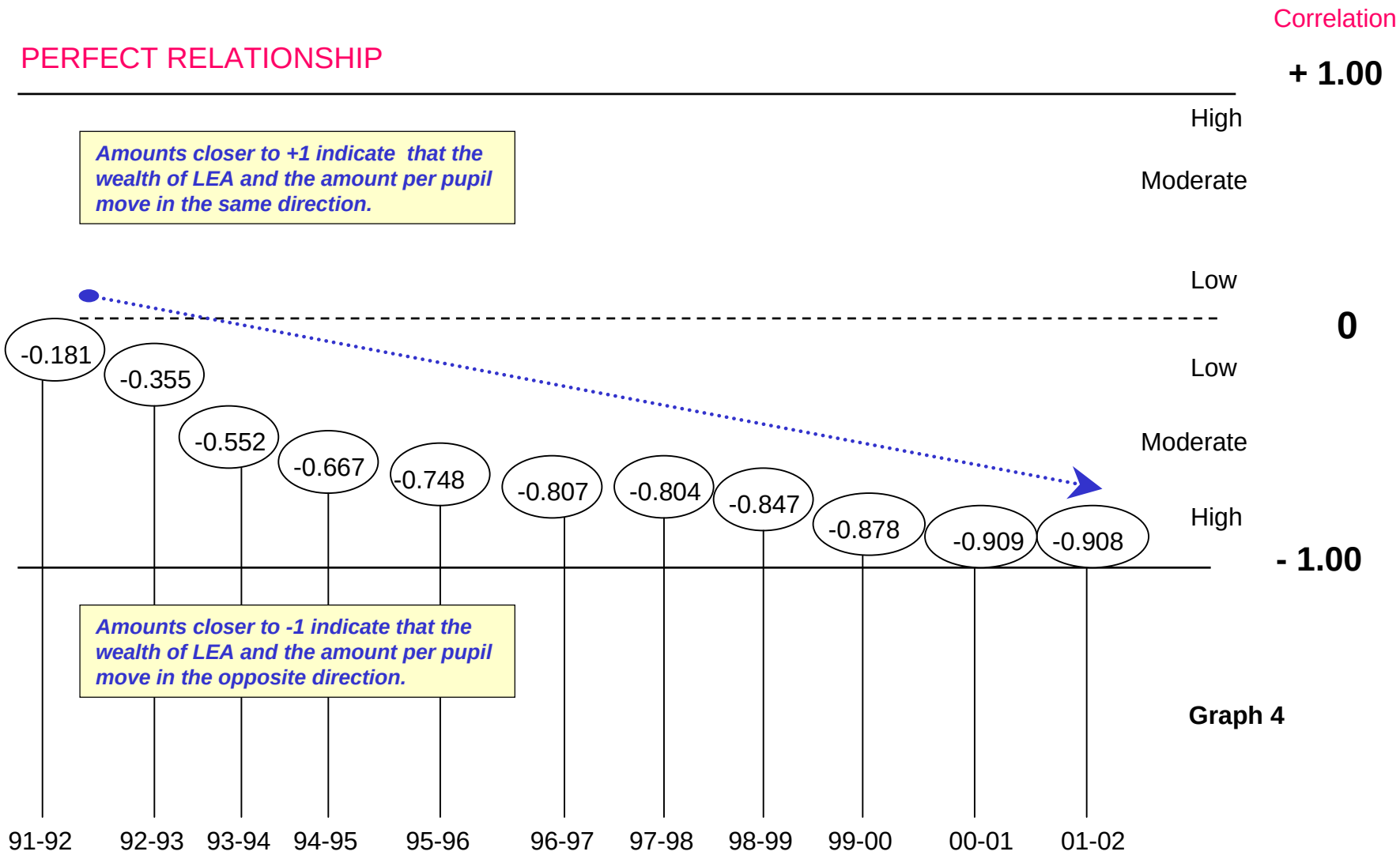
Correlation *coefficients (See Table 3.)* are used to show both the direction (i.e., whether inverse or positive) and movement (i.e., toward either -1 or +1) between two variables. Correlation coefficients showing a strong positive relationship [equal to +1.00][2] between local wealth and Total Local Revenues per pupil [r = .863 in FY 2001-2002] raise concerns for each district's ability to pay. However, a strong inverse relationship [equal to -1] between local wealth per pupil (i.e., LWF) and MFP per pupil allocation [r = -.908 in FY 2001-2002] is used to indicate how well the State funding formula offsets disparity. **(See Graph 4 on the following page.)**

The longitudinal analysis provided on Table 3, and as illustrated by Graph 4, shows encouraging movement (i.e., stronger and inverse) between wealth of the local school district and MFP per pupil allocations. This movement has favorable implications for measuring the ability of the pupil-driven formula to offset and impact fiscal disparities

[1] See **Table 3**

[2] As the school district's local wealth increases total local revenues increase.

Relationship Between LWF and MFP



Graph 4

that are a result of a district's fiscal capacity. In terms of magnitude, the impact made by the funding formula (**See Table 4**.) continues to be diminished by policy decisions such as hold-harmless, which undermines the formula's intent. The inverse relationship between local wealth factor and MFP State aid per pupil indicates a steady movement toward negative one (-1), which indicates that as wealth goes up, State aid goes down. In addition, the disparity among local school systems' ability to generate revenues has steadily increased as well. Another way disparities are examined is to look at the range in spending per pupil.

Table 5 outlines changes in selected variables related to fiscal capacity, revenues, State aid through the MFP, taxes and expenditures for instruction. On an average, revenues generated from property millages and sales tax rates are much greater in districts with higher wealth factors than in districts with lower wealth factors. For example, the disparity in the range of fiscal capacity varies from $1,034 per pupil for districts in the lowest wealth quintile to $3,089 per pupil for districts in the highest wealth quintile. An attempt is made to offset this disparity through a greater MFP per pupil allocation to districts with lower Local Wealth Factors. The statewide average millage rate in FY 2001-2002 was 40.82 mills; the statewide average sales tax rate was 1.87%. Districts in the lowest wealth quintile averaged 34.09 mills, which was higher than the average 30.49 mills for districts in the highest wealth quintile. The average sales tax rate in the lowest wealth quintile was 2.01%; the average sales tax rate in the highest wealth quintile was 1.97%. Spending for instruction ranged from $4,309 per pupil in the lowest wealth quintile to $4,816 per pupil in the highest wealth quintile, an average difference of $508 per pupil.

State and Local Funding Targets

Comparisons are made between revenues targeted for Level 1 funding of the MFP and actual collections. The difference between the actual and targeted amount reflects the degree to which the funding formula is working as designed.

Table 6 provides the analysis showing the extent to which actual local *funding* in FY 2001-2002 matched the amount targeted to meet the costs determined in Level 1 of the funding formula. Actual local revenues collected exceeded the amount targeted for Level 1 by $802,712,547 [$1,077,222,658 MFP Local Target; $1,879,935,205 MFP Actual Revenues from Sales and Property taxes levied]. Only one school district representing 2,445 students failed to contribute the amount targeted for the district by $122,953.

Table 7 shows the extent of S*tate MFP funding* in FY 2001-2002 for the hold harmless provision (previously referred to as prior year formula calculation). In FY 2001-2002, the State awarded $85.5 million, an average $507 per pupil to select districts. This type of funding is provided for eleven districts that would otherwise receive substantially less in State funding.

Summary of Data Reviewed

Quintile	FY 2001-2002 Hold Harmless Funding				
	Lowest	**Second**	**Third**	**Fourth**	**Highest**
No. of Districts	1	1	0	0	9
Amt. Per Pupil	$30	$61	$0	$0	$536
No. of Students	6,232	3,769	0	0	158,905

CONCLUSION

The Department continues to entertain discussions regarding additional methods of evaluating the resources available to school districts. Data management technology continues to be updated, allowing the Department to gather more and better data relating to all facets of school district operations. The Department has offered assistance to the School Finance Review Commission. The State Board of Elementary and Secondary Education (SBESE) has acted upon recommendations of the Commission, such as the addition of the MFP Accountability Report requirement in the FY 2003-2004 MFP Resolution. In addition, SBESE began conducting District Dialogues, whereby key district staff members from 12 school districts met with a State Review Committee comprised of SBESE members, community leaders, and legislative members. Critical aspects of the district's performance were reviewed, analyzed and evaluated. Financial data were included as part of this review process.

Evaluation of the data elements serves as a basis for making inferences that are relevant to meeting the goals of the Minimum Foundation Program. These goals include meeting student academic needs, equitably distributing the costs, creating incentives for local school systems to support a minimum education program, and evaluating performance in relation to funding.

Note: See the Department website for by district detail of the following State level tables. Address: http://www/lde/finance/1793.html

Tables

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TABLE 1

1997-98 TO 2001-2002 STATEWIDE TOTALS FOR SELECTED LOUISIANA SCHOOL FINANCE REVENUE AND EXPENDITURE VARIABLES TOTAL FUNDS: FIVE YEAR TREND

DESCRIPTION	1997 - 1998	Proportion to Grand Total	1998-1999	Proportion to Grand Total	1999-2000	Proportion to Grand Total	2000-2001	Proportion to Grand Total	2001-2002	Proportion to Grand Total	CHANGE IN REVENUE & EXPENDITURES 97-98 To 01-02 ABSOLUTE	97-98 To 01-02 PERCENT	00-01 To 01-02 ABSOLUTE	00-01 To 01-02 PERCENT
REVENUE														
TOTAL LOCAL	$1,670,832,504	**37.6%**	$1,737,818,404	**37.4%**	$1,868,387,266	**39.0%**	$1,978,896,656	**39.7%**	$2,028,160,015	**38.8%**	*$357,327,511*	*21.4%*	*$49,263,359*	*2.5%*
PROPERTY	*$602,587,293*		*$618,800,174*		*$656,093,426*		*$694,534,460*		*$732,227,723*		*$129,640,430*	*21.5%*	*$37,693,263*	*5.4%*
Non-Debt	*$451,597,920*		*$477,828,625*		*$509,506,685*		*$541,526,099*		*$572,904,335*		*$121,306,415*	*26.9%*	*$31,378,236*	*5.8%*
Debt	*$150,989,373*		*$140,971,549*		*$146,586,741*		*$153,008,361*		*$159,323,388*		*$8,334,015*	*5.5%*	*$6,315,027*	*4.1%*
SALES	*$880,750,023*		*$913,203,900*		*$1,000,538,884*		*$1,049,414,065*		*$1,111,759,929*		*$231,009,906*	*26.2%*	*$62,345,864*	*5.9%*
Non-Debt	*$854,709,879*		*$885,361,342*		*$971,058,192*		*$1,020,102,454*		*$1,077,416,879*		*$222,707,000*	*26.1%*	*$57,314,425*	*5.6%*
Debt	*$26,040,144*		*$27,842,558*		*$29,480,692*		*$29,311,611*		*$34,343,050*		*$8,302,906*	*31.9%*	*$5,031,439*	*17.2%*
TOTAL STATE	$2,266,287,211	**51.0%**	$2,364,875,857	**50.9%**	$2,361,701,215	**49.3%**	$2,425,434,133	**48.7%**	$2,536,107,928	**48.5%**	*$269,820,717*	*11.9%*	*$110,673,795*	*4.6%*
MFP[1]	*$2,088,511,104*		*$2,184,959,240*		*$2,253,136,739*		*$2,275,965,513*		*$2,384,437,631*		*$295,926,527*	*14.2%*	*$108,472,118*	*4.8%*
TOTAL FEDERAL	$506,524,601	**11.4%**	$540,894,251	**11.6%**	$562,525,038	**11.7%**	$579,603,436	**11.6%**	$662,419,324	**12.7%**	*$155,894,723*	*30.8%*	*$82,815,888*	*14.3%*
TOTAL REVENUES[2]	**$4,443,644,316**	**100.0%**	**$4,643,588,512**	**100.0%**	**$4,792,613,519**	**100.0%**	**$4,983,934,225**	**100.0%**	**$5,226,687,267**	**100.0%**	*$783,042,951*	*17.6%*	*$242,753,042*	*4.9%*
EXPENDITURES														
INSTRUCTIONAL														
CLASSROOM INSTRUCTION	$2,480,937,931	56.8%	$2,636,586,735	56.1%	$2,672,328,200	55.6%	$2,715,831,552	55.0%	$2,943,407,994	55.6%	*$462,470,063*	*18.6%*	*$227,576,442*	*8.4%*
CLASSROOM TEACHER SALARY[3]	*$1,532,778,519*	*35.1%*	*$1,622,290,761*	*34.5%*	*$1,687,942,220*	*35.1%*	*$1,710,031,558*	*34.6%*	*$1,853,001,312*	*35.0%*	*$320,222,793*	*20.9%*	*$142,969,754*	*8.4%*
PUPIL SUPPORT	$157,511,174	3.6%	$169,406,594	3.6%	$175,644,617	3.7%	$181,039,115	3.7%	$197,820,676	3.7%	*$40,309,502*	*25.6%*	*$16,781,561*	*9.3%*
INSTRUCTIONAL STAFF SUPPORT	$174,753,160	4.0%	$191,497,299	4.1%	$199,544,112	4.1%	$200,576,145	4.1%	$218,472,254	4.1%	*$43,719,094*	*25.0%*	*$17,896,109*	*8.9%*
TOTAL INSTRUCTION	**$2,813,202,265**	**64.5%**	**$2,997,490,628**	**63.7%**	**$3,047,516,929**	**63.4%**	**$3,097,446,812**	**62.7%**	**$3,359,700,924**	**63.5%**	*$546,498,659*	*19.4%*	*$262,254,112*	*8.5%*
SUPPORT														
GENERAL ADMINISTRATION	$96,717,965	2.2%	$91,183,160	1.9%	$98,016,108	2.0%	$103,592,296	2.1%	$109,845,074	2.1%	*$13,127,109*	*13.6%*	*$6,252,778*	*6.0%*
SCHOOL ADMINISTRATION	$219,446,759	5.0%	$233,498,907	5.0%	$235,605,828	4.9%	$241,790,884	4.9%	$258,257,205	4.9%	*$38,810,446*	*17.7%*	*$16,466,321*	*6.8%*
BUSINESS SERVICES	$39,793,590	0.9%	$43,817,466	0.9%	$45,787,728	1.0%	$46,968,325	1.0%	$50,329,682	1.0%	*$10,536,092*	*26.5%*	*$3,361,357*	*7.2%*
MAINT. & OPERATIONS	$351,754,553	8.1%	$359,879,086	7.7%	$372,029,601	7.7%	$418,940,549	8.5%	$422,735,382	8.0%	*$70,980,829*	*20.2%*	*$3,794,833*	*0.9%*
STUDENT TRANSPORTATION	$227,676,450	5.2%	$236,017,131	5.0%	$239,084,982	5.0%	$254,162,266	5.1%	$262,039,516	4.9%	*$34,363,066*	*15.1%*	*$7,877,250*	*3.1%*
CENTRAL SERVICES	$36,528,884	0.8%	$48,365,936	1.0%	$61,368,726	1.3%	$53,716,574	1.1%	$54,952,912	1.0%	*$18,424,028*	*50.4%*	*$1,236,338*	*2.3%*
FOOD/OTHER SERVICES*	$297,415,722	6.8%	$303,742,171	6.5%	$302,420,570	6.3%	$305,700,881	6.2%	$317,190,244	6.0%	*$19,774,522*	*6.6%*	*$11,489,363*	*3.8%*
TOTAL SUPPORT	**$1,269,333,923**	**29.1%**	**$1,316,503,857**	**28.0%**	**$1,354,313,543**	**28.2%**	**$1,424,871,775**	**28.9%**	**$1,475,350,015**	**27.9%**	*$206,016,092*	*16.2%*	*$50,478,240*	*3.5%*
FACILITY ACQ. & CONSTR. SERVICES	**$182,951,975**	**4.2%**	**$289,891,877**	**6.2%**	**$307,354,401**	**6.4%**	**$312,830,128**	**6.3%**	**$354,619,567**	**6.7%**	*$171,667,592*	*93.8%*	*$41,789,439*	*13.4%*
TOTAL EXPENDITURES	**$4,265,488,163**	**97.7%**	**$4,603,886,362**	**97.9%**	**$4,709,184,873**	**97.9%**	**$4,835,148,715**	**97.9%**	**$5,189,670,506**	**98.0%**	*$924,182,343*	*21.7%*	*$354,521,791*	*7.3%*
INTEREST ON DEBT	**$99,169,088**	**2.3%**	**$99,868,063**	**2.1%**	**$101,224,392**	**2.1%**	**$102,151,802**	**2.1%**	**$104,505,804**	**2.0%**	*$5,336,716*	*5.4%*	*$2,354,002*	*2.3%*
TOTAL EXPENDITURES AND INTEREST ON DEBT	**$4,364,657,251**	**100.0%**	**$4,703,754,425**	**100.0%**	**$4,810,409,265**	**100.0%**	**$4,937,300,517**	**100.0%**	**$5,294,176,310**	**100.0%**	*$929,519,059*	*21.3%*	*$356,875,793*	*7.2%*
DEBT SERVICE														
PRINCIPAL	$96,430,172		$144,472,672		$123,987,252		$133,370,797		$147,000,434		*$50,570,262*	*52.4%*	*$13,629,637*	*10.2%*
OTHER	$14,306,713		$16,158,099		$8,071,779		$7,655,034		$9,197,114		*($5,109,599)*	*-35.7%*	*$1,542,080*	*20.1%*
TOTAL DEBT SERVICE	**$110,736,885**		**$160,630,771**		**$132,059,031**		**$141,025,831**		**$156,197,548**		*$45,460,663*	*41.1%*	*$15,171,717*	*10.8%*
TOTAL OF DEBT SERVICE AND EXPENDITURES	**$4,475,394,136**		**$4,864,385,196**		**$4,942,468,296**		**$5,078,326,348**		**$5,450,373,858**		*$974,979,722*	*21.8%*	*$372,047,510*	*7.3%*

[1] MFP Revenue is a subset of Total State Funds
FY 1997-98: Circular 991, Table 5, (Col. 27d)
FY 1998-99: Circular 1061, Table 4, (Col. 28)
FY 1999-00: Circular 1063, Table 4; (Col. 28)
FY 2000-01: Circular 1066, Table 2, (Col. 8)
FY 2001-02: Circular 1071, Table 2, (Col. 8)

[2] Includes Revenues for Non-public transportation and textbooks

[3] Summary of Actual Salaries (Object Code 112 and Function 1000 Series Total Funds per AFR); a subset of classroom instruction.

* Other Services = Enterprises Operations and Community Service Operations

NOTE: Revenues are for all sources including debt service functions.

SOURCE: Annual Financial Report

TABLE 1A
AVERAGE PER PUPIL* FOR SELECTED
LOUISIANA SCHOOL FINANCE REVENUE AND EXPENDITURE VARIABLES: 1997-98 TO 2001-2002

DESCRIPTION	1997-98 MEAN	1998-99 MEAN	1999-00 MEAN	2000-01 MEAN	2001-2002 MEAN	CHANGE IN PER PUPIL AMOUNT 97-98 TO 01-02	CHANGE IN PER PUPIL AMOUNT 00-01 TO 01-02
STUDENT MEMBERSHIP	773,073	764,939	750,982	737,223	725,027	(48,046)	(12,196)
REVENUE							
TOTAL LOCAL	$2,161	$2,272	$2,488	$2,684	$2,797	$636	$113
PROPERTY	$779	$809	$874	$942	$1,010	$230	$68
Non-Debt	$584	$625	$678	$735	$790	$206	$56
Debt	$195	$184	$195	$208	$220	$24	$12
SALES	$1,139	$1,194	$1,332	$1,423	$1,533	$394	$110
Non-Debt	$1,106	$1,157	$1,293	$1,384	$1,486	$380	$102
Debt	$34	$36	$39	$40	$47	$14	$8
TOTAL STATE	$2,932	$3,092	$3,145	$3,290	$3,498	$566	$208
MFP[1]	*$2,702*	*$2,856*	*$3,000*	*$3,087*	*$3,289*	*$587*	*$202*
TOTAL FEDERAL	$655	$707	$749	$786	$914	$258	$127
TOTAL REVENUE	**$5,748**	**$6,071**	**$6,382**	**$6,760**	**$7,209**	**$1,461**	**$449**
EQUIVALENT TAX RATES[2]							
PROPERTY***	40.96M	40.64M	41.11M	40.82M	40.82M	-0.14M	0.0M
Non-Debt	30.7M	31.38M	31.93M	31.83M	31.94M	1.24M	0.11M
Debt	10.26M	9.26M	9.19M	8.99M	8.88M	-1.38M	-0.11M
SALES	1.67%	1.73%	1.80%	1.82%	1.87%	0.20%	0.05%
Non-Debt	1.62%	1.68%	1.75%	1.77%	1.81%	0.19%	0.04%
Debt	0.05%	0.05%	0.05%	0.05%	0.06%	0.01%	0.01%
EXPENDITURES							
INSTRUCTIONAL							
CLASSROOM INSTRUCTION	$3,209	$3,447	$3,558	$3,684	$4,060	$851	$376
Classroom Teacher Salary[3]	*$1,983*	*$2,121*	*$2,248*	*$2,320*	*$2,556*	*$573*	*$236*
PUPIL SUPPORT	$204	$221	$234	$246	$273	$69	$27
INSTRUCTIONAL STAFF SUPPORT	$226	$250	$266	$272	$301	$75	$29
TOTAL INSTRUCTION	**$3,639**	**$3,919**	**$4,058**	**$4,202**	**$4,634**	**$995**	**$432**
SUPPORT							
GENERAL ADMINISTRATION	$125	$119	$131	$141	$152	$26	$11
SCHOOL ADMINISTRATION	$284	$305	$314	$328	$356	$72	$28
BUSINESS SERVICES	$51	$57	$61	$64	$69	$18	$6
MAINT. & OPERATIONS	$455	$470	$495	$568	$583	$128	$15
STUDENT TRANSPORTATION	$295	$309	$318	$345	$361	$67	$17
CENTRAL SERVICES	$47	$63	$82	$73	$76	$29	$3
FOOD/OTHER SERVICES	$385	$397	$403	$415	$437	$53	$23
TOTAL SUPPORT	**$1,642**	**$1,721**	**$1,803**	**$1,933**	**$2,035**	**$393**	**$102**
FACILITY ACQ. & CONSTR. SERVICES	$237	$379	$409	$424	$489	$252	$65
TOTAL EXPENDITURES	**$5,518**	**$6,019**	**$6,271**	**$6,559**	**$7,158**	**$1,640**	**$599**
INTEREST ON DEBT	**$128**	**$131**	**$135**	**$139**	**$144**	**$16**	**$6**
TOTAL EXPENDITURES AND INTEREST ON DEBT	**$5,646**	**$6,149**	**$6,405**	**$6,697**	**$7,302**	**$1,656**	**$605**
DEBT SERVICE							
PRINCIPLE	$125	$189	$165	$181	$203	$78	$22
OTHER	$19	$21	$11	$10	$13	($6)	$2
TOTAL DEBT SERVICE	**$143**	**$210**	**$176**	**$191**	**$215**	**$72**	**$24**
TOTAL OF DEBT SERVICE AND EXPENDITURES	**$5,789**	**$6,359**	**$6,581**	**$6,888**	**$7,517**	**$1,728**	**$629**

* Per Pupil amounts are based on Elementary/Secondary Membership as of October 1

[1] MFP Revenue is a subset of Total State Funds.

[2] Sales Tax Rates and Property Tax Millages per Circular 1071 (FY 2001-02), Table 7

[3] Summary of Actual Salaries (Object Code 112 and Function 1000 Series Total Funds per AFR); A subset of Classroom Instruction.

NOTE: Revenues include all sources for debt service functions; expenditures exclude debt service functions.

SOURCE: Annual Financial Report

TABLE 2

COEFFICIENT[1] OF VARIATION FOR SELECTED LOUISIANA SCHOOL FINANCE VARIABLES: 1997-98 to 2001-02

DESCRIPTION	*1997-98 COEFFICIENT OF VARIATION*	*1998-99 COEFFICIENT OF VARIATION*	*1999-00 COEFFICIENT OF VARIATION*	*2000-01 COEFFICIENT OF VARIATION*	*2001-02 COEFFICIENT OF VARIATION*
REVENUE					
TOTAL LOCAL	0.363	0.346	0.351	0.338	0.351
PROPERTY	0.626	0.618	0.609	0.587	0.594
Non-Debt	0.787	0.748	0.731	0.700	0.708
Debt	0.731	0.792	0.794	0.810	0.801
SALES	0.447	0.449	0.439	0.429	0.416
Non-Debt	0.462	0.462	0.456	0.444	0.433
Debt	5.620	1.886	1.912	1.954	1.853
TOTAL STATE	0.115	0.128	0.147	0.157	0.151
MFP[2]	*0.134*	*0.134*	*0.156*	*0.169*	*0.162*
TOTAL FEDERAL	0.255	0.252	0.254	0.237	0.264
TOTAL REVENUE	**0.101**	**0.095**	**0.099**	**0.094**	**0.095**
EQUIVALENT TAX RATES					
PROPERTY	0.361	0.436	0.434	0.440	0.438
Non-Debt	0.566	0.543	0.538	0.528	0.515
Debt	0.708	0.801	0.809	0.824	0.807
SALES	0.256	0.243	0.223	0.220	0.205
Non-Debt	0.258	0.257	0.236	0.237	0.221
Debt	3.333	2.200	2.200	2.200	1.974
EXPENDITURES					
INSTRUCTIONAL					
CLASSROOM INSTRUCTION	0.089	0.082	0.075	0.076	0.072
Classroom Teacher Salary[3] (Expenditures)	*0.090*	*0.079*	*0.073*	*0.069*	*0.067*
Actual Average Classroom Teacher Salary[4]	*0.093*	*0.088*	*0.063*	*0.061*	*0.056*
PUPIL SUPPORT	0.229	0.242	0.237	0.229	0.224
INSTRUCTIONAL STAFF SUPPORT	0.269	0.273	0.249	0.260	0.279
TOTAL INSTRUCTION	**0.093**	**0.090**	**0.080**	**0.078**	**0.076**
SUPPORT					
GENERAL ADMINISTRATION	0.516	0.531	0.545	0.528	0.525
SCHOOL ADMINISTRATION	0.162	0.158	0.169	0.183	0.170
BUSINESS SERVICES	0.296	0.335	0.300	0.289	0.337
MAINT. & OPERATIONS	0.208	0.162	0.193	0.237	0.271
STUDENT TRANSPORTATION	0.275	0.241	0.241	0.246	0.247
CENTRAL SERVICES	0.568	0.680	0.983	0.745	0.736
FOOD/OTHER SERVICES	0.143	0.157	0.161	0.156	0.136
TOTAL SUPPORT	**0.142**	**0.121**	**0.132**	**0.139**	**0.141**
FACILITY ACQ. & CONSTR. SERVICES	0.960	1.116	0.775	1.140	1.002
TOTAL EXPENDITURES	**0.116**	**0.115**	**0.097**	**0.114**	**0.109**
INTEREST ON DEBT	**0.779**	**0.663**	**0.655**	**0.692**	**0.660**
TOTAL EXPENDITURES AND INTEREST ON DEBT	**0.119**	**0.117**	**0.099**	**0.116**	**0.110**
DEBT SERVICE					
PRINCIPLE	0.706	1.791	0.630	0.913	0.970
OTHER	3.193	4.382	4.906	2.800	2.067
TOTAL OF DEBT SERVICE AND EXPENDITURES	**0.122**	**0.127**	**0.103**	**0.125**	**0.116**

[1]Coefficient of Variation: indicates the amount of disparity relative to the mean.
Coefficients closer to zero indicate less disparity in average per pupil amounts among districts.
Coefficients are derived using weighted averages based on Oct. 1 Elementary/Secondary membership.

[2] Figures based on Adjusted Oct. 1 Elementary/Secondary Membership

[3]Per the Annual Financial Report (AFR), Summary of Actual Salaries (Object Code 112 and Function 1000 Series Total Funds per AFR).

[4]Per the Profile of the Educational Personnel (PEP) End of Year report, File weighted by number of teachers

NOTE: Revenues include all sources for debt service functions; expenditures exclude debt service functions.

SOURCE: Annual Financial Report

TABLE 3

CORRELATION BETWEEN WEALTH AND SELECTED VARIABLES

(WEALTH DEFINED AS FISCAL CAPACITY)*: 1997-1998 to 2001-2002

DESCRIPTION	97-98	98-99	99-00	00-01	01-02
FISCAL CAPACITY PER PUPIL	1.000	1.000	1.000	1.000	1.000
REVENUE					
TOTAL LOCAL	0.842	0.867	0.864	0.847	0.863
PROPERTY	0.567	0.539	0.524	0.493	0.519
NON-DEBT	0.586	0.576	0.591	0.563	0.591
DEBT	0.052	0.004	-0.091	-0.097	-0.108
SALES	0.695	0.752	0.799	0.808	0.831
NON-DEBT	0.687	0.734	0.774	0.783	0.811
DEBT	0.047	0.145	0.142	0.142	0.092
TOTAL STATE	-0.776	-0.823	-0.857	-0.896	-0.892
MFP	-0.804	-0.847	-0.878	-0.909	-0.908
TOTAL FEDERAL	-0.202	-0.041	-0.073	-0.080	0.004
TOTAL REVENUES	**0.631**	**0.604**	**0.547**	**0.456**	**0.547**
EQUIVALENT TAX RATES					
PROPERTY TAX RATE	-0.122	-0.219	-0.198	-0.199	-0.189
NON-DEBT	0.029	-0.491	0.063	0.041	0.045
DEBT	-0.395	0.023	-0.526	-0.492	-0.490
SALES TAX RATE	-0.135	-0.030	0.012	-0.022	0.011
NON-DEBT	-0.109	-0.023	0.011	-0.022	0.020
DEBT	-0.146	-0.024	0.004	0.006	-0.032
EXPENDITURES					
INSTRUCTIONAL					
CLASSROOM INSTRUCTION	0.627	0.641	0.529	0.434	0.450
Classroom Teacher Salary [2]	0.521	0.490	0.440	0.421	0.399
Actual Average Classroom Teacher Salary [3]	0.341	0.274	0.357	0.364	0.357
PUPIL SUPPORT	0.619	0.515	0.547	0.542	0.542
INSTRUCTIONAL STAFF SUPPORT	0.274	0.372	0.323	0.126	0.010
TOTAL INSTRUCTION	**0.663**	**0.665**	**0.595**	**0.488**	**0.471**
SUPPORT					
GENERAL ADMINISTRATION	0.536	0.552	0.481	0.461	0.494
SCHOOL ADMINISTRATION	0.566	0.505	0.398	0.342	0.327
BUSINESS SERVICES	0.341	0.230	0.232	0.316	0.131
MAINT. & OPERATIONS	0.422	0.268	0.336	0.386	0.397
STUDENT TRANSPORTATION	0.114	0.000	0.040	-0.015	-0.064
CENTRAL SERVICES	0.541	0.350	0.209	0.220	0.282
FOOD/OTHER SERVICES	-0.028	-0.158	-0.124	-0.273	-0.118
TOTAL SUPPORT	**0.547**	**0.429**	**0.434**	**0.393**	**0.444**
FACILITY ACQ. & CONSTR. SERVICES	**0.344**	**0.212**	**-0.032**	**-0.071**	**0.017**
TOTAL EXPENDITURES	**0.671**	**0.599**	**0.471**	**0.310**	**0.388**
INTEREST ON DEBT	**0.291**	**0.346**	**0.280**	**0.295**	**0.199**
TOTAL EXPENDITURES AND INTEREST ON DEBT	**0.686**	**0.617**	**0.489**	**0.336**	**0.398**
DEBT SERVICE					
PRINCIPLE	-0.104	0.144	0.222	0.065	0.256
OTHER	0.371	-0.881	-0.049	-0.073	-0.035
TOTAL OF DEBT SERVICE AND EXPENDITURES	0.671	0.596	0.489	0.312	0.423

[1] Correlations closer to zero represent fiscal neutrality (no relationship); as correlations approach -1 the indication is that as amount of wealth increases the amount of the other variable decreases; as correlations approach +1, the indication is that as the amount of wealth increases the amount of the other variable increases.
Correlations are derived using weighted averages based on Oct. 1 Elementary/Secondary membership.

[2] Per the Annual Financial Report (AFR), Summary of Actual Salaries (Object Code 112 and Function 1000 Series Total Funds per AFR).

[3] Per the Profile of the Educational Personnel (PEP) End of Year report, File weighted by number of teachers

TABLE 4

AVERAGE PER PUPIL AMOUNTS FOR SELECTED SCHOOL FINANCE REVENUE AND EXPENDITURE VARIABLES IN 2001-02 BY LWF * WEALTH QUINTILES*

	STATE AVERAGE	Proportion to Grand Total	LOWEST QUINTILE	Proportion to Grand Total	SECOND QUINTILE	Proportion to Grand Total	THIRD QUINTILE	Proportion to Grand Total	FOURTH QUINTILE	Proportion to Grand Total	HIGHEST QUINTILE	Proportion to Grand Total
QUINTILE												
NO. OF DISTRICTS	66		26		15		10		5		10	
NO. OF PUPILS	725,027		143,960		152,849		131,070		131,811		165,337	
LWF FACTOR	1		0.53		0.78		0.92		1.13		1.59	
FISCAL CAPACITY**	$1,944		$1,034		$1,526		$1,784		$2,205		$3,089	
REVENUE												
TOTAL LOCAL	$2,797	38.8%	$1,596	23.8%	$2,506	34.6%	$2,718	38.1%	$3,053	42.4%	$3,971	51.7%
PROPERTY	$1,010		$454		$942		$1,134		$1,241		$1,275	
NON- DEBT	$790		$276		$606		$961		$897		$1,188	
DEBT	$220		$178		$336		$173		$344		$87	
SALES	$1,533		$887		$1,303		$1,317		$1,587		$2,438	
NON-DEBT	$1,486		$830		$1,282		$1,304		$1,516		$2,366	
DEBT	$47		$57		$22		$13		$70		$72	
TOTAL STATE	$3,498	48.5%	$4,136	61.8%	$3,875	53.5%	$3,600	50.4%	$3,114	43.2%	$2,820	36.7%
MFP[1]	*$3,289*		*$3,918*		*$3,677*		*$3,397*		*$2,942*		*$2,573*	
TOTAL FEDERAL	$914	12.7%	$964	14.4%	$859	11.9%	$821	11.5%	$1,040	14.4%	$894	11.6%
TOTAL REVENUES	**$7,209**	**100.0%**	**$6,696**	**100.0%**	**$7,240**	**100.0%**	**$7,139**	**100.0%**	**$7,206**	**100.0%**	**$7,684**	**100.0%**
EQUIVALENT TAX RATES[2]												
PROPERTY	40.82M		34.09M		52.09M		51.72M		47.11M		30.49M	
NON-DEBT	31.94M		20.74M		33.51M		43.83M		34.06M		28.41M	
DEBT	8.88M		13.35M		18.57M		7.90M		13.06M		2.08M	
SALES	1.87%		2.01%		1.90%		1.72%		1.72%		1.97%	
NON-DEBT	1.81%		1.88%		1.87%		1.70%		1.64%		1.92%	
DEBT	0.06%		0.13%		0.03%		0.02%		0.08%		0.06%	
EXPENDITURES												
INSTRUCTIONAL												
CLASSROOM INSTRUCTION	$4,060	55.6%	$3,816	56.8%	$4,065	54.4%	$4,133	58.4%	$4,041	52.9%	$4,223	55.8%
Classroom Teacher Salary[3]	*$2,556*	*35.0%*	*$2,398*	*35.7%*	*$2,576*	*34.5%*	*$2,614*	*37.0%*	*$2,562*	*33.5%*	*$2,622*	*34.6%*
PUPIL SUPPORT	$273	3.7%	$219	3.3%	$259	3.5%	$270	3.8%	$308	4.0%	$307	4.1%
INSTRUCTIONAL STAFF SUPPORT	$301	4.1%	$274	4.1%	$319	4.3%	$375	5.3%	$256	3.4%	$286	3.8%
TOTAL INSTRUCTION	**$4,634**	**63.5%**	**$4,309**	**64.1%**	**$4,644**	**62.2%**	**$4,777**	**67.5%**	**$4,606**	**60.3%**	**$4,816**	**63.6%**
SUPPORT												
GENERAL ADMINISTRATION	$152	2.1%	$134	2.0%	$129	1.7%	$111	1.6%	$146	1.9%	$224	3.0%
SCHOOL ADMINISTRATION	$356	4.9%	$331	4.9%	$349	4.7%	$394	5.6%	$313	4.1%	$389	5.1%
BUSINESS SERVICES	$69	0.9%	$64	1.0%	$73	1.0%	$67	0.9%	$71	0.9%	$71	0.9%
MAINT. & OPERATIONS	$583	8.0%	$493	7.3%	$571	7.6%	$585	8.3%	$577	7.6%	$676	8.9%
STUDENT TRANSPORTATION	$361	4.9%	$394	5.9%	$400	5.4%	$347	4.9%	$279	3.7%	$374	4.9%
CENTRAL SERVICES	$76	1.0%	$40	0.6%	$55	0.7%	$62	0.9%	$159	2.1%	$71	0.9%
FOOD/OTHER SERVICES	$437	6.0%	$470	7.0%	$454	6.1%	$423	6.0%	$400	5.2%	$436	5.8%
TOTAL SUPPORT	**$2,035**	**27.9%**	**$1,926**	**28.7%**	**$2,030**	**27.2%**	**$1,990**	**28.1%**	**$1,945**	**25.5%**	**$2,241**	**29.6%**
FACILITY ACQ. & CONSTR. SERV.	**$489**	**6.7%**	**$389**	**5.8%**	**$622**	**8.3%**	**$227**	**3.2%**	**$856**	**11.2%**	**$369**	**4.9%**
TOTAL EXPENDITURES	**$7,158**	**98.0%**	**$6,624**	**98.5%**	**$7,296**	**97.7%**	**$6,993**	**98.9%**	**$7,407**	**97.0%**	**$7,426**	**98.1%**
INTEREST ON DEBT	**$144**	**2.0%**	**$98**	**1.5%**	**$171**	**2.3%**	**$79**	**1.1%**	**$232**	**3.0%**	**$141**	**1.9%**
TOTAL EXPENDITURES AND INTEREST ON DEBT	**$7,302**	**100.0%**	**$6,722**	**100.0%**	**$7,468**	**100.0%**	**$7,073**	**100.0%**	**$7,639**	**100.0%**	**$7,568**	**100.0%**

Source: Annual Financial Report; Per Pupil amounts are based on Elementary/Secondary Membership as of October 1, 2001

[1]MFP Revenue is a subset of Total State Revenue

[2]Sales Tax Rates and Property Tax Millages per Circular 1071, Table 7

[3]Summary of Actual Salaries (Object Code 112 and Function 1000 Series Total Funds per AFR). A subset of classrom instruction; applicable percentage represents a percent of total expenditures, not total instruction.

Note: *Quintiles are based upon the FY 2001-02 LWF (Local Wealth Factor) per the 2002-2003 Budget Letter, Circular 1071.

**Fiscal capacity per pupil reflects number of "weighted" students in the current year [i.e., At Risk, Special Ed, Voc. Ed., Economy of Scale].

TABLE 5

COMPARISON OF QUINTILE AVERAGES PER PUPIL FOR 2000-01 AND 2001-02 FOR SELECTED SCHOOL FINANCE VARIABLES

		State Average	LOWEST QUINTILE	SECOND QUINTILE	THIRD QUINTILE	FOURTH QUINTILE	HIGHEST QUINTILE
FISCAL CAPACITY							
	2000-01	$1,837	$979	$1,425	$1,712	$2,065	$2,912
	2001-02	$1,944	$1,034	$1,526	$1,784	$2,205	$3,089
CHANGE FROM 2000-01		**$107**	**$55**	**$101**	**$72**	**$140**	**$177**
PROPERTY TAX REVENUE							
NON-DEBT	2000-01	$735	$254	$563	$925	$842	$1,072
	2001-02	$790	$276	$606	$961	$897	$1,188
CHANGE FROM 2000-01		**$55**	**$22**	**$43**	**$36**	**$55**	**$116**
DEBT	2000-01	$208	$164	$322	$190	$283	$92
	2001-02	$220	$178	$336	$173	$344	$87
CHANGE FROM 2000-01		**$12**	**$14**	**$14**	**($17)**	**$61**	**($5)**
TOTAL	2000-01	$942	$418	$885	$1,115	$1,125	$1,164
	2001-02	$1,010	$454	$942	$1,134	$1,241	$1,275
CHANGE FROM 2000-01		**$68**	**$36**	**$57**	**$19**	**$116**	**$111**
SALES TAX REVENUE							
NON-DEBT	2000-01	$1,384	$781	$1,203	$1,244	$1,351	$2,212
	2001-02	$1,486	$830	$1,282	$1,304	$1,516	$2,366
CHANGE FROM 2000-01		**$102**	**$49**	**$79**	**$60**	**$165**	**$154**
DEBT	2000-01	$40	$38	$17	$12	$60	$67
	2001-02	$47	$57	$22	$13	$70	$72
CHANGE FROM 2000-01		**$7**	**$19**	**$5**	**$1**	**$10**	**$5**
TOTAL	2000-01	$1,423	$820	$1,220	$1,256	$1,410	$2,280
	2001-02	$1,533	$887	$1,303	$1,317	$1,587	$2,438
CHANGE FROM 2000-01		**$110**	**$67**	**$83**	**$61**	**$177**	**$158**
MFP FUNDING							
	2000-01	$3,087	$3,698	$3,485	$3,205	$2,736	$2,385
	2001-02	$3,289	$3,918	$3,677	$3,397	$2,942	$2,593
CHANGE FROM 2000-01		**$202**	**$220**	**$192**	**$192**	**$206**	**$208**
PROPERTY TAX MILLAGE							
NON-DEBT	2000-01	31.83M	20.29	33.54	44.63	34.48	27.61
	2001-02	31.94M	20.74	33.51	43.83	34.06	28.41
CHANGE FROM 2000-01		**.11M**	**.45M**	**-.03M**	**-.80M**	**-.42M**	**.80M**
DEBT	2000-01	8.99M	13.12	19.21	9.15	11.60	2.37
	2001-02	8.88M	13.35	18.57	7.90	13.06	2.08
CHANGE FROM 2000-01		**-.11M**	**.23M**	**-.64M**	**-1.25M**	**1.46M**	**-.29M**
TOTAL	2000-01	40.82M	33.42	52.75	53.78	46.08	29.99
	2001-02	40.82M	34.09	52.09	51.72	47.11	30.49
CHANGE FROM 2000-01		**0 M**	**.67M**	**-.66M**	**-2.06**	**1.03M**	**.50M**
SALES TAX RATE							
NON-DEBT	2000-01	1.77%	1.86%	1.86%	1.68%	1.58%	1.85%
	2001-02	1.81%	1.88%	1.87%	1.70%	1.64%	1.92%
CHANGE FROM 2000-01		**0.04%**	**0.02%**	**0.01%**	**0.02%**	**0.06%**	**0.07%**
DEBT	2000-01	0.05%	0.09%	0.03%	0.02%	0.07%	0.06%
	2001-02	0.06%	0.13%	0.03%	0.02%	0.08%	0.06%
CHANGE FROM 2000-01		**-0.01%**	**0.04%**	**0.00%**	**0.00%**	**0.01%**	**0.00%**
TOTAL	2000-01	1.82%	1.95%	1.89%	1.70%	1.65%	1.90%
	2001-02	1.87%	2.01%	1.90%	1.72%	1.72%	1.97%
CHANGE FROM 2000-01		**0.05%**	**0.06%**	**0.01%**	**0.02%**	**0.07%**	**0.07%**
TOTAL INSTRUCTIONAL EXPENDITURES							
	2000-01	$4,202	$3,918	$4,202	$4,307	$4,118	$4,434
	2001-02	$4,634	$4,309	$4,644	$4,777	$4,606	$4,816
CHANGE FROM 2000-01		**$432**	**$391**	**$442**	**$470**	**$488**	**$382**

NOTE: Per pupil amounts are based on Elementary/Secondary Membership.

Quintiles are based upon the FY 2001-2002 LWF (Local Wealth Factor) per the 2002-2003 Budget Letter, Circular 1071.

Fiscal capacity per pupil reflects number of "weighted" students in the current year [i.e., At Risk, Special Ed., Economy of Scale, Voc. Ed.].

SOURCE: Annual Financial Report

TABLE 6

EXTENT TO WHICH ACTUAL LOCAL FUNDING MATCHES MFP LEVEL 1 TARGET IN 2001-02

	STATEWIDE	PER PUPIL BY WEALTH QUINTILE				
		LOWEST	SECOND	THIRD	FOURTH	HIGHEST
MFP TARGET LOCAL CONTRIBUTION[1]						
TOTAL AMOUNT	$1,077,222,658	$116,972,968	$177,581,285	$180,923,517	$215,068,913	$386,675,975
AMOUNT PER STUDENT	$1,486	$813	$1,162	$1,380	$1,632	$2,339
MFP ACTUAL SALES AND PROPERTY TAX REVENUE[2]						
TOTAL AMOUNT	$1,879,935,205	$199,185,616	$351,211,573	$328,186,464	$378,225,872	$623,125,681
AMOUNT PER STUDENT	$2,593	$1,384	$2,298	$2,504	$2,869	$3,769
DISTRICTS WHERE LOCAL CONTRIBUTION WAS LOWER THAN THE TARGET						
NUMBER OF DISTRICTS	1	1	0	0	0	0
NUMBER OF STUDENTS	2,445	2,445	0	0	0	0
TOTAL AMOUNT	$122,953	$122,953	$0	$0	$0	$0
AMOUNT PER STUDENT	$50	$50	$0	$0	$0	$0
DISTRICTS WHERE LOCAL CONTRIBUTION WAS HIGHER THAN THE TARGET						
NUMBER OF DISTRICTS	65	25	15	10	5	10
NUMBER OF STUDENTS	722,582	141,515	152,849	131,070	131,811	165,337
TOTAL AMOUNT	$802,835,500	$82,335,601	$173,630,288	$147,262,947	$163,156,959	$236,449,706
AMOUNT PER STUDENT	$1,111	$582	$1,136	$1,124	$1,238	$1,430

Quintiles reflect averages that are based on Elementary/Secondary Student Membership.

[1] The Targeted Local Contribution reflects student audit adjustments per Circular 1066, Adjusted.

[2] The Actual Sales and Property Tax Revenue data is per Circular 1071.

TABLE 7

DISTRIBUTION OF HOLD HARMLESS FUNDS
FY 2000-01 and FY 2001-02

FY 2000 - 2001

2001/02 Quintile	LEA	SCHOOL DISTRICT	October 1, 2000 MFP Membership Per Circular 1063	2000-01 Prior Year Formula Calculation	2000-01 Prior Year Formula Calculation Per Pupil
2	15	CONCORDIA	3,812	$233,545	$61
5	17	EAST BATON ROUGE	53,188	$30,572,406	$575
1	20	EVANGELINE	6,264	$204,786	$33
5	24	IBERVILLE	4,921	$2,898,032	$589
5	26	JEFFERSON	50,325	$26,348,135	$524
5	28	LAFAYETTE	29,132	$2,359,035	$81
5	38	PLAQUEMINES	4,772	$7,187,935	$1,506
5	39	POINTE COUPEE	3,325	$429,287	$129
5	45	ST. CHARLES	9,679	$9,774,832	$1,010
5	47	ST. JAMES	3,866	$1,940,008	$502
5	63	WEST FELICIANA	2,191	$5,908,357	$2,697
		STATE TOTAL	**171,475**	**$87,856,359**	**$512**
1		Quintile 1 (Lowest)	6,264	$204,786	$33
1		Quintile 2 (Second)	3,812	$233,545	$61
0		Quintile 3 (Third)	0	$0	$0
0		Quintile 4 (Fourth)	0	$0	$0
9		Quintile 5 (Highest)	161,399	$87,418,027	$542
11		**STATE TOTAL**	**171,475**	**$87,856,359**	**$512**

FY 2000-2001 was the final year that hold harmless was calculated in Level 1 and Level 2 of the formula.

Source: Circular 1063

FY 2001 - 2002

2001/02 Quintile	LEA	SCHOOL DISTRICT	October 1, 2001 MFP Membership Per Circular 1066	2001-02 Hold Harmless State Share of Cost	2001-02 Per Pupil Calculation
2	15	CONCORDIA	3,769	$229,909	$61
5	17	EAST BATON ROUGE	51,323	$29,100,141	$567
1	20	EVANGELINE	6,232	$186,960	$30
5	24	IBERVILLE	4,773	$2,796,978	$586
5	26	JEFFERSON	50,169	$26,238,387	$523
5	28	LAFAYETTE	29,110	$2,002,961	$69
5	38	PLAQUEMINES	4,720	$7,065,840	$1,497
5	39	POINTE COUPEE	3,173	$355,376	$112
5	45	ST. CHARLES	9,646	$9,742,460	$1,010
5	47	ST. JAMES	3,782	$1,883,436	$498
5	63	WEST FELICIANA	2,209	$5,908,357	$2,675 *
		STATE TOTAL	**168,906**	**$85,510,805**	**$506**
1		Quintile 1 (Lowest)	6,232	$186,960	$30
1		Quintile 2 (Second)	3,769	$229,909	$61
0		Quintile 3 (Third)	0	$0	$0
0		Quintile 4 (Fourth)	0	$0	$0
9		Quintile 5 (Highest)	158,905	$85,093,936	$536
11		**STATE TOTAL**	**168,906**	**$85,510,805**	**$506**

* Per SCR 139, hold harmless funding is provided in Level 3 on a per pupil basis for a limited number of students. West Feliciana funding is based on $2,697 per student for a maximum of $2,191 students; actual Oct. 1, 2001 MFP membership for West Feliciana was 2,209 students resulting in a lower actual hold harmless amount per pupil of $2,675.

Source: Circular 1066

TABLE 8

Average Teacher's Salary (Actual) And Number of Teachers Per One Thousand Students: FY 2001-2002

Quintile 2001-2002	LEA	DISTRICT NAME	Average Teacher's Salary *(Actual)*	Full-Time Equiv (FTE) *(30 Hrs/Wk & 175 Days/Yr)*	Elementary/ Secondary Enrollment *October 1, 2001*	Number of Teachers *per one* Thousand Students
2	001	Acadia Parish	$33,631	625.99	9,739	64.3
1	002	Allen Parish	$32,009	328.19	4,332	75.8
4	003	Ascension Parish	$36,972	1,037.31	15,159	68.4
1	004	Assumption Parish	$34,550	312.52	4,622	67.6
1	005	Avoyelles Parish	$32,480	439.31	6,824	64.4
2	006	Beauregard Parish	$35,010	409.95	6,027	68.0
3	007	Bienville Parish	$33,069	186.95	2,572	72.7
3	008	Bossier Parish	$36,844	1,116.47	18,595	60.0
3	009	Caddo Parish	$38,583	3,046.26	44,859	67.9
4	010	Calcasieu Parish	$36,070	2,170.36	31,644	68.6
1	011	Caldwell Parish	$32,467	141.64	1,895	74.7
4	012	Cameron Parish	$38,594	149.57	1,879	79.6
1	013	Catahoula Parish	$27,919	141.54	1,841	76.9
1	014	Claiborne Parish	$30,628	222.38	2,811	79.1
2	015	Concordia Parish	$33,920	265.74	3,871	68.6
3	016	DeSoto Parish	$37,254	357.14	4,886	73.1
5	017	E. Baton Rouge Parish	$37,115	3,520.92	52,350	67.3
1	018	East Carroll Parish	$31,326	135.28	1,746	77.5
1	019	East Feliciana Parish	$33,160	176.11	2,578	68.3
1	020	Evangeline Parish	$34,707	396.49	6,379	62.2
1	021	Franklin Parish	$31,454	296.36	3,827	77.4
1	022	Grant Parish	$30,819	250.58	3,594	69.7
2	023	Iberia Parish	$36,687	1,049.66	14,415	72.8
5	024	Iberville Parish	$38,775	332.38	4,817	69.0
2	025	Jackson Parish	$38,851	176.43	2,530	69.7
5	026	Jefferson Parish	$36,494	3,418.05	50,766	67.3
1	027	Jefferson Davis Parish	$37,869	370.12	5,793	63.9
5	028	Lafayette Parish	$36,852	1,961.07	29,310	66.9
2	029	Lafourche Parish	$33,605	1,145.71	15,085	76.0
1	030	LaSalle Parish	$34,569	174.34	2,654	65.7
3	031	Lincoln Parish	$35,739	478.72	6,701	71.4
1	032	Livingston Parish	$36,379	1,238.35	19,853	62.4
1	033	Madison Parish	$29,517	159.17	2,445	65.1
2	034	Morehouse Parish	$30,517	382.85	5,255	72.9
2	035	Natchitoches Parish	$37,898	467.22	6,940	67.3
4	036	Orleans Parish	$37,548	4,189.32	73,185	57.2
2	037	Ouachita Parish	$38,385	1,243.68	17,760	70.0
5	038	Plaquemines Parish	$37,078	341.20	4,923	69.3
5	039	Pointe Coupee Parish	$33,497	233.91	3,207	72.9
2	040	Rapides Parish	$36,182	1,591.68	22,996	69.2
1	041	Red River Parish	$33,589	154.44	1,728	89.4
1	042	Richland Parish	$32,580	238.95	3,572	66.9
1	043	Sabine Parish	$31,498	296.59	4,312	68.8
3	044	St. Bernard Parish	$34,413	576.46	8,575	67.2
5	045	St. Charles Parish	$39,533	782.19	9,819	79.7
1	046	St. Helena Parish	$31,862	91.25	1,410	64.7
5	047	St. James Parish	$37,658	270.63	4,064	66.6
3	048	St. John Parish	$37,897	458.87	6,225	73.7
1	049	St. Landry Parish	$36,796	1,079.56	15,327	70.4
1	050	St. Martin Parish	$34,696	618.67	8,519	72.6
3	051	St. Mary Parish	$34,892	739.05	10,537	70.1
2	052	St. Tammany Parish	$38,717	2,242.26	32,834	68.3
1	053	Tangipahoa Parish	$38,318	1,073.49	18,075	59.4
2	054	Tensas Parish	$29,289	78.82	1,031	76.4
3	055	Terrebonne Parish	$34,312	1,403.18	19,401	72.3
2	056	Union Parish	$32,895	228.00	3,526	64.7
3	057	Vermilion Parish	$35,659	590.05	8,719	67.7
1	058	Vernon Parish	$34,909	691.36	9,946	69.5
1	059	Washington Parish	$34,909	334.59	4,568	73.2
2	060	Webster Parish	$37,747	492.45	7,762	63.4
5	061	W. Baton Rouge Parish	$34,710	260.23	3,681	70.7
1	062	West Carroll Parish	$30,313	170.10	2,454	69.3
5	063	West Feliciana Parish	$36,780	200.16	2,400	83.4
1	064	Winn Parish	$33,897	206.85	2,855	72.5
4	065	City of Monroe	$37,898	682.75	9,944	68.7
2	066	City of Bogalusa	$34,574	216.73	3,078	70.4
		Statewide	**$36,328**	**48,858.59**	**725,027**	**67.4**
26		**QUINTILE 1**	$34,620	9,738.25	143,960	67.6
15		**QUINTILE 2**	$36,329	10,617.16	152,849	69.5
10		**QUINTILE 3**	$36,576	8,953.15	131,070	68.3
5		**QUINTILE 4**	$37,134	8,229.30	131,811	62.4
10		**QUINTILE 5**	$36,974	11,320.73	165,337	68.5
66		**STATE TOTALS**	**$36,328**	**48,858.59**	**725,027**	**67.4**

Source: PEP01-02 End-of-Year Report, Selection: All Classroom Teachers (Object = 112 and Function = 1000-Series), Calculation: Total Salaries, including PIP, divided by FTE based on 30 Hrs/Wk & 175 Days/Yr.

Appendix A

Quintile Distribution

APPENDIX A

SCHOOL DISTRICTS BY WEALTH QUINTILE

BASED ON FY 2001-02 LOCAL WEALTH FACTOR (LWF)

Quintile	LOWEST	SECOND	THIRD	FOURTH	HIGHEST
	Allen Assumption Avoyelles Caldwell Catahoula Claiborne East Carroll East Feliciana Evangeline Franklin Grant Jefferson Davis LaSalle Livingston Madison Red River Richland Sabine St. Helena St. Landry St. Martin Tangipahoa Vernon Washington West Carroll Winn	Acadia Beauregard Concordia Iberia Jackson Lafourche Morehouse Natchitoches Ouachita Rapides St. Tammany Tensas Union Webster City of Bogalusa	Bienville Bossier Caddo DeSoto Lincoln St. Bernard St. John the Baptist St. Mary Terrebonne Vermilion	Ascension Calcasieu Cameron Orleans City of Monroe	East Baton Rouge Iberville Jefferson Lafayette Plaquemines Pointe Coupee St. Charles St. James West Baton Rouge West Feliciana
Total	**26**	**15**	**10**	**5**	**10**

Quintiles are derived by ranking districts from low to high according to their Local Wealth Factor (per the applicable MFP Budget Letter), where each quintile contains approximately 20% of the Elementary/Secondary student membership.

Appendix B

Responses from Districts Not Meeting the Seventy Percent Instructional Requirement

Cameron Parish School Board
Dr. Douglas L. Chance, Superintendent
P. O. Box 1548
Cameron, LA 70631-1548
Phone 337.775.5784
FAX 337.775.5097

RECEIVED
JUN 19 2003
DIVISION OF
EDUCATION FINANCE

June 18, 2003

Louisiana Department of Education
Division of Education Finance
Attn: Elizabeth Scioneaux, Director
P. O. Box 94064
Baton Rouge, LA 70804-9064

Dear Director Scioneaux

The Cameron Parish School Board has continued its efforts to comply with Senate Concurrent Resolution 139 of the 2001 Regular Session of the Legislature, and as the new superintendent of schools, I will focus attention on this issue in subsequent school sessions

Based on Department figures, the Cameron Parish School Board's efforts to address compliance have resulted in a 0.802% increase from the past data. Additionally, if the 46% increase in property insurance could have been avoided, then the increase toward greater compliance would have been significant for a one-year change.

In earlier years, a comparison of our per pupil expenditure with the state's per pupil expenditure was done. In the latest figures available, Cameron spent more per pupil than the state by about $1,093.00; that is, Cameron - $7,096 and the State - $6,003. Again, Cameron Parish Schools will work toward greater compliance by attempting to increase this difference.

The ensuing table denotes our expenditures on a per pupil bases in comparison to our surrounding neighbors. Cameron's per pupil expenditures are significantly higher than our neighbors. These data indicate Cameron's commitment to the instructional program.

Parish	Per Pupil Expenditure
Allen	$6,017
Beauregard	$5,675
Calcasieu	$5,647
Cameron	**$7,096**
Jeff Davis	$5,983
Vermilion	$5,555
Vernon	$5,922

As you are aware, our parish is very large geographically; subsequently, we experience greater transportation and maintenance cost therein than most school district.

Our local revenue from sixteenth section lands continues to decline; however, the costs of salaries, retirement, insurance, gasoline, and other fixed costs continue to increase at a greater rate than all income sources.

As a new incoming superintendent, my paramount goal encompasses a safe and secure environment for students and employees. This effort is followed closely and almost congruent with high expectations for our instructional program. I will continue to focus our Board on expending funds to enhance our instructional program for student achievement purposes as well as to comply with Senate Concurrent Resolution 139.

Your consideration of our efforts to comply will be appreciated.

Sincerely,

Douglas L. Chance
Superintendent

c: Mr. Cecil J. Picard
State Superintendent of Education

Plaquemines Parish School Board

Belle Chasse Office

June 16, 2003

RECEIVED

JUL 09 2003

DIVISION OF
EDUCATION FINANCE

P.O. Box 69
557 F. Edward Hebert Blvd.
Belle Chasse, LA 70037
Phone (504) 392-4970
FAX (504) 392-4973

Louisiana Department of Education
Division of Education Finance
ATT: Ms. Elizabeth Scioneaux, Director
P.O. Box 94064
Baton Rouge, LA 70804-9064

RE: 70% Instruction Requirement

JAMES C. HOYLE
Superintendent

MEMBERS:

BYRON V. WILLIAMS, JR.
District 1

NANCY LaHAYE
District 2

ANTHONY ST. PHILIP
District 3

JOYCE C. LAMKIN
District 4

SHARON BRANAN
District 5

CARLTON M. LAFRANCE, SR.
District 6

PAUL W. LEMAIRE, JR.
District 7

BOBBY L. BENEFIELD
District 8

BETTY A. DINETTE
District 9

Dear Ms. Scioneaux:

All the same reasons that we have given in the past remain stumbling blocks to our attainment of the 70% goal. With that stated, we did have a slight gain for 2002.

As stated in prior years, our particular structure of rural schools and division of the Mississippi River causes expenditures that deter us from making the 70% requirement. We also question whether the 70% number is realistic for systems of our size and makeup. We consistently make every effort to provide the best possible instructional climate for each of our students. We expend over $6,000 per student, among the top parishes in the state, while we receive only $2,200 from MFP.

We would like to point out that being accountable is very important to Plaquemines Parish. We were rated "Excellent" on the latest Accountability Report and we were number one on the District Responsibility Index. Our overall performance was 13th in the State. In the 2002 LEAP scores, Plaquemines Parish's 4th, 8th, 10th & 11th graders all scored in the top 10% of the State.

We believe our record speaks for itself!

Sincerely yours,

James C. Hoyle
Superintendent

AN EQUAL OPPORTUNITY AGENCY

Children First!!!

St. Helena Parish School Board

354 Sitman St. * Post Office Box 540
Greensburg, LA 70441

Jerry O. Payne
Superintendent

Office: (225) 222-4349
(225) 222-6106
Fax #: (225) 222-4937

November 25, 2003

Ms. Beth Scioneaux, Director
Louisiana Department of Education
Division of Education Finance
Post Office Box 94054
Baton Rouge, LA 70804-9064

Dear Ms. Scioneaux:

In response to Superintendent Picard's letter of June 6, 2003 stating that St. Helena Parish School Board did not meet the 70% Local General Fund Required Instructional Expenditures for the 2001-2002 fiscal year. We were unable to meet this requirement due to the following:

- Poor condition of the districts facilities, (poor heating, lighting, electrical, roofing, etc. that required constant repairs).
- There are only three schools in the district which requires longer transportation routes caused by the consolidation in 1989. Some students have to ride as far as 25 miles thereby causing excessive operational costs, mileage reimbursements and salaries for bus drivers.

The above listed conditions still exist in our school district and we are hopeful that after improvements are made to our facilities during the 2003-2004 fiscal year these funds will be allocated to Instructional Programs. This should enable us to meet the 70% requirement by the fiscal year ending June 30, 20045.

Sincerely,

Jerry O. Payne
Superintendent

Cc: Judy Hurry

TENSAS PARISH SCHOOL BOARD

DELYNN VINES, President
JOSEPH M. HAZLIP, Vice-President

TELEPHONE (318) 766-3269
FAX (318) 766-3634

Donald H. Pennington, Superintendent

P. O. BOX 318 • ST. JOSEPH, LOUISIANA 71366

June 18, 2003

Louisiana Department of Education
Division of Education Finance
Attn: Elizabeth Scioneaux, Director
P.O. Box 94064
Baton Rouge, LA 70804

RECEIVED
2
DIVISION OF
EDUCATION FINAN

Dear Ms. Scioneaux:

The Tensas Parish School Board strives to spend 70% of the system general fund expenditures in the area of instruction. However, due to the following items it seems the Board continues to fall short of that goal:

1. Decrease in student enrollment and consequent loss of additional teachers
2. Excessive cost of our old buildings (upkeep and maintenance of buildings amount to 10% of our total budget)
3. High transportation expenditures

There is hope that student enrollment may not decrease as much in 03/04 with the closing of the Charter School. Through the School Renovation Grant Program, the Tensas Parish School Board hopes to reduce the operation and maintenance expenditures for 03/04. The Board recently completed an audit of transportation. Through attrition, the Board is eliminating bus routes, which will decrease transportation expenditures.

If the above items produce the expected result, the Board looks forward to meeting its goal of spending 70% of general fund expenditures on instruction. If additional information is needed, please contact Eula N. Maples, Business Manager at 318-766-3269.

Thank you,

Donald H. Pennington

Donald H. Pennington
Superintendent

DHP/lc

WEST FELICIANA PARISH Schools

Working Toward A Brighter Future

June 16, 2003

RECEIVED

JUN 19 2003

EDUCATION FINANCE
AUDIT SECTION

Louisiana Department of Education
Division of Education Finance
Attn: Elizabeth Scioneaux, Director
P.O. Box 94064
Baton Rouge, LA 70804-9064

Dear Ms. Scioneaux

The following should serve as our explanation as to why our district did not meet the 70% requirement FY2001-2002:

In special programs we reclassified some employees who had changed status

Food Service Department needed less funds from General Fund as supplemental operating funds

In the Central Services Department less grants were received resulting in fewer expenditures in several categories

Liability insurance, group health and life insurance went up

School Board members did not travel

Less substitute cost, less repair cost in transportation department

Less teachers retired resulting in a decrease in sick leave severance pay

More employees participated in drop resulting in lower retirement benefits

The major cause of our reduction in instruction is due to the high cost of upkeep and maintaining our capital outlay projects - General Fund dollars have been used since 2000 to fund all projects resulting in an increase in areas that are not included in 70% instruction

*(next page) We anticipated in our May 29, 2002 letter to you that our plans to achieve compliance by the 2002-2003 year is as follows:

4727 Fidelity Street • Post Office Box 1910 • Saint Francisville, Louisiana 70775
225.635.3891 • Fax: 225.635.0108 • www.wfpsb.org

Our budget FY2001-2002 was almost identical to our FY2000-2001 year therefore our calculation for this year shows a slight increase reaching to 70%. We anticipated the FY2002-2003 AFR and 70% calculation to increase past 70% due to the following reasons:.

Our capital outlay projects, which are scheduled at five school sites and the Central office, are over a two year period beginning July 1, 2002. As the result of a May 4, 2002 tax election two issues were on the ballot and passed overwhelmingly. A $6,000,000.00 bond issue will help us free up General Fund dollars for instruction and at the same time lower expenditures in categories that are not included in the 70% calculation. A two-mill property tax realized a pay raise to all employees resulting in an increase in the instruction categories for the 70% calculation. The pay raise was effective July 1, 2002.

Respectfully submitted.

Helen B. Davis

Helen "Ruthie" B. Davis
Supervisor of Finance and Management

HBD/ksb
03-53/hbdfiles

Copy: Lloyd Lindsey, Superintendent

Office of the Superintendent
Winn Parish School Board

Post Office Box 430
304 East Court Street
Winnfield, LA 71483-0430

Telephone: 318-628-6936
Fax: 318-628-2582
www.winnpsb.org

September 12, 2003

RECEIVED
SEP 15
DIVISION OF
EDUCATION FINANC

Mrs. Elizabeth Scioneaux, Director
Division of Education Finance
Louisiana Department of Education
P. O. Box 94064
Baton Rouge, LA 70804-9064

RE: Response to noncompliance with the 70% Local General Fund Required Instructional Expenditures

Dear Mrs. Scioneaux:

There are several reasons why Winn Parish did not meet the 70% requirement in the 2001-2002 year. Our number of staff basically stayed the same, but our salaries increased due to pay raises. Our teacher salary schedule increased by $2,060, and our support staff received a $1,000 local raise. There were some factors that caused the instructional items to decrease, as well as factors that caused the non-instructional items to increase. The most significant decreases in the instructional items were:

Regular Education programs:	
Unemployment compensation claims	$ - 1,099
Sick leave severance pay	8,319
Special Education programs:	
Teacher salaries	- 71,512
Therapist with less experience	- 4,767
Workers' compensation claims	- 4,581
Vocational Education programs:	
Sick leave severance pay	3,548
Pupil Support programs:	
Sick leave severance pay	4,281
Instructional Staff services:	
Supervisor with less experience	8,311

The most significant changes in the non-instructional items were:

School Administration:	
One-time purchase of PAMS software for schools	+ 63,200
Local $1,000 support raise - school secretaries	+ 13,669
Filled assistant principal position that was vacant in 2000-01	+ 35,110

General Administration:		
Cost of redistricting	+	12,000
One-time purchase of CAPS software for board minutes	+	12,270
Business Services:		
Local $1,000 support raise - bookkeepers	+	
Operation & Maintenance of Plant Services:		
Local $1,000 support raise - custodians	+	35,803
Filled vacant position for computer technician	+	18,984
Property insurance premium increase	+	9,673
Workers' compensation claims	+	2,017
Sick leave severance pay	+	2,523
Student Transportation Services:		
Local $1,000 support raise - bus drivers	+	39,883
Unemployment claims	+	2,712
Workers' compensation claims	+	1,902
Food Service Operations:		
Workers' compensation claims	+	

Had these changes not occurred, Winn Parish would have spent 70.375% on instruction.

Another factor that greatly affects the 70% requirement is our increasing cost of group insurance. That is an item that is spread disproportionately throughout the general fund and we have no control over it. I calculated the percentage based on the change from 2000-01 to 2001-02 in group insurance and retiree health insurance costs. This calculation showed that the increased premiums were only 65.515% instructional, which obviously has a negative effect on our meeting the 70% requirement. When I took group insurance completely out of all our expenditures and made adjustments for the items mentioned above, our percentage increased to 71.062%.

We are going to make every effort this year to meet the 70% requirement. We do not plan to increase our number of employees, and the local $1,000 support raise of 2001-02 will now be reflected in both years included in the comparison. Obviously, there will be items that will continue to fluctuate and items that are beyond our control, but we hope to meet the 70% requirement in the future.

Please let me know if you need any additional information.

Sincerely,

Tami Austin

Tami M. Austin, CPA
Business Manager

c: Mr. Steve Bartlett

Appendix C
Glossary

Base Per Pupil Amount. Prior to FY1997-98, the Base Per Pupil Amount was determined using district's prior year expenditures from the General Fund and Other Special Funds as reported on the Annual Financial Report. Technically, Total Instructional Expenditures less Costs for Equipment less Revenue Exclusions equals the Net Instructional Expenditures. The Net Instructional Expenditures divided by the Prior Year Weighted Student Membership equals the Initial Base Per Pupil Amount shown on the Budget Letter and begins the formula used to determine the costs for education. In FY 1996-97, the Base Per Pupil amount was frozen until year FY2000-2001 per the Senate Concurrent Resolution (SCR) of the 1996 regular session. The increase in the Base Per Pupil amount after FY1996-97 reflects adjustments for inflation.

Business Services are concerned with fiscal and internal services of paying, transporting, exchanging, and maintaining goods and services for the district.

Central Service activities provide for planning, research and development, and evaluation.

Classroom Instruction includes activities that involve direct interaction between students and teachers. Classroom instructional provisions for Regular Programs, Special Programs, Vocational Education, Other Instructional Programs (such as Driver Education), and Adult/Continuing Education Programs are included in this category.

Classroom Teacher Average Salary (Actual). The Average Actual Salary for Classroom Teachers is calculated from the End-of-Year Profile of Educational Personnel (PEP) database by summing the total actual salary (including PIP) for all Classroom Teachers and dividing the result by the sum of the Full-time Equivalents (FTE). The FTE is a man-year value calculated for each reported employee whereby anyone who worked at least 30 hours/week and 175 days is counted as ONE. Those who worked fewer than 30 hours/week and/or fewer than 175 days are counted proportionally (i.e., 0.01 to 0.99).

Classroom Teacher Average Salary (Budgeted). The Average Budgeted Salary for Classroom Teachers is calculated from the October 1 Profile of Educational Personnel (PEP) database by summing the total budgeted salary (including PIP) for all Classroom Teachers and dividing the result by the sum of the Full Time Equivalents (FTE). This FTE calculation represents projected employment for these teachers. The FTE is a man-year value calculated for each reported employee whereby anyone who is scheduled to work at least 30 hours/week and 175 days is counted as ONE. Those scheduled to work fewer than 30 hours/week and/or fewer than 175 days are counted proportionally (i.e., 0.01 to 0.99).

Coefficients of Variation show the degree to which amounts in a distribution vary above or below the mean average. The formula, standard deviation divided by the mean (i.e., the average), measures the ratio of the standard deviation of a distribution to the mean of the distribution. A coefficient of zero indicates uniform distribution.

Correlation Coefficients indicate the correlation between two or more variables. The correlation coefficient measures both the direction and the strength of the relationship between two variables. Coefficients range from +1 to -1 with *zero* meaning no relationship between the two variables. A strong positive relationship between two variables (+1) means that, for every unit increase of one variable, there is a similar increase in the other variable; and, for every unit decrease in one variable, a similar decrease occurs in the other variable. A strong negative relationship between two variables (-1), on the other hand, means that, for every unit increase of one, there is a corresponding decrease in the other variable; and, for every unit decrease in one variable, a similar increase occurs in the other variable.

Debt Service includes those transactions involved in retirement of the debt of the LEA, including payments of both principal and interest. Debt service generally applies to long-term obligations (exceeding one year).

Elementary/Secondary Enrollment. The total number of pre-kindergarten (PK), grades k-12, and non-graded (NG) students in membership as of October 1. Data are reported at student level by the 66 public school districts via the Student Information System (SIS) Fall report.

Employee Benefits *(Object Code 200).* Fringe benefit amounts paid in behalf of the employee that are not included in the gross salary but are part of the costs. Examples include group insurance, social security contributions, Medicare/Medicaid, retirement, sick leave, and workmen's compensation.

Equity is most often discussed in terms of being horizontal (equal treatment of equals) or vertical (unequal treatment of unequals) and in terms of fiscal neutrality (correlated with school revenues per pupil). In terms of revenues for education, meeting horizontal equity (or equality) indicates equal revenue per pupil. Horizontal equity is desired when conditions and needs of students and school districts are similar. Vertical equity recognizes that children with different needs should receive different levels of resources. In this case, allocations of equal dollars and equal resources are not deemed equitable. The student weights used in the MFP formula are an example of vertical equity. Fiscal neutrality looks at the relationship between district wealth and per pupil revenue. In a fiscally neutral environment, the relationship between revenue capacity and revenue per pupil would be non-existent or minimal.

Expenditures by Object. *Bulletin 1929* provides uniform guidelines for program cost accounting at the local and state levels. "Functions" such as instruction, support services or operations describe the activity for which services or materials are needed; the "object" is the service or commodity bought. Educational expenditures (costs) are accounted for by nine major "object categories". For complete descriptions see *Bulletin 1929*, entitled *Louisiana Accounting and Uniform Governmental Handbook (LAUGH)*.

Facility Acquisition and Construction Services are concerned with acquiring land and buildings, remodeling and constructing buildings, installing or extending service systems or built-in equipment, and improving sites.

Federal Revenues. I. Unrestricted federal sources are provided for impact, such as that caused in providing education to the families of military personnel in the area, and for flood control. II. Restricted federal revenues are provided categorically to support federally approved programs. Certain funds are given directly to the LEA (school district) while other funds flow through the State. III. Revenues in lieu of taxes include payments for privately owned property not subject to taxation. Federal housing projects and the sale of timber on federal forest reserves fall into this category. IV. Revenues for/on behalf of the LEA from federal sources include contributions of non-food and food items to the LEA.

Fiscal Capacity. The fiscal capacity in each local school district is divided by the statewide average capacity. This amount, which is ranked, indicates wealth relative to the other schools districts. Sales and property tax data determine fiscal capacity.

Food and Other Services provide meals for students and may operate activities similar to private business enterprises: such as the school bookstore, operating a childcare center, swimming pool, or recreation program for the elderly.

Fund Equity Accounts show the excess of a fund over its liabilities. Portions of the balance may be reserved for future use.

General Administration includes those activities that establish and administer policy for operating the school system.

Hold Harmless. Hold Harmless funding, previously operated as a prior year funding adjustment in Level 1 and Level 2 of the MFP formula. In FY 2001-2002, the “hold harmless” distinction was eliminated for all systems in Level 1 and Level 2 of the

formula. The “overfunded” allocations for 11 specified school districts are separated and limited in Level 3. These 11 school districts will receive their designated per pupil amounts times their current year October 1 membership, not to exceed the total Hold Harmless amount received in the prior year. Continuation of Hold Harmless funding reflects legislative decisions rather than formula design. Consequently, districts with higher fiscal capacity continue to receive more in State support than targeted by the formula which overstates the state share cost of the formula.

Instructional Staff Support, a component of instruction, provides students with improved content for their learning experiences through additional staff training. Improving techniques used by teachers, updating curriculum, and providing workshops and continuing education for teachers are methods used to enhance an adequate education in Louisiana.

Interest (Long Term Debt) includes payments of interest in association with servicing of an LEA’s debt of terms exceeding one year.

Level 1. The Minimum Foundation Program (MFP) calculation begins with the base per pupil amount, which is multiplied by the number of "weighted" students. Weights are derived from student needs shown in the current October 1 student count. Student weights are used as a proxy to represent the amount of extra dollars needed to meet particular student needs in each district. Currently, extra student counts are provided for At-Risk students, vocational education units, other exceptionalities and gifted and talented students, and an economy of scale weight for districts with student membership fewer than 7,500. Students that are determined in need of some or all of these services are multiplied by each respective "weight" (Note: A student may be in more than one "weighted” category). The final number is reflected as "Total Weighted Student Membership and/or Units and is multiplied by the initial Base Per Pupil amount. This calculation determines the minimum education program costs to be shared by state and local governments and is referred to as Level 1 in the formula. Depending on the district’s local wealth factor and its proportion of the State weighted student

membership, the actual amount shared between the State and the districts will vary. On an average, local governments are to provide 35% of Level 1 costs while the state should provide 65%.

Level 2. Part of the efforts to equalize State aid includes rewarding local school districts that exceed revenue collections determined to meet the costs of Level 1. Currently, the reward for local effort is set at .40 for each eligible dollar of revenue. An eligible dollar exceeds the amount targeted for Level 1. If the district's actual revenues exceed this amount, they received an additional amount of State aid in Level 2. The actual amount will vary depending on the relative wealth of the local school district. Eligible revenue for the district is the product of the district's local wealth factor (LWF) multiplied by the amount of eligible local revenue. This amount is distributed to eligible districts as the Level 2 reward for local effort.

Level 3. Level 3 of the formula is reserved for legislative enhancements. This funding is not equalized by wealth. Contained in Level 3 is funding for the Foreign Language Associate Program, continuation certificated pay increase granted by the Legislature in FY 2001-2002. Also contained in Level 3 of the formula is Hold Harmless funding for eleven school districts. (See *Hold Harmless* for definition.)

Local Revenues include collections from gross ad valorem taxes and gross sales and use taxes. Fund sources can be broken down into subsections: I. Ad valorem taxation: 1) constitutional taxes, 2) renewable taxes, 3) debt service taxes , and 4) up to 1% collections by the sheriff on taxes other than school taxes (a general fund revenue). II. Sales and use taxes are comprised of taxes assessed on taxable goods and services within the parish before the costs of collection have been deducted. School districts also collect additional revenue from tuition, fees, earnings on investments, community service activities and other sources such as rentals, donations, sale of books and supplies, and other various reimbursements.

Local Wealth Factor (LWF). Local governments have varying degrees of fiscal capacity to raise revenues as well as varying efforts (via the tax structure) made to collect those revenues. Sales tax capacity is estimated by multiplying the sales tax revenues collected in each district by the statewide average tax rate. Similarly, property tax capacity is based on net assessed property values [i.e., assessed value less exemptions] of the district multiplied by the statewide average millage. The combined capacity (i.e., sales and property) for each local school district is divided by the statewide combined capacity per pupil amount. The result is a factor that represents the relative fiscal standing of each local school district.

Operational Expenditures used in this report exclude the costs of equipment and represent the general operating costs in each school district.

Operations and Maintenance keep the grounds, buildings, and equipment safe and in working condition.

Other Objects (Object Code 800). *These are a*mounts paid for goods and services not otherwise classified in the other object code classifications. Dues and fees, judgments, and interest on bonds or notes fall into this category.

Other Purchased Services Costs (Object Code 500). These are services provided by organizations or personnel not on the payroll of the district (separate from purchased professional/technical and property services). Student transportation services, insurance, telephone and postage, advertising, printing and binding, tuition to other educational agencies for instructional services, food service management, travel and miscellaneous will be shown here.

Other Uses of Funds. Amounts for transactions not properly recorded as expenditures to the LEA are other uses of funds. Included are current fund outlays used to retire serial bonds and long term loans or to satisfy housing authority obligations of the district, and interfund transactions that should not be classified as an expenditure. This

last subcategory includes residual equity transfers, operating transfers out , and indirect costs.

Prior Year Funding Adjustment (Hold Harmless). The prior year funding adjustments (i.e., hold harmless funding) ensure that a district's State aid per pupil amount does not fall below the amount received in the prior year. Consequently, districts with higher fiscal capacity continue to receive more in State support than targeted by the formula and the amount available to distribute to districts with lower fiscal capacity is reduced.

Profile of Educational Personnel (PEP) Reports. Staff information for regular employees, excluding temporary personnel and day-to-day substitutes, is collected from public school districts twice each year to create PEP databases. The October 1 PEP Report, intended to contain all regular employees of the school district who have been hired by that date, reflects the budgeted salary for each individual over the projected period of their employment during the school year. The End-of-Year PEP Report is intended to include all personnel who served as regular employees during any period of the school year, whether one day or the entire year, together with actual days worked and actual salaries paid them for the year. The school districts identify the primary duty of each reported employee by entering into the PEP record the most applicable combination of an Object Code and a Function Code, as defined by *Bulletin 1929: Louisiana Accounting and Uniform Governmental Handbook*. For example, a classroom teacher is identified by combining Object Code 112 (Teacher) with one of the 1000-Series (Instruction) Function Codes, such as 1105 (Kindergarten) or 1350 (Vocational Education - Industrial Arts).

Property Acquisition of Fixed Assets (land or buildings) (Object Code 700). This category includes improvements to grounds and initial, additional, and replacement equipment. Depreciation is required in proprietary funds only. Costs, less salvage value, are apportioned over the estimated service life of the asset. Costs are ultimately charged off as an expense.

Pupil Support Services provide administrative, technical and logistical support that serves to enhance instruction and has direct impact upon students. Expenditures to assess, improve, and supplement the teaching process are included here. Child welfare services are provided to circumvent problems that may limit student achievement, as well as deprive students of an equal educational opportunity. Guidance services facilitate locating career opportunities and providing referral assistance and job placement services. Health services, psychological services, and speech pathology are also provided under the category of pupil support.

Purchased Professional and Technical Services *Costs (Object Code 300).* This category includes payment for services that require specialized training. Consultants, tax assessing and collecting services, speakers, doctors, lawyers, and auditors are some examples of services falling into this category.

Purchased Property Services Costs (Object Code 400). This category includes the costs services required to operate, repair, maintain, and rent property owned or used by the district. Some examples are utilities, water/sewage, cleaning services, custodial, and lawn care.

Quintile. One of five, usually equal, portions of a frequency. When calculating quintiles based on the Local Wealth Factor (LWF), districts are ranked from high to low according to each district's wealth per the applicable Minimum Foundation Program (MFP) Budget Letter. Each quintile contains approximately twenty percent of the October 1 Elementary/Secondary membership.

Salaries (Object Code 100). This category is the gross amount paid to both permanent and temporary LEA employees, including substitutes, with accounting for overtime, sabbatical leave, and stipend pay.

School Administration is the oversight of overall administrative activities for the school.

State Revenues. I. Unrestricted grants-in-aid includes allocations from the Minimum Foundation Program (a general fund revenue) and interest paid from 16th section land. II. Restricted grants-in-aid includes provisions for special education, 8g mineral trust funds used to support specified programs, adult education, improvement programs, early childhood programs, Louisiana Education Assessment Program testing, non-public transportation, non-public textbooks reimbursements, and model career option programs. III. Revenue in lieu of taxes is appropriated annually by the State Legislature to compensate for loss due to homestead exemptions. IV. Revenues on behalf of the Local Education Agency (LEA) include items such as pension funds, or fixed assets.

State Targeted Contributions. The MFP formula adopted in 1992-93 changed the way schools are funded. Part of that change is how total costs are to be shared between the State and local governments. Level 1 targets both the State and local share of revenues for education and Level 2 provides additional State aid to eligible local school districts. When both the State and local governments provide the targeted amount, the formula will be fully funded.

Student Transportation to and from school and trips for school activities are provided for regular, special and other activities.

Supplies (Object Code 600). This category represents amounts paid for items consumed, worn out, or deteriorated through use. Audiovisual or classroom teaching supplies, energy, food, books and periodicals are some examples.

70% Instructional Requirement. This requirement, as stated in HCR 104 of the 1998 Legislative Session, dictates that local school districts *spend 70 percent of general fund monies*, both state and local, *on instruction*. The 70% instructional calculation is simply total instruction divided by the sum to total instruction and support. ***Total Instruction*** *includes Regular Program, Special Education Program, Vocational Education Program, Other Instructional Program, Special Programs, Pupil Support (exclude object code 730), and Instructional Staff Services (exclude object code 730) less nonpublic textbooks revenues (kpc 7960).* ***Total Support***

(exclude object code 730) includes General Administration, School Administration, Business Services, Operation and Maintenance, Student Transportation, and Central Services less nonpublic transportation revenue (kpc 7945).

Tax Effort. Dividing the actual revenues collected by the capacity to raise them derives the tax effort of each local school district. This amount indicates both the ability to pay and efforts made to reach that amount.

Total Instruction includes classroom instruction, pupil support services, and instructional staff support services.

Total Support includes general administration, school administration, business services, operations and maintenance, central services, and food and other services.

Weighted Student Membership. Variation in costs associated with particular student services is recognized through the new MFP formula using student weights. For example, school districts are given an additional .15 student allocation for those identified eligible for free and reduced lunch (at risk), an additional .5 student allocation for each vocational education unit, 1.66 for each student identified by an IEP needing special education, etc. Instead of calculating costs for the program, the formula calculates costs based on the needs of each individual student.