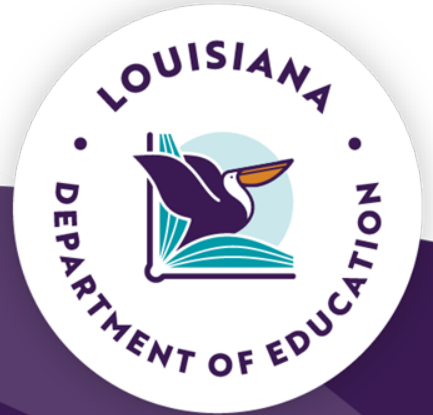


# Overview of the Minimum Foundation Program (MFP) Formula



# Purpose

- The Louisiana Constitution delegates the responsibility of creating a formula to fund public education to the Board of Elementary and Secondary Education (BESE).
- Article VIII, Section 13 of the Louisiana Constitution provides that BESE shall annually develop and adopt a formula which shall be used to:
  - 1 - Determine the cost of a minimum foundation program of education.
  - 2 - Equitably distribute State funds through the formula.



# Formula History

- The basic structure of the current formula was a major revision in the distribution of state aid for K through 12 education in 1992.
- The most significant changes included a shift from an expenditure driven formula to a student driven one and the development of an equitable distribution methodology.
- Full implementation of the formula occurred in the 2000s.
- From then forward, tweaks of various provisions in the formula have occurred such as increases to the base per pupil amount, revisions of weights, addition of schools and of Level 4.
- The MFP Task Force annually makes recommendations to BESE on possible adjustments after considering suggestions from stakeholders and research from the department.



# Formula Structure

- MFP is a student driven formula similar to 35 other states.
- Allocations are made to city and parish school districts, Type 2 charter schools, Lab schools, State schools, Office of Juvenile Justice (OJJ) and Recovery School District schools.



# Formula Structure

- The formula contains four levels including:
  - Level 1 – State and Local Share Allocation
  - Level 2 – Reward for Effort in Raising Local Revenue
  - Level 3 – Program Allocations – Student Driven
  - Level 4 – Program Allocations – Supplementary



# Level 1



# Level 1

- Level 1 is designed to equitably allocate state funds to school systems.
- Over two-thirds of the the total MFP funding is allocated through Level 1.
- There are two series of calculations to generate the allocation: a cost calculation and then a state and local share allocation calculation.



# Level 1

- The cost calculation starts with the number of students enrolled on a single day.
- 44 other states utilize a similar single day enrollment count.
- The student count includes both base and weighted student counts.
- Base student count - The total number of students enrolled and actively attending school on February 1. Each student counts as one (1.0) in this data set.





# Level 1

- Weight student count – The number of students qualifying to be counted in each of the weights.
- Weights are defined as a percentage and are used as a mathematical solution to recognize additional costs associated with educating certain special populations of students.
- The formula includes five different weights.



# Level 1 - Weights

- **Economically Disadvantaged (ED) Weight (22%)** – recognizes the additional cost associated with educating students that are economically disadvantaged.
- Students are eligible to be counted if they qualify as of February 1 for programs such as Medicaid, TANF, SNAP, McKinney Homeless, English Language Learner, and reduced-price lunch eligibility.
- 44 other states utilize a weight to recognize the extra cost associated with educating economically disadvantaged students
- 48 other states recognize the extra cost of educating English Language Learner students



# Level 1 - Weights

- **Career and Technical Education (CTE) Weight (6%)** – designed to recognize the additional costs incurred for supplies for CTE courses.
  - A CTE course unit is equal to each course in which a student is enrolled as of October 1 across both the fall and spring semesters.



# Level 1 - Weights

- **Students with Disabilities (SWD) Weight (150%)** - acknowledges the extra cost that is incurred to provide services to students with disabilities.
  - Students are eligible to be counted if they are receiving one of the 16 identified special education services and have a current Individualized Education Plan (IEP) as of February 1.
  - 50 states utilize a weight to recognize the extra cost for educating Students with Disabilities.



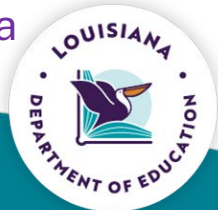
# Level 1 - Weights

- **Gift and Talented (GT) Weight (60%)** - recognizes the additional cost associated with providing services to gifted and/or talented students.
  - Students are eligible to be counted if they qualify as gifted and/or talented and have a current education plan as of February 1.
  - 37 states utilize a weight to recognize the extra cost associated with educating gifted and talented students.



# Level 1 - Weights

- **Economy of Scale (EoS) Weight** (up to 20%) - City and parish school systems with less than 7,500 students are recognized to have budgetary challenges due to their small size.
- 36 states include a weight to recognize small school system costs
- These systems are assigned extra weighted students in order to recognize this extra cost.
  - The number of students is determined by how close or distant they are from 7,500 students.
  - Systems farthest away from 7,500 students would be allocated approximately 20% while systems nearest to 7,500 would be allocated a much smaller percentage.



# Level 1 – Total Weighted Count

- Level 1 is the primary mechanism the State uses to fund education. The calculation begins with:



# Level 1

Table 3

C	D	E	F	G	H	I	J	K	L	M	N	O	P	
<b>MFP Funded Membership</b>	<b>22%</b>		<b>6%</b>		<b>150%</b>			<b>60%</b>		<b>7,500</b>	<b>37,500</b>	<b>#####</b>		
City/Parish School Systems, New Type 2 Charter Schools, & RSD/Type 5 Charter Schools	<b>Economically Disadvantaged (ED)</b>	<b>Add-On Student Units</b>	<b>Career &amp; Technical Education Units (CTE)</b>	<b>Add-On Student Units</b>	<b>Students with Disabilities (SWD)</b>	<b>Add-On Student Units</b>	<b>Gifted and Talented Students (GT)</b>	<b>Add-On Student Units</b>	<b>Economy-of-Scale: If &lt; 7,500, then 7,500 less February Membership</b>	<b>Economy-of-Scale Percent Support</b>	<b>Add-On Student Units</b>	<b>Total Weighted Add-On Student Units</b>	<b>Total Weighted Membership and Units</b>	
Feb 1 Count	Feb 1 Count				Feb 1 Count		Feb 1 Count		Feb 1 Count					
1	(2a)	2	(3a)	3	(4a)	4	(5a)	5	(6a)	(6b)	6	7	8	





# Level 1 – Total Cost

- Next, the total weighted student count is multiplied by the base per pupil amount (\$4,015) to equal the cost of education.
- This base per pupil amount has been in effect since FY2019-20.
- 32 states utilize a base per pupil amount representing the cost to educate a student



# Level 1

Table 3

P	Q	R
Total Weighted Membership and Units	\$4,015	Total Level 1 Costs
	Per Pupil Amount	
8	9	10



# Level 1 – State/Local Share

- Once the cost is calculated, the next step is to calculate how the cost will be shared between the State and the local school systems.
- The Local share of the cost is determined first and is calculated based on the potential ability of school systems to generate local tax revenues in support of education.
- Potential to raise revenue is measured by:
  - Net assessed taxable property value (Source: Louisiana Tax Commission) +
  - Sales tax base (Sales tax revenue divided by sales tax rate) (Source: AFR)+
  - Real estate revenues (Source: AFR) (ex: 16<sup>th</sup> Section Lands) for each school system.



# Level 1 – State/Local Share

- Changes in net assessed taxable property value and sales tax base impacts potential and creates changes, upward or downward, in the local share.
- To lessen the volatility of the allocation, a growth in the net assessed property value is capped at 10% per year.
- To lessen the volatility of the allocation, a growth in the sales tax base is capped at 15% per year.

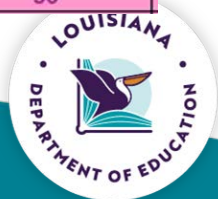


# Level 1 – Local Taxes

Table 7

Total Assessed Property Value	Assessed Homestead Exemption	Net Assessed Taxable Property	Prior Year Net Assessed Taxable Property (Without cap)	Percent Change of Net Assessed Taxable Property	Net Assessed Taxable Property With Cap Of 10%
1	2	3	(3a)	(3b)	(3c)

Summary Of Sales Taxes			Total Sales Tax Revenue	Computed Sales Tax Base			
Combined Sales Percent	Sales Revenue (Non Debt)	Sales Revenue (Debt)		Prior Year Computed Sales Tax Base (Without Cap)	Computed Sales Tax Base	Percent Change of Computed Sales Tax Base	Computed Sales Tax Base With Growth Cap Of 15%
28	29	30	32	33	34	35	36



# Level 1 – State/Local Share

- Net assessed property value and sales tax base for each school district is measured against a state-level millage and sales tax rate.
- The state-level millage and sales tax rate are generated by the formula in an amount that guarantees the Level 1 cost at the state-level is shared at a proportion of 65% State and 35% Local.
- Added to the property and sales yield amounts is other local real estate revenue (Revenues in Lieu of Taxes + 50% of 16<sup>th</sup> Section Land and other real estate earnings).
- The total of the property, sales, and other revenue yield amounts is equal to the Local Share.



# Level 1 – State/Local Share

Table 6

Local Deduction Property Tax			Local Deduction Sales Tax			Other Revenue	Total Local Deduction (Property, Sales, and Other Revenue)
Ad Valorem Tax Revenues	Net Assessed Taxable Property with Growth Cap of 10%	Projected Yield of Property Tax Millage Rate of XX.XX	Sales Tax Revenue	Computed Sales Tax Base with Growth Cap of 15%	Projected Yield of Sales Tax Rate of X.XX		
1	2	3	4	5	6	7	8



# Level 1 – State/Local Share

- Total Local Share is subtracted from the Level 1 cost to equal the State share.



- Each school district will have a unique percent of cost funded, but the state-level average will always be 65% State and 35% local.
- The poorer school systems, those with less tax revenue, will be funded at a higher rate than 65%, while the more wealthy school systems will be funded at less than 65%.
- A floor in the formula maintains that no school system will be funded at less than 25%.





# Level 2



# Level 2

- Level 2 provides an incentive to school districts to tax themselves beyond the minimum required to meet the Local Share.
- The Level 2 allocation measures effort through actual property, sales, and other tax revenues collected.
- Amount of local revenues used to determine if a reward is warranted is the amount of local revenue that exceeds the Level 1 Local Share. This overage amount is compared to the cap (34% of the school district's Level 1 cost). Any amount below the cap is eligible for the reward allocation.
- The reward amount is allocated at the Level 1 Local Share percent.



# Level 2

- When this formula was first developed in the early 1990s some school systems were not generating local revenues sufficient to meet the required local contribution.
- As of today, all local school systems have passed taxes at a level that is beyond the minimum.
- The minimum required local revenue share is equal to the Level 1 Local Share.



# Level 2

- The Level 2 allocation measures the extra effort through the total local tax revenues (property, sales, and other revenues) actually collected.
- Local revenues above the minimum required is the difference between the total local tax revenues collected compared to the Level 1 Local Share.



# Level 2

- The maximum reward is equal to 34% of the Total Level 1 costs.



- The amount eligible to be considered for a Level 2 allocation is the Local revenue over the minimum compared to the maximum on Level 2.



# Level 2

- The amount eligible for Level 2 is multiplied by a set factor of 1.72 and the Level 1 Local Share percent to equal the Level 2 Local Share.



- The Local Share is then subtracted from the amount eligible for a Level 2 allocation to equal the Level 2 State Share.



# Level 2

Table 3

Total Level 1 Costs	Actual Sales and Property Tax Revenues (Including Debt) Plus Other Revenue	Local Revenue Over Level 1	Local Revenue Under Level 1	34%	Eligible Local Revenue Level 2	1.72	State Cost Allocation of Level 2
				Local Revenue Limit on Level 2 State Support		Local Cost Allocation of Level 2	
10	16	17	18	19	20	21	22



# Level 3





# Level 3

- Level 3 provides three allocations driven by February 1 student counts:
  - 1 - Continuation of Prior Year Pay Raises - Continues funding for teacher and support worker pay raises originally provided by the Legislature during the 2000s.
  - 2 - Historical Formula Allocation – A one-time hold harmless provision instituted in the early 1990s when the current student driven formula was implemented to ease transition.
  - 3 - Support for Increasing Mandated Costs of Health Insurance, Retirement, and Fuel - \$100 per student to defray the costs of these expenses implemented in mid-2000s.



# Level 4



# Level 4

- Level 4 provides funding for six specific programs:
  - 1 – **International Teacher Allocation** – Funding to support the cost of employing international teachers for language instruction including:
    - \$21,000 per teacher towards salary expenses
    - installation stipend for first-year teachers
    - retention stipend for second and third-year teachers.

Data source: LDOE International Languages Office



# Level 4

- **2 – Career Development Fund (CDF) Allocation** – Funding to support the cost of specific courses providing career training and certifications.

Data source: Courses reported in October 1 CLASS count

- **3 – Supplemental Course (SCA) Allocation** – Funding to support the cost of secondary course choices above and beyond the traditional classroom including dual enrollment.

Data source: EdLink Student Data Collection, February 1



# Level 4

- **4 – High Cost Services (HCS) Allocation** – School systems apply for funding to assist with the cost of services for a student with disabilities when the cost of the services are greater than three times the average per student cost.

Data source: Application process in eGMS

- **5 – Teacher Mentor Stipend Allocation** – Supports Teachers that mentor undergraduate year-long residents and post-baccalaureate certification residents with a \$2,000 stipend.

Data source: Mentor Teacher Collection



# Level 4

- **6 – Certificated and Support Worker Pay Raises** – Funding for the continuation of:
  - \$1,000 certificated personnel pay raise along with a \$500 Support Worker pay raise plus associated retirement costs that were provided first in 2019-20.
  - \$800 certificated personnel pay raise along with a \$400 Support Worker pay raise plus associated retirement costs were provided in 2021-22.
  - \$1,500 certificated personnel pay raise along with a \$750 Support Worker pay raise plus associated retirement costs that were provided first in 2022-23.
- Data source: EdLink October CLASS Staff Count



# Level 4

- NOTE: Resident Teachers are funded through the pay raise allocation.
- Each Resident is verified as eligible through the separate Resident Teacher Collection.
- The Resident Teacher counts are added to the staffing data to calculate the total allocation.
- Each Resident Teacher is eligible for a stipend of \$3,300.



# Other Schools





# Other Schools

- The formula also contains allocations for the Lab Schools, Legacy Charter Schools, OJJ and State Schools:
  - Lab Schools
    - 2 independent lab schools currently funded in formula – LSU and Southern Lab Schools
      - ULL Lab School will be funded when it opens
    - Other lab schools partner with local city or parish school systems and receive MFP funding through that mechanism
    - Funded on student count using Level 1, 2, & 3 per pupil amount for district in which the school is located
    - Eligible for any Level 4 allocations to which they qualify



# State Schools

- State schools
  - New Orleans Center for Creative Arts (NOCCA)
  - Louisiana School for the Math, Science, and the Arts (LSMSA)
  - Thrive Academy
  - Special School District (SSD)
- State schools are funded with both the State and local per pupil amounts by student residency.
- The State school allocations for both State and local are funded by the State.
- Eligible for any Level 4 allocations to which they qualify.



# Office of Juvenile Justice (OJJ)

- Any elementary and secondary school operated by the Office of Juvenile Justice (OJJ) in a secure care facility is a public elementary or secondary school and is annually allocated MFP funds for these students.
- Funding is based on the prior year average daily attendance instead of a specific count date and provides for a State and a local allocation.
  - The State allocation includes two factors unique to OJJ students:
    - a factor to recognize the increased number of educational days, and
    - a factor to recognize the increased number of students with disabilities relative to the state average of students with disabilities.
  - The local allocation is funded with a transfer of the MFP allocation from the local school system where the student resided prior to adjudication.



# Legacy Type 2 Charter Schools

- Type 2 Legacy Charter schools were authorized by the State Board of Elementary and Secondary Education before July 1, 2008.
- There are currently seven Legacy Type 2 charter schools in operation.
- Students are funded based on the Charter Per Pupil by residency for both a State and local allocation.
- Allocation includes a State and a local portion funded entirely by the State.



# New Type 2 Charter Schools

- The “New” Type 2 charter schools were authorized beginning July 1, 2008 by the State Board of Elementary and Secondary Education (BESE).
- Both a State and local allocation is provided for these charter schools by residency.
- The Level 1, 2, & 3 State allocation is split out into per pupil amounts (Charter Per Pupil Table) including base and weights by residency.
- The local allocation is calculated using local tax revenue per pupil amounts, but no actual local tax dollars are transferred.
- Instead, the required local contribution is transferred between city or parish school system State allocations to the charter schools.



# Recovery School District (RSD) Schools

- RSD operated and Type 5 Charter schools are under the jurisdiction of the RSD.
- These schools receive both a State and local allocation.
- The State allocation is based on the MFP per pupil for the school system in which the school is physically located (district of prior jurisdiction).
- The local allocation is calculated using local tax revenue per pupil amounts, but no actual local tax dollars are transferred.



# Local Revenue Data Collection



# Local Revenue Data Collection

- A special data collection is conducted every April in order to calculate the Initial Charter Per Pupil Amount.
- City and parish school systems must project local revenue collections using the electronic data collection system.
- The data collection format is similar to the Annual Financial Report (AFR).
- Instructions and guidance on the data collection is released through the LDOE Newsletter.





# Charter Per Pupil Amounts



# Charter Per Pupil Calculation

- A charter school is to receive a State per pupil amount based Levels 1, 2, & 3 by residency. Charter schools are funded using these amounts from July to June.
- Initial local charter per pupil amounts are calculated based on projected prior year local revenue and prior year February 1 student counts. Charter schools are funded using these amounts from July to February.
- Final local charter per pupil amounts are calculated based on actual prior year local revenue collections as reported in the Annual Financial Report (AFR) and actual October 1 student counts. Charter schools are funded using these amounts from March to June.
- An additional local per pupil amount is provided if the school building is provided by the charter school.



# Charter Per Pupil Calculation

FY2023-24 MFP State Cost Allocation Per Pupil Amounts								Charter School with a District Building	Charter School without a District Building			
Level 1 Base	Level 1 Economically Disadvantaged	Level 1 Career & Technical	Level 1 Students With Disabilities	Level 1 Gifted & Talented	Level 2	Level 3 Continuation of Prior Year Pay Raises	Level 3 Historical Formula Allocation & Mandated Cost Adjustments	Final FY2023-24 Local Revenue Representation Excluding Debt (Based on <b>Actual</b> FY2022-23 Local Revenue)	Final FY2023-24 Local Revenue Representation Excluding Debt (Based on <b>Actual</b> FY2022-23 Local Revenue)	Final FY2023-24 Debt Service & Capital Project Revenue (Based on <b>Actual</b> FY2022-23 Local Revenue)	Final FY2023-24 Total Local Revenue Representation With Debt	



# Mid-Year Allocation Adjustments



# MFP Mid-Year Allocation Adjustments

- MFP funding is adjusted in March to incorporate student increases or decreases reported by the school systems during the most recent October and February student counts.
- The size of the funding adjustment depends on the difference in the student count, upward or downward, multiplied by the unique State share per pupil amount.
  - Changes in the October student count require an adjustment for the full per pupil amount but changes in the February count only require one-half of the per pupil amount.



# 70% Expenditure Requirement



# 70% Expenditure Requirement

- In 1999-2000, BESE and the Legislature implemented a requirement to provide an annual accountability of State funds allocated through the MFP formula.
- This requirement provides accountability for spending while giving school systems flexibility in making spending decisions closest to the students.
- The requirement measures the percentage of General Fund dollars (State and local) which have been expended on School Building-Level costs in Instruction, Pupil and Instructional Support, and School Administration. Scores are reported to BESE.
- School systems scoring lower than 70% must submit corrective actions plans to the LDOE focused on increasing spending in the targeted areas. Summaries of plans are reported to BESE.



# Budget Cycle





# MFP Formula Budgeting Cycle

- August to February – LDOE conducts research as needed or directed by BESE
- March – BESE makes final decision on formula components at March meeting and then submits proposed formula and estimated cost to the Legislature no later than March 15.
- April to June – The Legislature considers the formula.
- July – Adopted formula implemented in the new fiscal year.



# Formula Adoption Process



# MFP Adoption Process

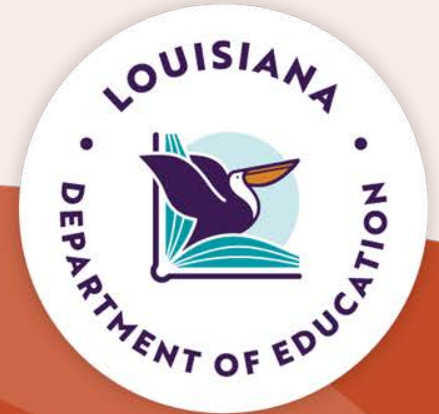
- The formula for the upcoming fiscal year must be submitted by BESE to the Legislature for consideration no later than March 15<sup>th</sup> per statute.
- Possible outcomes include:
  - Formula is adopted then implemented July 1 in new fiscal year.
  - Formula is returned to BESE with suggestions for revisions, then BESE has the option to revise and resubmit or take no action.
  - Formula is not passed then current formula remains in effect for upcoming fiscal year.



# More Information

- [MFP Library](#)
- [Business Manager Support Library](#)
- [Monthly Calls Slide Decks and Calendar](#)

Questions may be sent to  
[LDOEMFPHelpdesk@la.gov](mailto:LDOEMFPHelpdesk@la.gov)



# Questions

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