



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
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DATE: February 25, 2004

CIRCULAR: 1076

TO: Parish/City School Superintendents
Deans, Colleges of Education of Louisiana State University
and Southern University

FROM: Cecil J. Picard
State Superintendent of Education

SUBJECT: **2003-2004 State Public School Fund – Minimum Foundation Program (MFP) Equalization Distribution**

The General Appropriations Bill of the 2003 Regular Session of the Louisiana Legislature provides funding for the Minimum Foundation Program (MFP) Formula contained in House Concurrent Resolution (HCR) 235 of the 2003 Regular Session of the Louisiana Legislature. The total funding appropriated in House Bill 1 is \$2,522,899,982.

The total cost to implement the formula as per HCR 235 is \$2,556,469,478. Student membership audits and financial data audits require a net recovery adjustment of \$3,966,226. The final distribution is a net cost of \$2,552,503,252, creating an under-appropriation of \$29,603,270 state general fund and/or statutory dedicated funds. The Department will process a budget adjustment requesting these additional funds.

The following tables are included:

- Table 1: State Level Comparison**
MFP 2002-2003 Budget Letter variables compared to MFP 2003-2004 Budget Letter variables used to calculate the State equalization distribution.
- Table 2: MFP Distribution and Adjustments**
Total MFP distribution less audit adjustments and revised monthly MFP distributions for the 68 Louisiana school systems.
- Table 3: FY 2003-2004 MFP Level 1 Base Per Pupil and Level 2 Local Incentive**
Calculation of the 2003-2004 MFP Level 1 and 2 for the 68 Louisiana school systems.
- Table 3A: FY 2003-2004 Certificated Pay Raise Requirement**
Calculation of the 2003-2004 certificated pay raise requirement.
- Table 4: FY 2003-2004 Level 3 Unequalized Funding**
Continuation of the 2001-2002 pay raise, continuation of the 2002-2003 support worker pay raise, foreign language associates funding and hold harmless funding for the 68 Louisiana school systems.
- Table 5: FY 2003-2004 Allocation for the Lab Schools**
Total MFP distribution less audit adjustments and revised monthly MFP distributions for LSU and SU Lab Schools.
- Table 6: MFP Local Wealth Factor (LWF)**
Calculation of the Local Wealth Factor (LWF) for the 68 Louisiana school systems.
- Table 7: 2002-2003 Local Property and Sales Tax Revenues**
Summary of the Assessed Property Values and Ad Valorem and Sales Tax amounts and rates for the 68 Louisiana school systems.
- Table 8: October 1, 2003 Student Membership**
October 1, 2003 student membership by grade level and the October 1, 2002 adjusted total membership for the 66 Louisiana school systems.

Required Expenditure

A. Fifty Percent (50%) of Level 1 and 2 Growth Dedicated to Certificated Pay Raise.

HCR 235 continues the provision that not less than 50% of each school district's increased State funding from implementation of Level 1 and Level 2 of the formula is to be used to supplement and enhance full-time certificated staff salaries and retirement benefits.

The **net** amount each district **must** distribute is located in **Table 3A, Column 14**. Employer retirement contributions have been accounted for by dividing each district's 50% distribution by 1.138%. The result of this calculation is the number reflected in Table 3A, Column 14.

1. Distribution of Pay Increase.

The State Board of Elementary and Secondary Education has taken the position that local school systems will be allowed the flexibility to distribute the pay raise in a manner that is most beneficial to the unique needs of individual school districts. For example, school districts may want to boost pay for beginning teachers, teachers willing to work in low performing schools or teachers in shortage areas. Alternatively, some districts may elect to distribute the pay increase in the same manner the FY 2001-2002 pay increase was distributed. School boards may make decisions that best suit the particular needs of their districts.

2. Required Timelines for Pay Raise.

At this time, districts are required to distribute these funds and make the necessary adjustments to the applicable salary schedules for the remainder of FY 2003-2004 and for FY 2004-2005. This is a **permanent** pay raise.

B. FY 2002-2003 Support Worker Pay Raise.

1. Distribution of Pay Increase

The total amount per district that was converted to a per pupil amount is based on the FY 2002-2003 total allocation (including the 8% for employer contribution to retirement systems - \$514 per eligible employee).

2. Required Pay Increase Amount

The required raise per eligible employee remains at the FY 2002-2003 amount of \$476. The provision of the supplemental allocation in the Level 3 Legislative Enhancements creates a permanent pay increase. As such, this pay increase must be added to the relevant salary schedules.

3. Federal Employees

Those employees paid exclusively with federal funds are to be given the pay increase from the appropriate federal fund source.

C. Funding for Lab Schools

1. Funding Basis

LSU and SU Lab Schools are funded at the state per pupil amount for Levels 1, 2 and 3 based on their October 1, 2003 MFP membership.

2. Certificated Pay Raise

Fifty percent (50%) of increased state funds, adjusted to exclude the 2002-2003 support worker pay raise, must be directed to certificated pay raises. Lab Schools are afforded flexibility in the distribution of these funds to certificated staff in a manner that best meets the needs peculiar to each school.

3. Support Worker Pay Raise

The State per pupil includes Level 3 funding, and as such, the average contains an amount attributable to the support pay raise supplement. LSU and SU lab schools must continue the FY 2002-2003 support worker pay raise in the FY 2003-2004 year from funds received through the MFP. The pay raise is to continue at \$476 and is to be considered permanent. Applicable pay schedules must be adjusted to reflect this pay increase.

D. Accountability for School Performance

HCR 235 provides for a report to be submitted to the legislature for each school with a school performance score below the state average and annual growth of less than five points. The report is currently being prepared by Department staff and will be submitted to the Legislature on or before April 1, 2004. Copies will be provided each district and will be placed on the Department's website.

If you have any questions regarding this information, contact Beth Scioneaux, Director, Division of Education Finance, at (225) 342-4989. This information will be posted to the Department of Education website, www.louisianaschools.net. You may also call the Department's toll free number at 1-877-453-2721.

CJP/ML/BS:cs

Attachments

c: SBESE Members
Senator Francis Heitmeir
Senator Gerald J. Chris Ullo
Representative John Alario
Representative Carl Crane
Commissioner Jerry Luke LeBlanc
Local School System Business Managers/Directors of Finance
Carole Wallin, Deputy Superintendent of Education, SDE
Marlyn Langlely, Deputy Superintendent for Management and Finance, SDE
Beth Scioneaux, Director, Education Finance, SDE
Kitty Littlejohn, Director, Appropriation Control, SDE
Tommy Smith, Assistant Director of Budget and Planning, LSU
Dr. Ed Green, Director, LSU Lab School
Bob Kuhn, Associate Vice Chancellor, LSU
Brenda Sterling, Director, SU Lab School
Curtis Lee, Director of Foundations, SU
Ron Wascom, LSBA
James Cannon, Budget Office, SU
George Silbernagel, House Appropriations
Paul Fernandez, Office of Planning and Budget
David Ray, Senate Finance
David Smith, Senate Education
John Rombach, Legislative Fiscal Office