



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
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DATE: July 3, 2007

CIRCULAR: 1100

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

FROM: Paul G. Pastorek
State Superintendent of Education

SUBJECT: 2007-2008 State Public School Fund – Minimum Foundation
Program (MFP) Equalization Distribution

The General Appropriations Bill (House Bill 1) of the 2007 Regular Session of the Louisiana Legislature provides \$2,922,336,485 exclusive of mid-year adjustments for student growth, in funding for the Minimum Foundation Program (MFP) Formula defined in House Concurrent Resolution (HCR) 208 (of the 2007 Regular Session of the Louisiana Legislature).

The initial implementation cost for the MFP formula per HCR 208, exclusive of mid-year adjustments for student growth, is \$2,918,414,063. An appropriated balance of \$3,922,422 is available for mid-year student membership adjustments in October 1, 2007, and February 1, 2008, as provided in HCR 208.

Data and Implementation Issues:

1) Student Data - It is critical that the student data transmitted to the Department for October 1, 2007, and February 1, 2008, via the Student Information System (SIS) are accurate and submitted in a timely basis. This data will be used to calculate the October and February mid-year student membership adjustments. In addition, the February 1, 2008 data will be used to fund the 2008-09 MFP formula.

2) Fifty Percent (50%) of Level 1 and 2 Growth Dedicated to Certificated Pay Raise - HCR 208 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.

Districts and Lab Schools with average teacher salaries above the latest published SREB average of \$43,417 are exempt from the 50% pay raise requirement. Average teacher salary data for the 69 school systems and the lab schools are based on FY 2006-2007 budgeted data. The exemption for average salaries above the SREB average also applies to the Lab Schools.

Distribution Amount

The net amount each district must distribute is located in **Table 3A, Column 18**. Employer retirement contributions have been accounted for by dividing each district's 50% distribution by 1.166%. The result of this calculation is the number reflected in Table 3A, Column 18.

Distribution Method

The supplementation and enhancement of pay (the pay raise) provided by this particular aspect of the formula is **NOT** required to be distributed to every certificated staff in the same amount (an "across the board" pay raise). The local school systems **MAY** distribute the pay raise in **ANY** manner that is most

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beneficial to the unique needs of individual school districts. For example, school districts have the authority to boost pay for:

1. teachers or principals who perform at exceptional levels;
2. beginning teachers;
3. teachers willing to work in low performing schools;
4. teachers in shortage areas, or
5. a combination of some or all of the above.

Please note: This distribution method for the MFP based pay raise is different from the "across the board pay raise" of \$2,375 granted by the legislature. That across the board pay raise is an additional amount which must be given to all certificated personnel in equal amounts of \$2,375.

Required Timelines for Pay Raise

This is a permanent pay raise. Therefore, each district shall include the 50% pay increase in the 2007-2008 salary schedules and begin paying the increase by August 1, 2007.

Revisions to the previous year MFP formula:

HCR 208 changes to the previous year MFP formula are as follows:

- A. Increases the per pupil amount from \$3,652 to \$3,752
- B. Includes the Central Community School System in the school districts funded by the formula
- C. Provides student count guarantees for heavily affected hurricane districts (Cameron, Jefferson, Orleans/RSD, Plaquemines, and St. Bernard)
Uses the Education Estimating Conference student count projections for these districts to recognize that students are expected to return to schools in their areas in 2007-08
- D. Increases the At-Risk Weight from 19% to 21%
- E. Adds a 10% cap on increases in a district's Net Assessed Property Values when calculating the local share contribution
- F. Adds a minimum State Share of 25% of Level 1 Costs
- G. Replaces the Local Wealth Factor calculation with the Deduction Method in the determination of the Local Share Contribution
- H. Replaces the Level 2 Reward Calculation with the Level 2 Reward Factor
- I. Provides for an increase from \$80 to \$91.50 per student in Level 3 to offset mandated costs
- J. Reduces the Hold Harmless Amounts by prior year pay raises and insurance premiums
- K. Reduces the remaining Hold Harmless Amounts 10% annually over the next 10 years
- L. Redistributes the annual hold harmless reduction amounts to all non-hold harmless districts on a per pupil basis

Provisions continued from the previous year MFP formula:

- A. Student based formula including:
 - a. Base per pupil cost
 - b. February 1 student membership count
 - c. Weights recognizing the unique needs of At-Risk, Special Education, Gifted and Talented, and Vocational Education students
 - d. English Language Learners (ELL) students counted with the At-Risk Count
 - e. Economy of Scale recognizing the high cost of operating small districts (less than 7,500 students)

- B. Cap on the growth in the computed sales tax base of 15% for purposes of calculating the local share contribution

- C. Continues rewards for local school districts that make the effort to support education in their community at a higher level by taxing themselves with additional millages or larger sales tax rates

- D. Provides for prior year Certificated and Support Worker Legislative pay raises

- E. Foreign Language Associates salary funding

- F. Accountability Student Transfer Provision
HCR 208 provides for a report to be submitted to the Legislature for each school with a school performance score below 80 and annual growth of less than two points in the School Performance Score. The report will be submitted to the Legislature on or before June 1, 2008. Copies will be provided to each district and will be placed on the Department's website.

- G. Fifty Percent (50%) of Level 1 and 2 Growth Dedicated to Certificated Pay Raise
HCR 208 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.

- H. Funding for Lab Schools
LSU and SU Lab Schools are funded at the state average per pupil amount for Levels 1, 2 and 3 based on their February 1, 2007 MFP membership.

- I. Provides for two mid-year student adjustments.
 - 1. October 1, 2007
If a district's October 1, 2007 student membership exceeds the February 1, 2007 student membership by 50 students or 1%, a mid-year adjustment of additional funding will be provided equal to the district's MFP per pupil amount times the number of increased students. Monthly payments will be adjusted to reflect the growth.

 - 2. February 1, 2008
If a district's February 1, 2008 student membership exceeds the October 1, 2007 student membership by 50 students or 1%, a mid-year adjustment of additional funding will be provided equal to one-half of the district's MFP per pupil amount times the number of increased students. Monthly payments will be adjusted to reflect the growth.

- J. Continues Modified 70% Instructional Requirement

Data Sources

For purposes of the MFP calculations required by HCR 208, latest available data is identified as follows:

1. February 1 Membership is per BESE definition and based on the February Student Information System data, including any school transferred to the Recovery School District.
2. Weighted membership data is as follows:
 - a. Exceptionalities – SER February 1, 2007, including any school transferred to the Recovery School District.
 - b. Gifted and Talented –SER February 1, 2007, including any school transferred to the Recovery School District.
 - c. Vocational Education – LEADS October 2006, including any school transferred to the Recovery School District.
 - d. At-Risk – Student Information System February 1, 2007, including any school transferred to the Recovery School District.
 - e. Economy of Scale – Student Information System February 1, 2007, including any school transferred to the Recovery School District.
3. Local School System Revenues and Tax Rates – Annual Financial Report data for Fiscal Year 2005-2006.
4. Net Assessed Property Values – Louisiana Tax Commission December 2005 data.
5. Foreign Language Associate Teacher – Data from February 2007.
6. Accountability Student Transfer - Student Information System February 1, 2007, including any school transferred to the Recovery School District.

Reference Tables

The following tables are being provided for your reference:

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|-----------|--|
| Table 1: | State-Level Comparison Provides comparison of the 2006-2007 Revised MFP Budget Letter to the 2007-2008 MFP Budget Letter. |
| Table 2: | MFP Distribution and Adjustments Provides the Total MFP distribution less audit adjustments, and the monthly MFP distributions for the 69 Louisiana school systems. |
| Table 3: | FY 2007-2008 MFP Level 1 Base Cost and Level 2 Reward Incentive Provides the detailed calculation of the 2007-2008 MFP Levels 1 and 2 for the 69 Louisiana school systems. |
| Table 3A: | FY 2007-2008 Certificated Pay Raise Requirement Provides the calculation of the 2007-2008 50% pay raise requirement for certificated personnel. |
| Table 4: | FY 2007-2008 Level 3 Unequalized Funding Provides the continuation of the 2001-2002 certificated staff pay raise, continuation of the 2002-2003 support worker pay raise, and continuation of the 2006-2007 pay raises for certificated staff and support worker staff. Additionally, in Level 3 funding is provided for foreign language associates, prior pay raises and insurance premiums, and mandated costs for the 69 Louisiana school systems. Lastly, the hold harmless funds are reduced and redistributed to the non-hold harmless districts. |
| Table 5A: | FY 2007-2008 Allocation for the LSU and SU Lab Schools Provides the Total MFP distribution for LSU and SU Lab Schools, less audit adjustments, in addition to, the monthly MFP distributions and calculation of the 50% pay raise requirement. |

- Table 5B:** **FY 2007-2008 MFP State Share Allocation for the Recovery School District and the Orleans Parish School District**
Provides the calculation of the State Share Allocation to the RSD Operated Schools and Charter Schools, and the Orleans Parish School District.
- Table 6:** **Calculation of the Local Deduction**
Provides the calculation of the Local Deduction amount for the 69 Louisiana school systems.
- Table 7:** **2005-2006 Local Property and Sales Tax Revenues**
Provides a summary of the Net Assessed Property Values, Ad Valorem and Sales Tax amounts, and millage and sales tax rates for the 69 Louisiana school systems.
- Table 8:** **February 1, 2007 Student Membership**
Provides the February 1, 2007 student membership by grade level and the adjusted May 1, 2006 total membership for the 69 Louisiana school systems.

If you have any questions regarding this information, contact Charlotte Stevens at (225) 342-4989 or via e-mail at charlotte.stevens@la.gov. 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.

PGP/BS:cs

Attachments

- c: SBESE Members
Senator Francis Heitmeier
Senator 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
Beth Scioneaux, Deputy Superintendent for Management and Finance, SDE
Charlotte Stevens, Director, Education Finance, SDE
Kitty Littlejohn, Director, Appropriation Control, SDE
Tommy Smith, Assistant Director of Budget and Planning, LSU
Dr. Wade Smith, Director, LSU Lab School
Bob Kuhn, Associate Vice Chancellor, LSU
Sheila Lewis, Director, SU Lab School
Monica Mealie, Associate Comptroller for Financial Accounting, SU
James Cannon, Budget Office, SU
Doreen Brasseaux, Office of the Governor
George Silbernagel, House Appropriations
Etta Harris-Whitmore, Office of Planning and Budget
David Ray, Senate Finance
Paul Jones, House Education
Jeanne Johnston, Senate Education
Gordon Monk, Legislative Fiscal Officer
Lloyd Dressel, LSBA