

SENATE CONCURRENT RESOLUTION NO. 125

BY SENATOR ULLO AND REPRESENTATIVES CRANE AND HONEY

A CONCURRENT RESOLUTION

To provide for legislative approval of the formula to determine the cost of a minimum foundation program of education in all public elementary and secondary schools as well as to equitably allocate the funds to parish and city school systems as developed by the State Board of Elementary and Secondary Education and adopted by the board on March 7, 2005, and as subsequently revised pursuant to board action on June 16, 2005.

WHEREAS, Article VIII, Section 13(B) of the Constitution of Louisiana requires the State Board of Elementary and Secondary Education to develop and adopt annually a formula which shall be used to determine the cost of a minimum foundation program of education in all public elementary and secondary schools as well as to allocate equitably the funds to parish and city school systems; and

WHEREAS, at a special meeting of the State Board of Elementary and Secondary Education on March 7, 2005, the board adopted a formula for such cost determination and the equitable allocation of funds; and subsequently revised such formula pursuant to board action on June 16, 2005; and

WHEREAS, the board has indicated that the adopted formula considers all statutory and board policy requirements necessary to achieve an appropriate cost determination for a minimum education program as well as to distribute equitably the cost; and

WHEREAS, the following goals are recommended for the minimum foundation program:

**GOAL 1 - - EQUITY:** The school finance system in Louisiana provides equal treatment of pupils with similar needs with the requirement that local school systems have a tax burden sufficient to support Level 1.

**GOAL 2 - - ADEQUACY:** The school finance system in Louisiana provides

programs and learning opportunities that are sufficient for providing a minimum educational program for every individual. The State Board of Elementary and Secondary Education and the Legislature through the adoption of the minimum foundation program formula establish a minimum program.

**GOAL 3 - - LOCAL CHOICE:** The school finance system in Louisiana provides that local taxpayers and the school board establish the budget and set the tax levy for operating the schools above a set level of support for the minimum program.

**GOAL 4 - - EVALUATION OF THE STATE SCHOOL FINANCE SYSTEM:** The school finance system in Louisiana ensures the attainment of the goals of equity, adequacy, and local choice. Whereas the school finance system utilizes significant state general fund revenues, it is important that the system be evaluated on a systematic basis annually.

**GOAL 5 - - PERFORMANCE MEASURES:** The school finance system in Louisiana provides for financial accountability and program efficiency maximizing student achievement. Accountability means that the local school districts can demonstrate that they are operating in conformance with state statutes, financial accounting standards and student performance standards.

WHEREAS, to properly measure the achievement of the goals, a comprehensive management information system containing state-level and district-level components shall continue to be developed; and

WHEREAS, to provide fiscal and programmatic accountability, a fiscal accountability program and a school and district accountability program shall continue to be developed; and

WHEREAS, the fiscal accountability program shall verify data used in allocating minimum foundation program funds and report fiscal information on the effectiveness of the manner in which the funds are used at the local school system level; and

WHEREAS, the school and district accountability program in establishing the state goals for schools and students, creates an easy way to communicate to schools and the public how well a school is performing, recognizes schools for effectively demonstrating growth in student achievement, and focuses attention, energy, and resources on schools needing help

in improving student achievement; and

WHEREAS, the Constitution of Louisiana requires the Legislature to fully fund the current cost to the state of the minimum foundation program as determined by applying the legislatively approved formula; and

WHEREAS, this minimum foundation program formula is designed to provide greater equity and adequacy in both state and local funding of local school systems; and

WHEREAS, the Constitution of Louisiana requires the appropriated funds to be allocated equitably to parish and city school systems according to the formula as adopted by the State Board of Elementary and Secondary Education and approved by the Legislature prior to making the appropriation.

THEREFORE, BE IT RESOLVED by the Legislature of Louisiana, that the formula to determine the cost of a minimum foundation program of education in all public elementary and secondary schools as well as to allocate equitably the funds to parish and city school systems developed by the State Board of Elementary and Secondary Education and adopted by the Board on March 7, 2005, and as subsequently revised pursuant to board action on June 16, 2005 is hereby approved to read as follows:

MINIMUM FOUNDATION PROGRAM  
ELEMENTARY AND SECONDARY EDUCATION  
COST DISTRIBUTION FORMULA  
2005-06 SCHOOL YEAR

**I. BASIS OF ALLOCATION**

A. Preliminary and Final Allocations

1. BESE shall determine preliminary allocations of the minimum foundation program formula for parish, city and other local school systems, Recovery School District Schools, and LSU and Southern Lab schools, using latest available data, no later than March 15 each year for the upcoming fiscal year. Upon adoption by the board of such preliminary allocations for the ensuing fiscal year, the superintendent shall submit the budget requirements in accordance with R.S. 39:33 and shall submit the minimum foundation program funding requirements to the Joint Legislative Committee on the Budget and to the House and Senate Committees on Education.

2. Upon final adoption by BESE and the Legislature of the minimum foundation program formula resolution in effect for the upcoming fiscal year, BESE shall determine final allocations of the minimum foundation program formula for parish, city and other local school systems, Recovery School District schools, and LSU and Southern Lab schools using latest available data, no later than June 30 for the fiscal year beginning July 1.
- B. Mid-year Adjustments
1. If any city, parish, or other local school system's October 1 student count exceeds the previous year's audited October 1 membership by either 50 students or 1%, a mid-year adjustment to provide additional per pupil funding shall be made for each additional student based on the final MFP allocation per pupil amount for that city, parish or other local school system as approved by BESE.
  2. If any Recovery School District school has an increase in enrollment above the number included in the final MFP allocation, for the number of students above the number used in the final MFP allocation that can be matched as included in the district of prior jurisdiction final MFP allocation, the Recovery School District school shall receive a mid-year transfer of MFP funding based upon the number of students matched above the enrollment number used in the final MFP allocation. This transfer shall be based on the final MFP allocation per pupil for the district of prior jurisdiction times the number of students matched. The MFP allocation of the district of prior jurisdiction shall receive a mid-year reduction.
  3. For increased enrollment in the Recovery School District School where the students were not counted in the prior year enrollment of the district of prior jurisdiction, the Recovery School District School shall receive a mid-year adjustment to provide additional per pupil funding based on each additional student times the final MFP allocation per pupil amount for the system of prior jurisdiction as approved by BESE.
  4. If any Recovery School District school's October 1 student count exceeds the

previous year's audited October 1 membership used in final MFP allocations, a mid-year adjustment to provide additional local per pupil funding shall be made for each additional student based on the local per pupil amount of the district of prior jurisdiction times the increased number of students. These funds are transferred monthly from the monthly MFP amount of the district with prior jurisdiction.

**II. LEVEL 1 - COST DETERMINATION AND  
EQUITABLE DISTRIBUTION OF STATE AND LOCAL FUNDS**

A. Base Foundation Level 1 State and Local Costs

1. October 1 Membership (as defined by the State Board of Elementary and Secondary Education) including Recovery School District students.

**Plus**

2. Add-on Students/Units

- a. At-Risk Students weighted at 0.17.

At-Risk students are defined for purposes of allocating funds as those students whose family income is at or below income eligibility guidelines or other guidelines as provided by the State Board of Elementary and Secondary Education times the weighted factor of 0.17.

- b. Vocational Education course units weighted at .05.

The number of combined fall and spring student units enrolled in secondary vocational education courses times the weighted factor of 0.05.

- c. Special Education/Other Exceptionalities students weighted at 1.50.

The number of students identified as having Other Exceptionalities as reported in the October 1 membership count per LANSER times the weighted factor of 1.50.

- d. Special Education/Gifted and Talented students weighted at .60. The number of students identified as Gifted and Talented as reported in the October 1 membership count per LANSER times the weighted factor of 0.60.

e. Economy of Scale calculated as a curvilinear weight of .20 at 0 student October 1 membership level down to zero at 7,500 student October 1 membership level. This weight will vary depending on the size of the school system. There will be no benefit to school systems with a membership of 7,500 or greater. The formula for this weight is:

- (1) for each district with less than 7,500 students, subtract its membership from 7,500;
- (2) divide this difference by 37,500 to get each district's economy of scale weight; then
- (3) multiply each district's economy of scale weight times their October 1 membership count.

**Equals**

- 3. Total Weighted Membership and/or Units (Sum of I.A.1 and I.A.2.a. through e.)

**Times**

- 4. State and Local Base Per Pupil Amount of \$3,554.

In the event no provision for an annual increase has been provided and this Resolution remains in effect in the fiscal year 2006-07 or thereafter, the State Board of Elementary and Secondary Education shall annually adjust the state and local base per pupil amount with approval by the Joint Legislative Committee on the Budget. If the Joint Legislative Committee on the Budget does not approve the rate established by the State Board of Elementary and Secondary Education, then an annual growth adjustment of 2.75% shall automatically be applied to the state and local base per pupil amount beginning in the Fiscal Year 2006-07.

**Equals**

- 5. Total Base Foundation Level 1 State and Local Costs (I.A.3 times I.A.4.)

**B. LOCAL SCHOOL SYSTEM WEALTH FACTOR**

- 1. Property Revenue Capacity is calculated by multiplying the state average

property tax rate (including debt service) for the latest available fiscal year by each school system's net assessed property value including TIF areas.

2. Sales Revenue Capacity is calculated by dividing the district's actual sales tax revenue collected (including debt service) in the latest available fiscal year by the district's sales tax rate that was applicable to create a sales tax base. If a district's Computed Sales Tax Base has increased equal to or greater than 20% over the Computed Sales Tax Base calculated in the prior year formula, then the growth in the Computed Sales Tax Base will be capped at 20% over the amount used in the prior year formula. In the event this Resolution remains in effect in FY 2006-07 or thereafter, this cap will be applied on a year-to-year basis comparing the current year sales tax base to the prior year uncapped sales tax base. Each district's base is then multiplied by the state average sales tax rate. If a local school system's sales tax goes into effect during the fiscal year, the tax rate is prorated to an annual rate applicable for the total revenue generated.
  3. Other Revenues Capacity is calculated by combining (1) State Revenue in lieu of taxes; (2) Federal Revenue in lieu of taxes; and (3) 50% of Earnings on Property.
  4. Total Revenue Capacity is the sum of adding Items 1, 2 and 3.
  5. Revenue Capacity per Pupil is calculated by dividing the Total Revenue Capacity by the current year October 1 Weighted Membership as defined by Legislative Resolution and the State Board of Elementary and Secondary Education.
  6. The Local Wealth Factor (LWF) is calculated by dividing each individual school system's Revenue Capacity per Pupil by the state average Revenue Capacity per Pupil. The resulting quotient is each school system's Local Wealth Factor.
- C. Proportion of Base Foundation Level 1 Costs Allocated to the State 65 Percent and Local School Systems 35 Percent.**
1. Local Equalization Factor

A district's Local Wealth Factor (I.B.6.) is multiplied by the district's proportion of State Weighted Membership to determine the Local Equalization Factor.

**Times**

- 2. Local Support Factor of 35%.

**Times**

- 3. State Total Base Foundation Level 1 State and Local Costs (I.A.5)

**Equals**

- 4. Local Support of Base Foundation Level 1 Costs

**And**

- 5. State Support of Base Foundation Level 1 Costs is the remainder of costs after subtracting the local share. (I.A.5. minus I.C.4).

**III. LEVEL 2 - INCENTIVE FOR LOCAL EFFORT**

**A. Level 2 Eligible Local Revenue**

- 1. Local Revenue.

Prior year revenues collected for educational purposes from total Sales Tax, total Property Tax, State and Federal Revenue in Lieu of Taxes, and 50% of Earnings on Property

**Less**

- 2. Local Support of Base Foundation Level 1 Costs (I.C.4)

**Equals**

- 3. Local Revenue. Over Local Support of Base Foundation Level 1 costs. This is the funding available for consideration in Level 2 incentive funding.

- 4. Limit on Revenue Eligible for Level 2.

The maximum local revenue eligible for incentive funding is equal to 33% of Total Base Foundation Level 1 State and Local Costs (I.A.5times .33).

- 5. Eligible Local Revenue collected for educational purposes. The Lesser of:

- a. Local Revenue Over Level 1 Local Share (II.A.3.),

or

- b. Limit on Revenue Eligible for Level 2 Incentive Funding (II.A.4)



**B. State Support of Level 2 Local Effort**

- 1. State Support of Level 2 equals 40 percent of eligible revenue (II.A.5) weighted by a district's Local Wealth Factor (I.B.6) using the following formula:

$$[1 - (.60 \times \text{LWF})] \times \text{Eligible Local Revenue (II.A.5)}$$

**Equals**

- 2. State Support of Level 2 Incentive for Local Effort

**IV. MINIMUM FOUNDATION PROGRAM LEVEL 3 LEGISLATIVE ENHANCEMENTS**

**A. 2001-02 CERTIFICATED PERSONNEL PAY RAISE CONTINUATION ENHANCEMENT**

The supplemental funding provided for the 2001-02 certificated pay raise will continue for each district based on the prior year per pupil amount times their current year October 1 membership.

**B. 2002-03 Support Worker Pay Raise Continuation Enhancement**

The supplemental pay raise allocation for noncertificated support workers provided in FY 2002-03 will continue based on the prior year per pupil amount times the current year October 1 membership.

**C. FOREIGN LANGUAGE ASSOCIATE ENHANCEMENT**

Any local school system employing a Foreign Language Associate shall receive a supplemental allocation from BESE of \$20,000 per teacher not to exceed a total of 300 teachers in the program.

**D. ACCOUNTABILITY STUDENT TRANSFER ENHANCEMENT**

Any district that includes in their October 1 membership a student who:

- 1. Transferred from a SI2, SI3, SI4, SI5, or SI6 school in another district; and
- 2. Attended the SI2, SI3, SI4, SI5, or SI6 school in the immediate preceding year before transferring; and
- 3. Transferred to an academically acceptable school in accordance with BESE Accountability Transfer policy, will receive additional funding equal to the current year MFP state-average local share per pupil for each such student for a maximum of 3 years as long as the student is enrolled.

**E. Hold Harmless Enhancement**

The concept for the present formula was first enacted in Fiscal Year 1992-93. At that time, there were school systems that were "underfunded" by the state and those that were "overfunded" by the state. In fiscal year 1999-2000, this MFP formula concept was fully implemented for the first time with 52 systems funded at the appropriate state level, eliminating the "underfunded" situation. School systems identified as "overfunded" in FY 2000-01 shall receive their prior year per pupil Hold Harmless amount times their current year October 1 membership not to exceed the total Hold Harmless amount received in the prior year.

**V. FUNDING FOR RECOVERY SCHOOL DISTRICT****A. MFP State Share Per Student**

1. The October 1 student membership and weighted student counts of schools transferred to the Recovery School District shall continue to be included in the October 1 membership and weighted student counts of the city, parish, or other local public school board from which jurisdiction of the school was transferred.
2. Once all final MFP calculations have been made, the MFP state share per October 1 student membership from all levels of the MFP formula for the city, parish, or other local public school board which counted the Recovery School District students, shall be multiplied by the number of October 1 students in each Recovery School District school and converted to a monthly amount. The monthly amount(s) shall be reduced from the city, parish, or other local public school board MFP monthly allocation and transferred to the Recovery School District school.

**B. Local Share Per Student**

1. In addition to the appropriation required in V.A.2. of this section, any school in the Recovery School District shall receive an applicable local per student allocation.
2. That amount is based on the local revenue of the city, parish, or other local public school board that had jurisdiction of the school prior to its transfer are

to be included in the calculation.

3. Local revenues from the following sources, excluding any portion which has been specifically dedicated by the legislature or by voter approval to capital outlay or debt service, or which was actually expended by the school board for facilities acquisition and construction as reported to the Department of Education:

- a. Sales and use taxes, less any tax collection fee paid by the school district.
- b. Ad valorem taxes, less any tax collection fee paid by the school district.
- c. Earnings from sixteenth section lands owned by the school district.

4. The local amount for the Recovery District school is determined by multiplying the local revenues per October 1 student membership times the number of October 1 students in the Recovery School District school.

5. Once the local amount is determined, it is adjusted to a monthly amount that is transferred from the MFP monthly allocation of the city, parish, or other local public school board from which jurisdiction of the school was transferred to the Recovery School District school.

- C. Except for administrative costs, monies appropriated to the Recovery School District that are attributable to the transfer of a school from a prior school system and monies allocated or transferred from the prior system to the recovery district shall be expended solely on the operation of schools transferred from the prior system to the jurisdiction of the Recovery School District.

**VI. FUNDING FOR LOUISIANA STATE UNIVERSITY AND SOUTHERN UNIVERSITY LABORATORY SCHOOLS**

- A. Any elementary or secondary school operated by Louisiana State University and Agricultural and Mechanical College or by Southern University and

Agricultural and Mechanical College shall be considered a public elementary or secondary school and, as such, shall be annually appropriated funds as determined by applying the formula contained in Subsection B of this Section.

- B. Each student in October 1 Membership, as defined by the State Board of Elementary and Secondary Education, at the schools provided for in Subsection A of this Section shall be provided for and funded from the minimum foundation program an amount per student equal to the amount allocated per student for the state share of the minimum foundation program.
- C. The funds appropriated for the schools provided for in this section shall be allocated to the institution of higher education operating such a school. Each such institution of higher education shall ensure the equitable expenditure of such funds to operate such schools.
- D. Fifty percent of increased funds provided are to be directed to certificated staff pay raises as defined in Section VI.A. Provisions specified in section VII through IX of this Resolution shall apply to these schools.

**VII. ADJUSTMENTS FOR AUDIT FINDINGS AND DATA REVISIONS**

Review and/or audit of the districts' data used in determining their Minimum Foundation Program allocation may result in changes in final statistical information. The Minimum Foundation Program allocation adjustments necessary as a result of these audit findings will be made in the following school year.

**VIII. REQUIRED EXPENDITURE AMOUNTS**

**A. REQUIRED PAY RAISE FOR CERTIFICATED PERSONNEL**

Fifty percent of a district's increased funds provided in Levels 1 and 2 over the prior year after adjusting for increases in student membership shall be used only to supplement and enhance full-time certificated staff salaries and retirement benefits.

For purposes of determining the use of these funds, certificated personnel are defined per state Department of Education Bulletin 1929 and are to include: teachers (all function codes 1000-2200, object code 112); therapists/specialists/counselors (function codes 1000- 2200, object code 113);

school site-based principals, assistant principals, and other school administrators (function code 1000-2200 and 2400, object code 111); central office certificated administrators (function code 1000-2300 & 2831 (excluding 2321), object code 111); school nurses (function code 2134, object code 118); and sabbaticals (function code 1000-2200, 2134, and 2400, object code 140).

**B. 70% LOCAL GENERAL FUND REQUIRED INSTRUCTIONAL EXPENDITURE**

To provide for appropriate accountability of state funds while providing local school board flexibility in determining specific expenditures, local school boards must ensure that 70 % of the local school system general fund expenditures are in the areas of instruction. The definition of instruction shall provide for: (1) the activities dealing directly with the interaction between teachers and students to include such items as: salaries, employee benefits, purchased professional and technical services, instructional materials and supplies, and instructional equipment; (2) pupil support activities designed to assess and improve the well-being of students and to supplement the teaching process; and (3) instructional staff activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.

**C. EXPENDITURE REQUIREMENT FOR FOREIGN LANGUAGE ASSOCIATE PROGRAM**

The State must maintain support of the Foreign Language Associate program at a maximum of 300 Foreign Language Associates employed in any given year. These teachers shall be paid by the employing local school system the amount of classroom teacher average salary (without PIP) by years of experience and degree beginning with year one.

**D. EXPENDITURE REQUIREMENT FOR EDUCATIONAL PURPOSES**

State MFP funds shall only be expended for educational purposes. Expenditures for educational purposes are those expenditures related to the operational and instructional activities of a district to include: instructional

programs, pupil support programs, instructional staff programs, school administration, general administration, business services, operations and maintenance of plant services, student transportation services, food services operations, enterprise operations, community services operations, facility acquisition and construction services and debt services as defined by Louisiana Accounting and Uniform Governmental Handbook, Bulletin 1929.

#### **IX. ACCOUNTABILITY FOR SCHOOL PERFORMANCE**

- A.** Each school district (LEA) with a school that has a School Performance Score below 80 **AND** growth of less than 2 points in the School Performance Score will be included in an MFP Accountability report submitted to the House and Senate Committees on Education by June 1 of each year. Specific information to be included in the report as follows.
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 eligible for free and/or reduced lunch ("at-risk"), students with exceptionalities (special ed), gifted/talented, and Minority; Advanced Placement data; student attendance rates; and pupil-teacher ratios.
  5. **Teacher Data** - Average FTE teacher salaries (object 112, function 1000 series); percent of teachers certified; average years of experience; percent master's degree and above; percent turnover; percent Minority; and teachers' days absent. All teacher data (excluding salaries) reported for certified teachers.
  6. **Staffing Data** - number per 1000 pupils for certified teachers, uncertified teachers, and instructional aides.
- B.** Any student attending an Academically Unacceptable school in School Improvement 5 (SI5) that does not have a BESE-approved Reconstitution Plan

shall not be considered in the MFP formula calculations. Any student attending an Academically Unacceptable school in School Improvement 6 (SI6) that does not have a BESE-approved and implemented Reconstitution Plan shall not be considered in the MFP formula calculations.

- C. Any staff assigned to a SI5 School that does not have a BESE-approved Reconstitution Plan shall not be considered in the MFP for any purpose. Any staff assigned to a (SI6) School that does not have a BESE-approved and implemented Reconstitution Plan shall not be considered in the MFP for any purposes.

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PRESIDENT OF THE SENATE

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SPEAKER OF THE HOUSE OF REPRESENTATIVES