




STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
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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: 2008-2009 State Public School Fund – Minimum Foundation
Program (MFP) Equalization Distribution

The General Appropriations Bill (House Bill 1) of the 2008 Regular Session of the Louisiana Legislature provides \$3,214,772,070 in funding for the Minimum Foundation Program (MFP) Formula defined in House Concurrent Resolution (HCR) 207 of the 2008 Regular Session of the Louisiana Legislature.

The specific allocation amounts to local school systems, lab schools, and the Recovery School District are identified in the following information:

Tables

- Table 1: **State-Level Comparison**
Provides comparison of the 2007-2008 MFP Budget Letter to the 2008-2009 MFP Budget Letter.
- Table 2: **MFP Distribution and Adjustments**
Provides the Total MFP distribution, minus audit adjustments, and the monthly MFP distributions for the 69 Louisiana school systems.
- Table 3: **FY 2008-2009 MFP Level 1 Base Cost and Level 2 Reward Incentive**
Provides the detailed calculation of the 2008-2009 MFP Levels 1 and 2 for the 69 Louisiana school systems.
- Table 3A: **FY 2008-2009 Certificated Pay Raise Requirement**
Provides the calculation of the 2008-2009 50% pay raise requirement for certificated personnel.
- Table 4: **FY 2008-2009 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 and 2007-2008 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 4A: **FY 2008-2009 Stipends for Foreign Associate Teachers**
Provides for the distribution of the 2008-2009 stipends for Foreign Associate Teachers

- Table 5A:** **FY 2008-2009 Allocation for the LSU and SU Lab Schools**
Provides the Total MFP distribution for LSU and SU Lab Schools, minus audit adjustments, in addition to the monthly MFP distributions and calculation of the 50% pay raise requirement.
- Table 5B1:** **FY 2008-2009 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 5B2:** **FY 2008-2009 MFP State Share Allocation for the Recovery School District other than Orleans Parish School District**
Provides the calculation of the State Share Allocation to the RSD Charter Schools other than those in 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:** **2006-2007 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, 2008 Student Membership**
Provides the February 1, 2008, student membership by grade level and the adjusted February 1, 2007, total membership for the 69 Louisiana school systems.

Significant Changes Affecting Implementation of HCR 207:

- 1) **Foreign Associate Teacher Stipends** - Includes the addition of stipends for Foreign Associate Teachers to defray installation costs in year one and to provide for retention incentive in year 2 and year 3
 - Further instructions on how to administer these funds will be provided in a separate Circular.
- 2) **Newly Approved Type 2 Charter Schools** - Adds provision that any Type 2 Charter School approved by SBESE *on or after July 1, 2008*, shall be appropriated funds for the local share from the transfer of an MFP monthly amount
- 3) **Accountability for At-Risk Funding** - Adds language requiring accountability for expenditures for At-Risk funding
 - Further explanation of the specific requirements will be outlined in a separate Circular.
- 4) **Accountability for Career and Technical Education Funding** - Adds language requiring accountability for expenditures of Career and Technical Education funding
 - Further explanation of the specific requirements will be outlined in a separate Circular.
- 5) **Recovery School District, Louisiana** – Adds State Share allocations for the RSD Charter Schools located in East Baton Rouge and Pointe Coupee beginning in the 2008-09 school year

6) 50% of Level 1 and 2 Growth Dedicated to Certificated Pay Raises - Adds the requirement that the amount required to be given as certificated pay increases supplement funding for a legislative pay increase

- Growth dollars are used in conjunction with the legislative certificated across the board pay raise of \$1,019 to maintain the Louisiana average teacher salary at the SREB average
- Districts with growth whose average teacher salaries are *below* the latest published SREB average must utilize growth funds to the extent available to provide the \$1,019 across-the-board certificated pay raise.
- The certificated pay increase will be funded under three possible scenarios.
 - 1) District is exempt from having to give the pay raise because the district did not receive an increase in MFP funds or because the district's average teacher salary is at or above the SREB average
 - Districts in this category will receive the \$1,019 certificated pay increase entirely from the \$55 million line item appropriation for teacher salaries
 - 2) District has growth funds but it is not enough to fund the \$1,019 certificated pay increase entirely
 - The portion not available through the 50% growth money will be paid from the \$55 million line item appropriation for teacher salaries
 - 3) District has growth funds exceeding the amount required to give the \$1,019 certificated pay increase
 - Districts in this category must distribute the \$1,019 across-the-board to all certificated staff, but may distribute the amount above the \$1,019 using the flexibility provision
- Districts and Lab Schools with average teacher salaries *above* the latest published SREB average of \$45,662 (based on FY 2007-08 budgeted data) remain exempt from the 50% pay raise requirement
- Distribution Amount - The net amount each district must distribute is located in Table 3A, Column 18.
 - 4) Employer retirement contributions have been accounted for by dividing each district's 50% distribution by 1.155%. The result of this calculation is the number reflected in Table 3A, Column 18.
- Distribution Method - The pay raise provided by this particular aspect of the formula is REQUIRED to be distributed to every certificated staff in the same amount (an "across-the-board" pay raise)
- Required Timelines for Pay Raise - This is a permanent pay raise. Therefore, each district shall include the 50% pay increase in the 2008-2009 salary schedules and begin paying the increase by August 1, 2008.
- Further instructions on how to administer the certificated pay raise funding will be provided in a separate Circular.

Other Revisions to the MFP formula:

HCR 207 changes to the previous year MFP formula are as follows:

Level 1:

- A. Increases the per pupil amount from \$3,752 to \$3,855
- B. Provides projected student amounts greater than the February count for Orleans Parish School Board/Recovery School District, Plaquemines and St. Bernard to recognize growth in these storm impacted areas; October count will determine actual funding
- C. Increases the At-Risk Weight from 21% to 22%
- D. Increases the Career and Technical student weight from 5% to 6%

Level 2:

- E. Increases the amount of local revenue eligible for rewards in Level 2 from 33% to 34% of Total Level 1 Costs

Level 3:

- F. Provides for an increase from \$91.50 to \$100 per student in Level 3 to offset mandated costs

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. Use of Deduction/ Chargeback Method
- Removes relational nature of the wealth calculation
 - Simpler to explain and understand
 - Cost neutral for state and local school districts
 - Calculates a local share based on the Net Assessed Property Value multiplied by a set millage and the Sales Tax Base multiplied by a set sales tax rate
 - Local share is then subtracted from the Total Cost of education in school districts as estimated by the formula
 - The result is the State share provided to each district via the MFP
- C. Cap of 15% on increases in district's sales tax base used in calculating the local share of the formula
- D. Cap of 10% on increases in Net Assessed Property Value when calculating local share of formula
- E. Minimum State share of 25% of Level 1 Costs
- F. Level 2 reward amounts are calculated using a set factor times the Level 1 local share percent for each district
- G. Provides for prior year Certificated and Support Worker Legislative pay raises
- H. Foreign Language Associates salary funding
- I. Mandated Cost Adjustment for fuel, health insurance, and retirement cost increases
- J. Reduction of Hold Harmless Amounts
- The reduction of the hold harmless amount began in 2007-08 with the hold harmless amount frozen at \$76 million with \$38 million set aside for permanent continuation of pay raise and insurance amounts provided in prior years
 - The remaining hold harmless amount of \$38 million will be reduced by 10% over 10 years and redistributed to all non-hold harmless districts on a per pupil basis
- K. Requirement that 50% of Level 1 and 2 increases be provided for certificated pay raises by districts whose average teacher salary is below the SREB average
- L. Two Mid-year Adjustments based on Student Membership Count Dates of October and February
- It is critical that the student data transmitted to the Department for October 1, 2008, and February 1, 2009, via the Student Information System (SIS) are accurate and submitted in a timely basis.

- In addition, the February 1, 2009, data will be used to fund the 2009-10 MFP formula.
 - October 1, 2008, compared to February 1, 2008
 - Districts receive base per pupil cost times number of increased students
 - February 1, 2009, compared to October 1, 2008
 - Districts receive one half of base per pupil cost times number of increased students
- M. Modified 70% requirement that restricts educational school expenditures to school building level only, excludes Central office expenditures from measurement, and adds expenditures for principals and assistant principals
- N. 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, 2008, MFP membership.

Data Sources

For purposes of the MFP calculations required by HCR 207, the 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, 2008, including any school transferred to the Recovery School District.
 - b. Gifted and Talented –SER February 1, 2008, including any school transferred to the Recovery School District.
 - c. Vocational Education – LEADS October 2007, including any school transferred to the Recovery School District.
 - d. At-Risk – Student Information System February 1, 2008, including any school transferred to the Recovery School District.
 - e. Economy of Scale – Student Information System February 1, 2008, including any school transferred to the Recovery School District.
3. Local School System Revenues and Tax Rates – Annual Financial Report data for Fiscal Year 2006-2007.
4. Net Assessed Property Values – Louisiana Tax Commission December 2006 data.
5. Foreign Language Associate Teacher – Data from February 2008.
6. Accountability Student Transfer - Student Information System February 1, 2008, including any school transferred to the Recovery School District.

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 Joel Chaisson, II, President of the Senate
Representative James W. Tucker, Speaker of the House
Senator Ben W. Nevers, Chairman, Senate Education Committee
Representative Donald M. Trahan, Chairman, House Education Committee
James R. Fannin, Vice Chairman, Joint Legislative Committee on the Budget
Angele Davis, Commissioner of Administration
Local School System Business Managers/Directors of Finance
Ollie S. Tyler, Deputy Superintendent of Education, SDE
Elizabeth "Beth" Scioneaux, Deputy Superintendent for Mgt and Finance, SDE

Charlotte Stevens, Director, Education Finance, SDE
Babette Myers, 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
Dr. Derek Morgan, Director, SU Lab School
Cary Clark, Comptroller's Office, SU
James Cannon, Budget Office, SU
Erin Bendily, 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