



THE EVERYDAY PERSON'S GUIDE TO PUBLIC EDUCATION FUNDING

in Louisiana



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STATE



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A Publication of ORLEANS PUBLIC EDUCATION NETWORK

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INDEX

| | |
|--|----|
| Introduction | 5 |
| What Does the Louisiana Constitution say About Public Education? | 5 |
| Where Do Public Education Funds Come From? | 6 |
| Local Funding | 7 |
| How are State Tax Dollars Spent? | 9 |
| Overview of MFP | 10 |
| MFP Level 1 Funding | 12 |
| MFP Level 2 Funding | 13 |
| MFP Level 3 Funding | 13 |
| Conclusion | 14 |

INTRODUCTION

The quality of K-12 education is of crucial importance to Louisiana's future. Our schools must be ready to meet the challenge of preparing the next generation of technological innovators, entrepreneurs, and community leaders. In the face of increasing international competition, it is imperative that we educate with this intention. Despite having the 3rd highest percentage of K-12 students enrolled in private schools in the nation (17.4%)¹, more than four out of five Louisiana schoolchildren are educated in public schools. That means that even with the existence of private school options, the quality of K-12 public schools will still be the single largest factor determining whether or not the next generation of Louisianans is intellectually prepared to lead our great state into the future.

Although the level of funding is not the only factor determining the quality of education, it is useful to study education finance because it gives us an idea of the level of importance that voters attach to education. This brief will focus on the Minimum Foundation Program (MFP), Louisiana's primary method of funding its public elementary and secondary schools.

This brief was written to demystify the process of determining the level of state and local funding that a school district receives in a given year. OPEN's hope is that after reading this brief, readers will understand the context in which the MFP program is administered, the motivations behind each part of the MFP formula, and the mechanics of the formula.

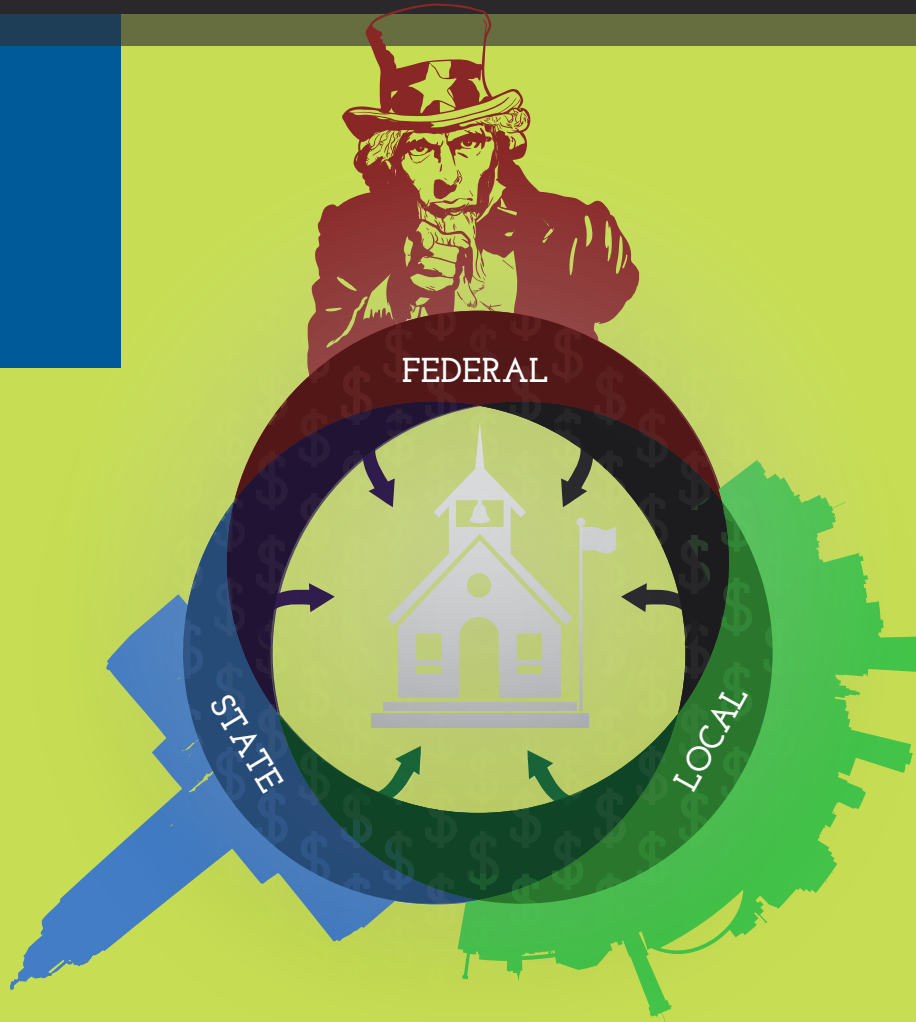
WHAT DOES THE LOUISIANA CONSTITUTION SAY ABOUT PUBLIC EDUCATION?

The Louisiana constitution tasks the state legislature with establishing and providing for a public education system in Section I of Article VIII. In Section 13(B) of Article VIII, the Louisiana constitution gives the State Board of Elementary and Secondary Education (BESE) responsibility for annually developing and adopting "...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 equitably allocate the funds to parish and city school systems." The constitution tasks the Louisiana legislature with annually setting aside funds "...sufficient to fully fund the current cost to the state of such a program as determined by applying the approved formula in order to ensure a minimum foundation of education in all public elementary and secondary schools."² These sections of the state constitution establish the legislative basis for the Minimum Foundation Program (MFP).

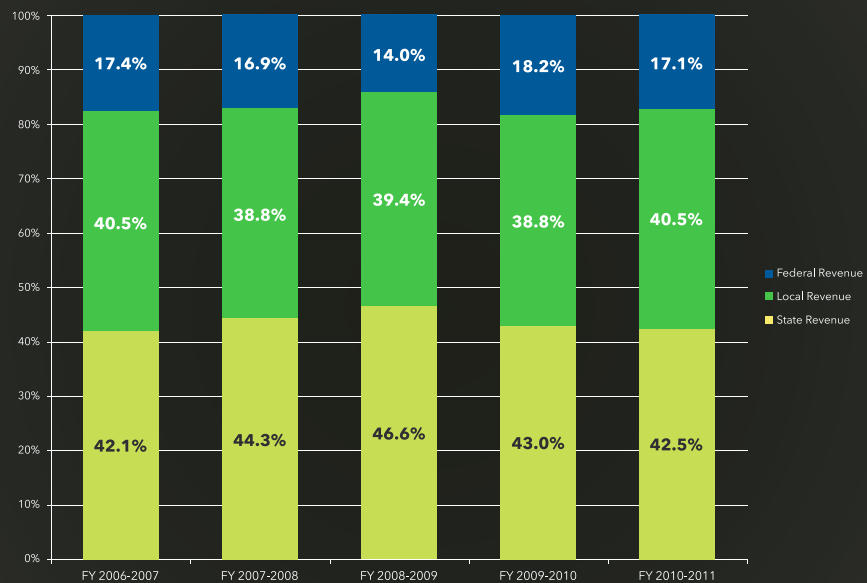
¹2011 American Community Survey 3-Year Estimates. Table B14002: Sex by School Enrollment by Level Of School by Type of School for the Population 3 Years and Over. US Census Bureau

²Louisiana State Constitution <http://senate.legis.state.la.us/documents/constitution/constitution.pdf>

WHERE DO PUBLIC EDUCATION FUNDS COME FROM?



Louisiana: Government Education Funding By Source and Fiscal Year



Government Education Funding by Source (in \$Billions)

| | Fiscal Year | | | | |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 |
| Federal Revenue | \$1.23 | \$1.32 | \$1.10 | \$1.46 | \$1.36 |
| Local Revenue | \$2.87 | \$3.02 | \$3.09 | \$3.11 | \$3.23 |
| State Revenue | \$2.97 | \$3.45 | \$3.65 | \$3.45 | \$3.39 |
| Total Revenue | \$7.07 | \$7.79 | \$7.84 | \$8.02 | \$7.99 |

During the 2010-2011 school year, the federal government, state government and local governments combined to invest nearly \$8 billion in Louisiana’s public school system. 42.5% of this total (\$3.39 billion) came from state funding sources, 40.5% (\$3.23 billion) came from local funding sources, and 17.1% (\$1.36 billion) came from the federal government.³ Percentage breakdowns of federal, state, and local funding sources for recent fiscal years appear in the chart below:

It is clear that state and local funding sources make up the majority of school funding in Louisiana (81.6% to 86.0% during the 5 years), but it is also worth pointing out that Louisiana is generally significantly more dependent on federal funding sources than most states. During the period from the 2006-2007 school year to the 2009-2010 school years, the percentage of K-12 education funding that Louisiana got from federal sources ranged from being 1.5 to 2 times the national average.⁴

Looking back at 10 recent fiscal years, we see that Louisiana has typically been much more dependent on federal education funding than the nation as a whole. During the three school years from 2005-2006 to 2007-2008, Louisiana received more than twice the national average in federal education funds (relative to the overall size of the budget) primarily because of Katrina relief funding, however, even during the fiscal years leading up to Katrina, Louisiana still received at least 50% more federal education funding than the national average.⁵ This consistent pattern of exceeding the national average in federal funding (as a percentage of all education funding) is most likely due to the fact that Louisiana is one of the country’s poorest states⁶ and a substantial proportion of federal education programs specifically target schools with large shares of low-income students for funding.⁷

The vast majority of education funding that Louisiana’s school districts raise comes from sales and property taxes; during 2010-2011, only 1.3% of local education funding came from other sources.⁸ Overall, Louisiana’s local school districts raised more than \$1.3 billion in property taxes and over \$1.5 billion dollars in sales taxes during 2010-2011. Orleans Parish raised about \$95 million in sales taxes and nearly \$111 million in property taxes during 2010-2011.⁹ In the absence of substantial increases in the amount of spending on taxable items and/or significant increases in the value of its taxable land, the main methods that school districts have to increase revenues are raising sales and/or property tax rates.

³Revenue by District - Federal, State and Local Tables, Louisiana Department of Education:

<http://www.louisianabelieves.com/resources/library/fiscal-data>

⁴US Department of Education, Common Core of Data: http://nces.ed.gov/ccd/pub_rev_exp.asp

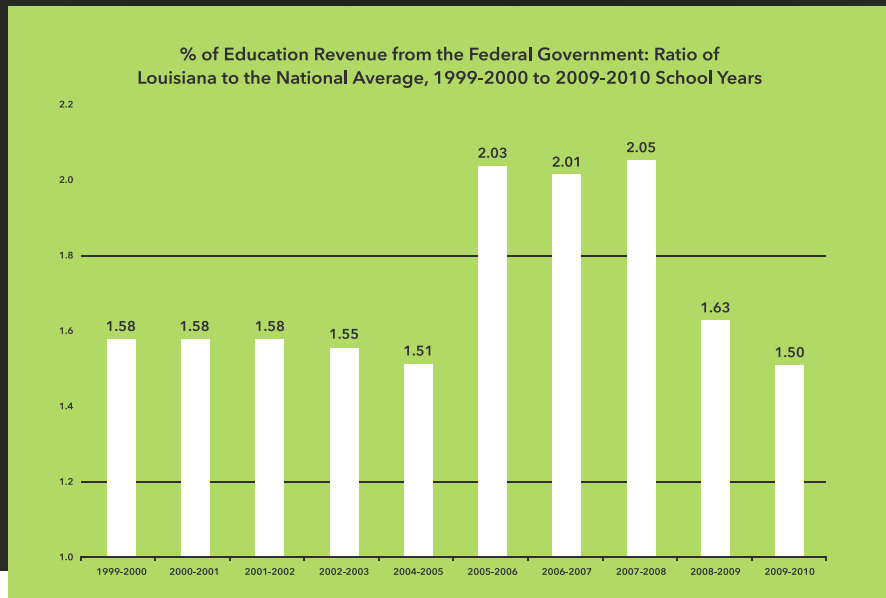
⁵Ibid

⁶2011 poverty figures released by the US Department of Agriculture’s Economic Research Service indicated that Louisiana had the nation’s 4th highest child poverty rate, at 28.8%.

⁷For example, \$13.7 billion of the US Department of Education’s \$43.6 billion FY 2013 budget (this \$43.6 billion figure excludes Pell Grant funding, which is for postsecondary education), or 31.4%, went towards Title I grants, which are given to school districts and require these districts to prioritize the highest poverty schools.

⁸2012-2013 Circular No. 1148 MFP Budget Letter, Louisiana Department of Education

⁹2010-2011 Annual Financial Report: <http://www.louisianabelieves.com/resources/library/financial-data>



LOCAL FUNDING

Property Taxes Explained

Property taxes have three components: market value, assessed value, and the tax rate. Local property tax assessors determine the fair market value of a piece of property in accordance with the legally established assessment criteria. Once the fair market value of a piece of property is established, the assessed value can be calculated. The assessed value of a piece of property is simply its fair market value multiplied by its assessment rate. Assessment rates in Louisiana are set by the state constitution and vary by property type. The assessment rate for land and improvements upon land for residential purposes (houses) is 10%.¹⁰ For example, a house with a fair market value of \$100,000 would have an assessed value of \$10,000 (\$100,000 x 10%). This assessed value is then multiplied by a school district's property tax rate in order to determine the amount of taxes that are owed.

Property tax rates are commonly known as millage rates because the rates are usually set in mills. A mill is one-thousandth (0.001) of a dollar. For example, if the property tax rate in a school district were 5 mills, then a home with an assessed value of \$10,000 would have a \$50 tax bill (\$10,000 x 0.005). Millage rates vary a great deal across school districts. In FY 2009-2010 the statewide average millage rate was 40.50 mills and ranged from a low of 8.71 mills (Terrebonne) to a high of 75.88 (Caddo). Orleans' millage rate in FY 2009-2010 was 41.26.¹¹

¹⁰ Assessment rates for other types of property range from 15% to 25%. Property taxes on agricultural, horticultural, marsh and timber lands are not levied according to their market values, but rather are levied according to their use value.

¹¹ Minimum Foundation Program: 2011-2012 Handbook. Louisiana Department of Education

HOW ARE STATE TAX DOLLARS SPENT?

The state of Louisiana collected nearly \$7.2 billion in taxes during the 2011-2012 fiscal year (this is the total for all state tax revenue, not just education funding). The majority of Louisiana's tax revenue comes from sales/use taxes and individual income taxes; during the 2011-2012 fiscal year, these sources combined to make up more than 80% of Louisiana's tax revenues. Sales taxes and use taxes on petroleum products, alcohol and tobacco brought in a combined \$3.4 billion (47.9% of total tax revenue) in 2011-2012. Individual income taxes brought in \$2.4 billion in tax revenue (34.0% of total tax revenue) that same year.¹²

Excluding federally funded spending, the Louisiana's state government expenditures totaled \$20.2 billion during the 2011 fiscal year. Of this total, approximately \$3.9 billion (19.3%) went towards elementary and secondary education. Other significant expenditure categories included higher education (10.8% of expenditures), transportation (10.5%), Medicaid (8.2%), and corrections (4.2%). "All other", a broad category that includes spending on the Children's Health Insurance Program, public health programs, housing, and general aid to local governments, accounted for 47.0% of non-federally funded expenditures.¹³ As Louisiana is faced with increases in the costs of other budgetary priorities, lawmakers and voters will be challenged to make sure that education is funded appropriately in order to sustain the gains that Louisiana's schoolchildren have made in recent years.

The intent of the MFP funding formula is to balance the desire for funding equity across school districts with the desire to encourage local school districts to provide strong financial support for education. The MFP funding formula has 3 levels.¹⁴ Beyond those 3 levels, all of which involve calculations that determine the level of state support, school districts also often still have revenues that didn't end up in any of the 3 MFP levels because of the formula's caps on local contribution amounts. This local money is subject to local control just like the local funds that were counted towards MFP levels 1 through 2 (level 3 is entirely state-funded). MFP levels 1, 2, and 3 will be examined here.

| School Year | Statewide Enrollment |
|-------------|----------------------|
| 2008-2009 | 690,340 |
| 2009-2010 | 696,444 |
| 2010-2011 | 702,480 |
| 2011-2012 | 709,471 |
| 2012-2013 | 712,340 |

Source: Louisiana Department of Education
October 1st Enrollment Counts

¹² 2011-2012 Annual Tax Collection Report, Louisiana Department of Revenue

¹³ National Association of State Budget Officers State Expenditure Report (2010-2012 Fiscal Data)

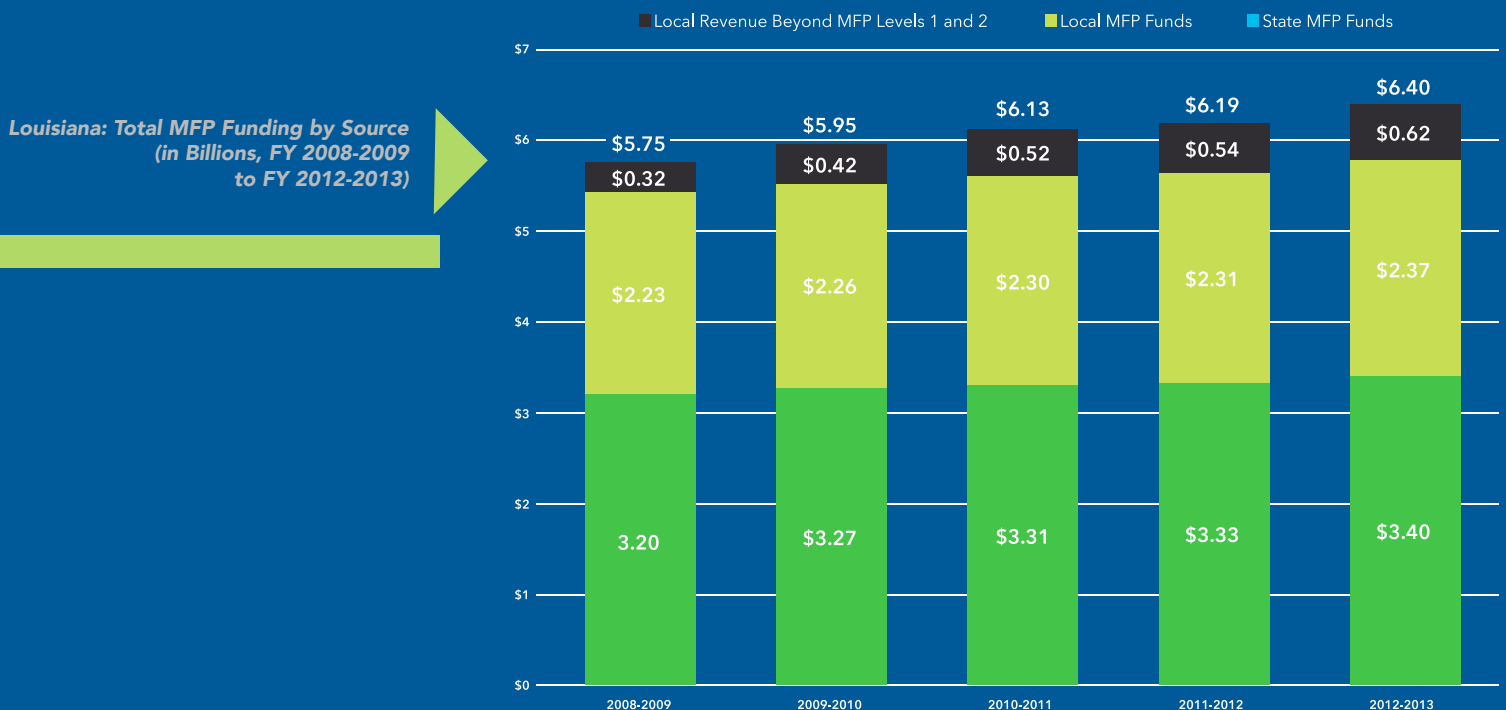
<http://www.nasbo.org/publications-data/state-expenditure-report>; The dollar amounts and percentages that appear in this passage of the MFP report were obtained by subtracting federal funds from the state expenditure totals that appear in the NASBO report.

¹⁴ Minimum Foundation Program: 2011-2012 Handbook. Louisiana Department of Education

OVERVIEW OF MFP

Funding formulas are the dominant method of distributing state education funds to local school districts in the United States.¹⁵ A funding formula is a mathematical equation containing a number of variables (such as the number of students, the number of teachers, etc), each of which has some dollar amount attached to it.¹⁶ The characteristics of schools/districts are then applied to the funding formula in order to determine the amount of money that a school/district receives from the entity that distributes the funds. The Minimum Foundation Program, or MFP, is Louisiana’s funding formula; it determines how much financial support that the state will provide to local school districts. MFP is best characterized as a partnership between the state of Louisiana and local school districts. The formula identifies the cost of educating the children in a given school district. Then, based on the amount of sales and property tax wealth and the level of tax effort exerted in a school district, it determines what share of that cost that the local school district should support and what share of the cost that the state will pay. The state’s share of the funding is subject to the rules that govern the MFP program, whereas local school boards make the rules governing the portion of school funding that they contribute.

During FY2012-2013, a total of \$6.40 billion was a part of the MFP calculation, either as money the state directly contributed to local school districts, or as money that local school districts raised that was taken into consideration when determining the state’s level of support. The graph below shows the state contribution to MFP, the local contribution to MFP, and local funds beyond MFP levels 1 and 2 (level 3 is entirely state-funded), but still considered in the MFP calculation, for the last five fiscal years:¹⁷



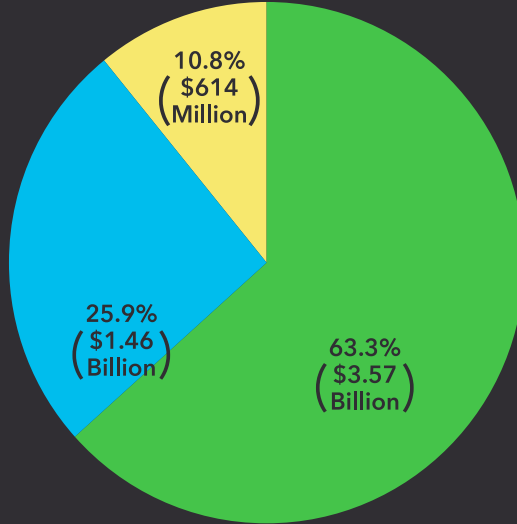
¹⁵ Education Commission of the States (<http://www.ecs.org/html/issue.asp?issueid=48&subissueID=43>)

¹⁶Fazekas, M. (2012), "School Funding Formulas: Review of Main Characteristics and Impacts", OECD Education Working Papers, No. 74, OECD Publishing. <http://dx.doi.org/10.1787/5k993xw27cd3-en>

¹⁷MFP Budget Letters, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013. Louisiana Department of Education

MFP FUNDING BY LEVEL

MFP Funding By Level (FY 2011-2012)



■ Level 1

■ Level 2

■ Level 3

Total, MFP Levels 1-3:

5.64 Billion

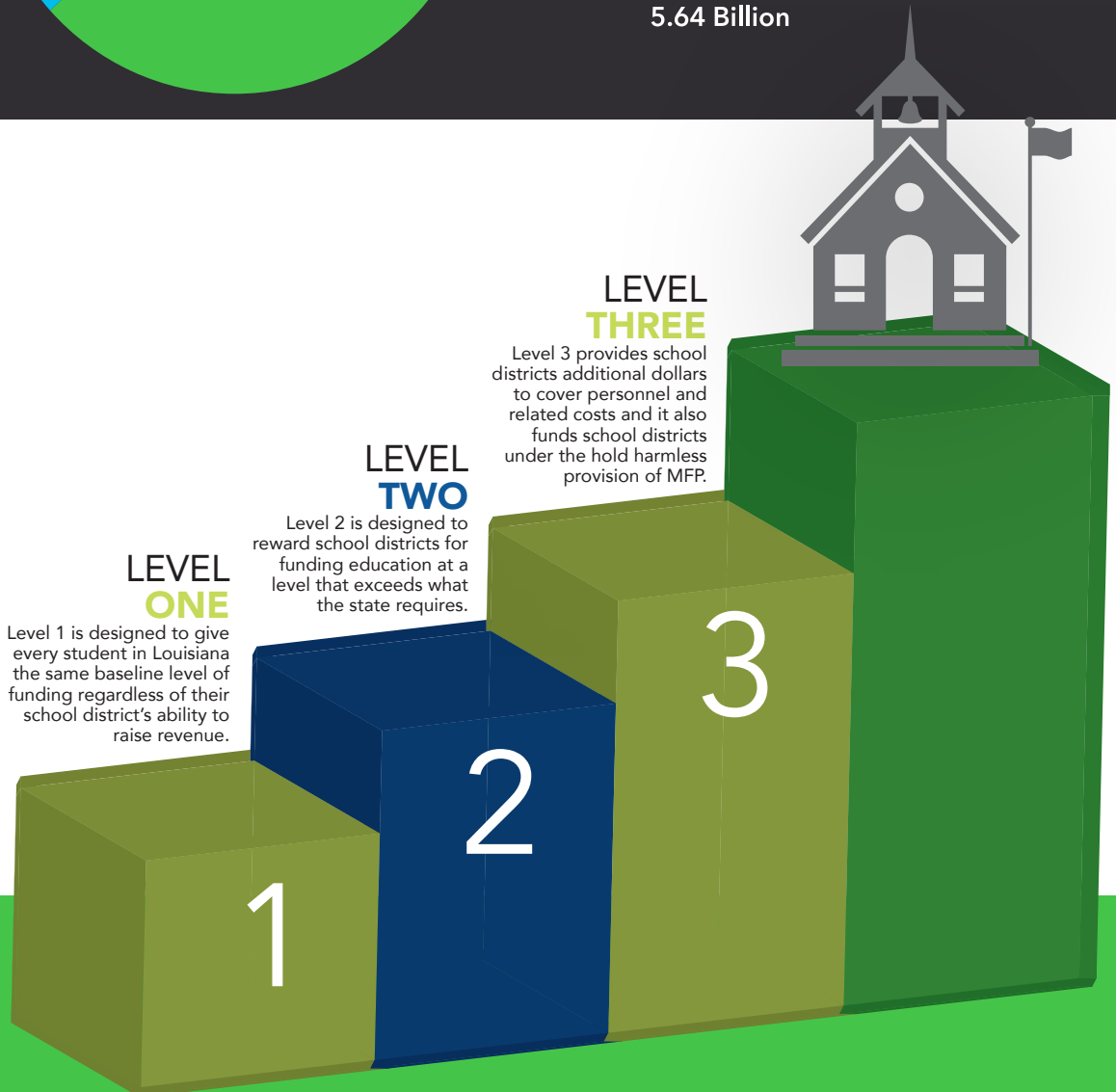
The MFP formula consists of 3 levels, each serving a different purpose:

A total of \$5.64 billion was allocated for MFP levels 1 through 3 in FY2011-12:

\$3.57 billion (63.3%) went towards Level 1.

\$1.46 billion (25.9%) in funding went towards Level 2.

\$614 million (10.8%) went towards Level 3.



MFP LEVEL 1 FUNDING

MFP Level 1 funding is designed to give every student in Louisiana the same baseline level of funding regardless of their school district's ability to raise revenue. It is funded partly by the state and partly by local school districts. Level 1 of the MFP formula recognizes differences in school districts' ability to financially support education and provides a greater amount of state funding (relative to a district's total budget) to school districts that have relatively small property tax bases and sales tax bases. Although there is a wide variation across districts in the percentage of level 1 dollars that are funded by local sources, overall local sources comprise 35% of Level 1 funding, with the state funding the remaining 65%. The MFP formula stipulates that local sources cannot comprise more than 75% of Level 1 MFP funding in any school district. MFP Level 1 acknowledges that certain student populations (for example, special education students with disabilities) require more specialized educational resources and it appropriates additional funding to meet the needs of such populations. These student populations are outlined below:

At Risk Students

Students are considered to be at-risk if they are eligible for the federal free/reduced lunch program or if they have been identified as English Language Learners.¹⁸ Such students receive 1.22 times the base amount of funding.

Career and Technical Education Students

"Career and Technical Education consists of organized, educational training programs, services and activities that are directly related to the preparation of individuals for paid or unpaid employment, or for additional preparation for a career requiring other than a baccalaureate or advanced degree."¹⁹ Such students receive 1.06 times the base amount of MFP funding.

Special Education – Disability

The state of Louisiana recognizes 16 categories of disability; they cover physical impairments, speech impairments, emotional/behavioral disorders, learning disabilities and developmental disabilities, among others.²⁰ Such students receive 2.5 times the base amount of MFP funding; the formula does not make distinctions between disabilities based on severity.

Special Education – Gifted and Talented

Gifted and talented students receive 1.6 times the base amount of MFP funding.

Students in Small School Districts

Because so much of a school's overhead is fixed, very small school districts can end up with higher per-pupil costs than districts with higher enrollment counts. The MFP formula recognizes this and weights level 1 MFP funding accordingly. School districts with less than 7,500 students receive compensatory MFP funding on a sliding scale which ranges from 1.0 to 1.2 times the base amount of MFP funding. A small district's MFP funding factor is calculated using the following equation:

¹⁸A student who is free/reduced lunch eligible and an English Language Learner would not be counted twice under this formula; such a student receives the same weighted amount of funding as a student who is only free/reduced lunch eligible or only an English Language Learner.

¹⁹Minimum Foundation Program: 2011-2012 Handbook. Louisiana Department of Education

²⁰More detailed information on the MFP disability categories can be found on pages 14 and 15 of the 2011-2012 MFP handbook

MFP LEVEL 2 FUNDING

MFP Level 2 funding is structured to encourage school districts (and by extension, the voters in those districts) to exert a high level of tax effort to fund education. Level 2's formula rewards school districts that raise revenue above and beyond what Level 1 requires by awarding them state funded education dollars to complement their local funding. A school district's required Level 1 contribution is determined by its level of wealth, as quantified by the size of its sales tax base and property tax base. As with Level 1, the state/local Level 2 funding share varies widely across districts; in FY2011-2012, 7 districts received no Level 2 funding from the state, while the state share of level 2 funding in 2 districts exceeded 45%. Overall, in FY 2011-2012, state sources comprised 27.3% of Level 2 funding; the median state share of Level 2 funding was 35.0% that year. The calculation of level 2 funding amounts is more complicated than that of level 1 funding amounts and is best understood by reviewing the sample MFP calculation that appears in a later section of this report.

MFP LEVEL 3 FUNDING

MFP Level 3 is entirely state-funded.²¹ Level 3 funding provides school districts additional funds for teacher and support worker pay raises,²² foreign language teachers/instructors, mandated funding increases to cover increases in the costs of health insurance, fuel and retirement benefits, as well as to fund school districts under the hold harmless provision of the minimum foundation program. The funding considerations that comprise Level 3 are outlined below.

Hold Harmless

When the MFP formula was fully implemented for the first time in FY 1999-2000, school districts that would have experienced a sudden decrease in funding under the new funding method were "held harmless" and thus received the same per-pupil amount of funding from the state as they did during the previous fiscal year. During the next fiscal year (FY 2000-2001), the hold harmless funding amount was frozen, taken out of Level 1 and Level 2, and placed in MFP Level 3.

The state began phasing out hold harmless funding in FY2007-2008; after subtracting out funds for legislative pay raises enacted between FY1993-94 and FY1998-99 and insurance supplements from the FY 2006-2007 hold harmless funding amount, a revised hold harmless figure of \$38,456,219 was calculated. This revised hold harmless amount is being phased out over a 10-year period; starting in FY 2007-2008, the hold harmless districts' additional funding is reduced by 1/10th of the revised hold harmless funding amount (\$38,456,219) each year until the hold harmless districts no longer receive additional funding beyond that which the MFP formula dictates. This hold harmless phase-out funding used to be evenly distributed (on a per-pupil basis) among non-hold harmless districts throughout the state; starting in 2012-2013, it is being used to reward schools as a part of the Top Gains program.²³

Mandated Cost Increases

Level 3 MFP dollars also go towards helping school districts cover the increasing costs of healthcare, retirement benefits and fuel costs. In FY 2011-2012 and FY 2010-2011, school districts received \$100 per student to cover these costs.

²¹ibid

²²More resources on teacher compensation can be found in the Louisiana Department of Education's online library

²³Phone Interview with Finance Department, Louisiana Department of Education. February 27, 2013.

Pay Raises

A portion of Level 3 MFP dollars fund teacher and support worker pay raises enacted from 2001-2002 through 2008-2009.

Foreign Language Associate Teachers

Level 3 MFP dollars are also used to supplement the cost of hiring foreign language teachers. In FY 2011-2012, school districts received \$20,000 for each qualifying teacher under this program.²⁴ Districts also received \$6,000 for each qualifying first-year foreign language teacher and \$4,000 for each second and third-year teacher to fund stipends.

CONCLUSION

Local school districts, state governments and the federal government pool their resources to fund public education. In fiscal year 2010-2011, these three sources combined to provide nearly \$8 billion to fund public elementary and secondary schools in Louisiana. Of that total, the State of Louisiana contributed \$3.39 billion (42.5%), local school districts contributed \$3.23 billion (40.5%), and the federal government contributed \$1.36 billion (17.1%).²⁵

Around the country, formula funding is the dominant method of distributing state education funds to local school districts. The MFP program is Louisiana's funding formula; the formula has three levels and school districts are allowed to contribute revenues above and beyond those three levels. MFP Level 1 is designed to give every student in Louisiana the same baseline level of funding regardless of their school district's ability to raise revenue. Level 2 is designed to reward school districts for funding education at a level that exceeds what the state requires. Level 3 provides school districts additional dollars to cover personnel and related costs and to fund hold harmless districts. During FY2012-2013, \$6.40 billion in state and local funding was considered in the calculation of MFP.

Louisiana's voters must pay careful attention to the evolution of MFP over the next few years. Questions such as the following will need to be considered and resolved:

- If funding to continue the voucher program is found outside of MFP, will this indirectly affect the amount of state funding that is available to support public schools?
- Changes to the special education provisions of the MFP formula were considered during the 2013 state legislative session, but were ultimately rejected.²⁶ Will such changes ultimately be approved by legislators in future sessions?
- Governors typically try to do something to establish themselves as education reformers; what fingerprints will the next governor of Louisiana leave on education funding?

In order to guarantee the best future for Louisiana, it is crucial that the electorate be informed and aware of how proposed changes to MFP would affect them at the local level. OPEN sincerely hopes that readers across the state find this brief to be helpful in advancing their understanding of MFP.

²⁴The Foreign Associate Teacher Program is designed to attract foreign-born individuals with educational credentials obtained outside of the United States to teach foreign languages in Louisiana public schools. More information on the program can be found in section 311 of Bulletin 746 - Louisiana Standards for State Certification of School Personnel.

²⁵These percentages add up to 100.1% because of imprecision introduced by rounding of the funding dollar amounts.

²⁶Louisiana Senate panel rejects school funding formula, will revert to 2011-2012 numbers. nola.com

APPENDIX A:

Sample MFP Calculations

MFP Level 1 Sample Calculation

In this section, the amount of MFP Level 1 funding that was budgeted for schools in Orleans Parish during the 2011-2012 school year will be calculated. This budget allocation covered students in Orleans Parish School Board schools as well as those in Recovery School District schools, and includes students in both public charter schools and traditional public schools. In this calculation, we count the number of students in each Level 1 funding category, then multiply this number by the funding weight for that category. These student counts come from the statewide February 1, 2011 student enrollment count.

The table below contains the weighted counts of Orleans Parish students in each level 1 funding category. It then goes on to calculate the total Level 1 MFP funding amount for Orleans Parish by multiplying the total weighted student enrollment by the Level 1 funding amount per weighted pupil, which was \$3,855 in FY2011-2012.

| | Count | × | Weight | = | Weighted Count |
|--------------------------------|--------|---|--------|---|----------------|
| Student Category | | | | | |
| Total Number Of Students | 37,409 | × | 1 | = | 37,409 |
| At Risk | 32,914 | × | 0.22 | = | 7,241 |
| Career & Tech Ed | 6,130 | × | 0.06 | = | 368 |
| Special Education - Disability | 4,012 | × | 1.5 | = | 6,018 |
| Gifted & Talented | 2,671 | × | 0.6 | = | 1,603 |
| Total | | | | | 52,639 |

| | level 1 funding per student | × | Weighted Count | = | Level 1 Funding |
|--------------|--------------------------------|---|-------------------|---|----------------------|
| Total | \$3,855 | × | 52,639 | | \$202,923,345 |

In FY2011-2012, \$202,923,345 in Level 1 MFP funding was budgeted for students in Orleans Parish.

MFP Level 2 Sample Calculation

This section will calculate the amount of MFP Level 2 funding that was budgeted for schools in Orleans Parish during the 2011-2012 school year. MFP Level 2 funding amounts are primarily based on the amount of funding that local school districts raised beyond what Level 1 required. Because of that, the starting point for Level 2 is calculating the amount of revenue that the state expected Orleans Parish to contribute to Level 1.

Historically the average state contribution to Level 1 has been 65% and the average local contribution to Level 1 has been 35%. The state looks at the Louisiana's total sales tax base and its total property tax base and calculates the average sales tax rate and the average property tax rate that it would take to achieve that 65/35 split. In FY 2012, this average sales tax rate was approximately 0.87% (actually 0.86823%) and this average property tax rate was approximately 1.776% (actually 1.775925%). These average sales and property tax rates are then applied to the sales and property tax bases of each district to determine the expected local sales and property tax contribution levels. Lastly, expected revenue from other sources is considered; the total local expected contribution level is then computed by using the following formula:

$$\text{Total expected local tax contributions} = [\text{Expected sales tax contributions}] + [\text{Expected property tax contributions}] + [\text{Expected revenue from other sources}]$$

Orleans Parish's expected Level 1 contribution is calculated in the table below:

| | Tax Base | Computed State Rate | Expected Contribution |
|------------------------|-----------------|---------------------|-----------------------|
| Sales Tax | \$5,661,283,867 | 0.86823% | \$49,152,965 |
| Property Tax | \$2,678,381,864 | 1.77593% | \$47,566,053 |
| Sales + Property Tax | | | \$96,719,018 |
| Other Expected Revenue | | | \$1,625,992 |

Total Expected Contributions
(Sales + Property
+ Other Expected
Revenue)

\$98,345,010

Next we calculate the amount of funding that Orleans Parish raised beyond what Level 1 required.

$$\text{Revenue beyond Level 1} = [\text{Total actual revenue raised}] - [\text{Expected Level 1 contribution}]$$

$$\text{Revenue beyond Level 1} = [\$197,062,873] - [\$98,345,010]$$

$$\text{Revenue beyond Level 1} = \$98,717,863$$

Next, the amount of a district's tax revenue that is eligible to be matched by the state is determined. This amount is equal to either local revenue above Level 1, or 34% of the total Level 1 cost for the district, whichever is lower. The local revenue above level 1 is \$98,717,863; the next step is to calculate what 34% times the total level 1 cost for Orleans Parish equals: $34\% \times \$202,923,345 = \$68,993,937$

The lower figure of the two amounts is \$68,993,937; this amount is the local contribution to level 2 and is the amount of revenue that is eligible to be matched by the state.

Local share of level 2 funding = \$68,993,937

The state share of level 2 funding can then be calculated:

State share of level 2 funding = (local share of level 2 funding) X [1 – 1.72(local % of level 1 funding)]

State share of level 2 funding = \$68,993,937[1 – 1.72(48.46%)]

State share of level 2 funding = \$11,486,663

In cases where the state share of Level 2 funding comes out 0 or negative, that district receives no state Level 2 funding.

Once the state and local shares of level 2 funding are known, the entire level 2 funding amount can be calculated:

Total level 2 funding = [local share of level 2 funding] + [state share of level 2 funding]

Total level 2 funding = \$68,993,937 + \$11,486,663 = \$80,480,600

The total amount of Level 2 MFP funding budgeted for Orleans Parish was \$80,480,600 in FY2011-2012.

MFP Level 3 Sample Calculation

In this section the amount of MFP Level 3 funding that was budgeted for schools in Orleans Parish during the 2011-2012 school year will be calculated.

First, the budget allocation for foreign language associate teachers must be calculated; in FY2011-2012, there were 24 qualifying foreign language associate teachers.²⁷

Foreign Lang. Associate Funding = \$20,000 × [number of qualifying foreign language teachers]

Foreign Lang. Associate Funding = \$20,000 × 24 = \$480,000

The next step is calculating the mandated cost adjustment portion of Level 3. \$100 was allocated for each student (unweighted) in Orleans Parish.

Mandated cost adjustment = \$100 × [unweighted student count] = \$100 × 37,409 = \$3,740,900

Hold harmless funding was evenly redistributed among all students in non-hold harmless districts in FY2011-2012; such districts received approximately \$36.60 per student (actually \$36.60394430). Orleans Parish was among the districts that received redistributed hold harmless funding that year.

Hold Harmless Redistribution Funding = \$36.60394430 × [unweighted student count]

Hold Harmless Redistribution Funding = \$36.60394430 × 37,409 = \$1,369,184

The last portion of level 3 MFP funding is calculating the amount that went towards continuing pay raises from past years in FY2011-2012. This amount varied depending on if a school was in OPSB vs. being in the RSD, as well as whether or not it was an RSD charter school.

²⁷ Stipends for second and third year Foreign Language Associates are funded directly to the LEA and thus are not included in the per-pupil amounts for MFP Level 3 (Louisiana Department of Education - 2013).

The amount budgeted for pay raises in each school type, as well as the combined total, is calculated in the table below:

Orleans Parish - FY2011-2012

| | Number of Students | × | Pay Raise Allocation Per Student | = | Pay Raise Continuance Amount |
|-----------------------------|--------------------|---|----------------------------------|---|------------------------------|
| Type of School | | | | | |
| OPSB | 10,215 | × | \$727.23177740 | = | \$7,428,673 |
| RSD: Direct Run | 6,314 | × | \$797.05244486 | = | \$5,032,589 |
| RSD: Charter* | 20,708 | × | \$724.25825768 | = | \$14,997,940 |
| International High School** | | | | = | \$128,318 |

Total Pay Raise Continuance Amount \$27,587,520

*RSD charter schools do not all have the same per-student pay raise allocation; this rate is a weighted

average of the rates of all RSD charters.

**taken directly from table in handbook

To get the total amount of MFP Level 3 funding, we simply add up the combined amounts from the 4 sources.

$$\begin{aligned} \text{Total Level 3 Funding} &= [\text{Foreign Language Associate Funding}] + [\text{Mandated Cost Adjustment Funding}] \\ &\quad + [\text{Hold Harmless Redistribution Funds}] + [\text{Pay Raise Continuance}] \\ \text{Total Level 3 Funding} &= \$480,000 + \$3,740,900 + 1,369,184 + \$27,587,520 = \$33,177,604 \end{aligned}$$

The total amount of MFP Level 3 funding allocated to Orleans Parish during FY2011-2012 was \$33,177,604.²⁸

Additional Local Funding Sample Calculation

As stated in the MFP Overview section, local school districts' local revenue often exceeds the local contribution amounts calculated in MFP levels 1 through 3. The amount of leftover local funding that Orleans Parish had in FY 2011-2012 can be calculated in the following manner:

$$\begin{aligned} \text{Additional local funds} &= [\text{total local revenue raised}] - [\text{local share of level 1}] - [\text{local share of level 2}] \\ \text{Additional local funds} &= \$197,062,873 - \$98,345,010 - \$68,993,937 \\ \text{Additional local funds} &= \$29,723,926 \end{aligned}$$

Orleans Parish had \$29,723,926 in leftover funding in FY2011-2012.

²⁸This total is one dollar higher than the actual amount that appears in the 2011-2012 MFP Handbook (\$33,177,604) because of minor differences introduced by rounding.

APPENDIX B: School Year MFP Funding By District

| School System | 2/1/2012 Enrollment | Total MFP Funding (State + Local) | State Share of MFP Levels 1,2 and 3 (\$) | State Share of MFP Levels 1,2 and 3 (Percent) | Local Share of MFP Levels 1,2 and Beyond (Percent) |
|------------------|---------------------|-----------------------------------|--|---|--|
| Acadia | 9,351 | 69,609,073 | \$50,486,266 | 72.5% | 27.5% |
| Allen | 4,028 | 38,628,320 | \$28,090,970 | 72.7% | 27.3% |
| Ascension | 20,143 | 193,231,184 | \$99,168,986 | 51.3% | 48.7% |
| Assumption | 3,577 | 35,374,919 | \$23,793,975 | 67.3% | 32.7% |
| Avoyelles | 6,437 | 42,121,906 | \$34,501,206 | 81.9% | 18.1% |
| Beauregard | 6,042 | 55,660,862 | \$36,755,881 | 66.0% | 34.0% |
| Bienville | 2,218 | 33,645,840 | \$5,101,657 | 15.2% | 84.8% |
| Bossier | 20,789 | 188,692,074 | \$98,935,116 | 52.4% | 47.6% |
| Caddo | 41,444 | 402,081,178 | \$207,752,403 | 51.7% | 48.3% |
| Calcasieu | 31,713 | 288,597,346 | \$155,645,604 | 53.9% | 46.1% |
| Caldwell | 1,577 | 17,045,507 | \$11,743,394 | 68.9% | 31.1% |
| Cameron | 1,225 | 16,797,955 | \$3,484,420 | 20.7% | 79.3% |
| Catahoula | 1,519 | 14,172,167 | \$10,442,245 | 73.7% | 26.3% |
| Claiborne | 1,958 | 18,808,690 | \$11,919,638 | 63.4% | 36.6% |
| Concordia | 3,629 | 31,231,840 | \$21,711,192 | 69.5% | 30.5% |
| DeSoto | 4,787 | 106,311,815 | \$10,472,885 | 9.9% | 90.1% |
| East Baton Rouge | 43,750 | 464,820,686 | \$183,217,780 | 39.4% | 60.6% |
| East Carroll | 1,145 | 9,674,609 | \$7,604,117 | 78.6% | 21.4% |
| East Feliciana | 1,956 | 16,413,214 | \$11,978,768 | 73.0% | 27.0% |
| Evangeline | 5,819 | 48,146,323 | \$35,076,113 | 72.9% | 27.1% |
| Franklin | 3,038 | 25,394,326 | \$19,219,915 | 75.7% | 24.3% |
| Grant | 3,281 | 27,132,170 | \$21,966,422 | 81.0% | 19.0% |
| Iberia | 13,367 | 115,295,312 | \$73,478,072 | 63.7% | 36.3% |
| Iberville | 4,479 | 58,023,403 | \$15,693,691 | 27.0% | 73.0% |
| Jackson | 2,226 | 21,536,002 | \$10,021,594 | 46.5% | 53.5% |
| Jefferson | 44,347 | 425,619,153 | \$176,566,963 | 41.5% | 58.5% |
| Jefferson Davis | 5,614 | 52,780,915 | \$35,629,108 | 67.5% | 32.5% |
| Lafayette | 29,649 | 268,118,647 | \$115,475,574 | 43.1% | 56.9% |
| Lafourche | 13,586 | 124,178,988 | \$63,847,349 | 51.4% | 48.6% |
| LaSalle | 2,436 | 24,231,643 | \$15,400,251 | 63.6% | 36.4% |
| Lincoln | 6,464 | 61,841,518 | \$30,900,414 | 50.0% | 50.0% |
| Livingston | 24,453 | 195,404,606 | \$147,567,769 | 75.5% | 24.5% |
| Madison | 1,999 | 17,616,501 | \$12,082,954 | 68.6% | 31.4% |
| Morehouse | 4,334 | 40,221,432 | \$28,118,989 | 69.9% | 30.1% |
| Natchitoches | 6,462 | 55,705,341 | \$34,692,853 | 62.3% | 37.7% |
| Orleans | 42,705 | 389,436,671 | \$180,755,107 | 46.4% | 53.6% |
| Ouachita | 19,412 | 178,893,539 | \$119,155,841 | 66.6% | 33.4% |
| Plaquemines | 4,224 | 55,843,271 | \$12,744,019 | 22.8% | 77.2% |

| | | | | | |
|----------------------|----------------|----------------------|------------------------|--------------|--------------|
| Pointe Coupee | 2,882 | 24,796,722 | \$12,869,063 | 51.9% | 48.1% |
| Rapides | 23,021 | 195,295,717 | \$128,436,293 | 65.8% | 34.2% |
| Red River | 1,407 | 28,094,586 | \$3,509,707 | 12.5% | 87.5% |
| Richland | 3,832 | 32,657,586 | \$22,201,766 | 68.0% | 32.0% |
| Sabine | 3,987 | 46,017,644 | \$24,566,525 | 53.4% | 46.6% |
| St. Bernard | 5,876 | 59,405,663 | \$28,065,832 | 47.2% | 52.8% |
| St. Charles | 9,427 | 132,105,924 | \$29,871,210 | 22.6% | 77.4% |
| St. Helena | 1,103 | 9,158,290 | \$7,161,370 | 78.2% | 21.8% |
| St. James | 3,644 | 50,875,591 | \$14,927,938 | 29.3% | 70.7% |
| St. John the Baptist | 6,233 | 63,770,527 | \$31,981,966 | 50.2% | 49.8% |
| St. Landry | 14,461 | 110,215,811 | \$77,719,318 | 70.5% | 29.5% |
| St. Martin | 7,985 | 66,462,449 | \$45,465,064 | 68.4% | 31.6% |
| St. Mary | 9,346 | 84,734,694 | \$47,545,742 | 56.1% | 43.9% |
| St. Tammany | 36,557 | 384,910,165 | \$203,924,535 | 53.0% | 47.0% |
| Tangipahoa | 19,020 | 140,796,749 | \$104,110,634 | 73.9% | 26.1% |
| Tensas | 701 | 7,009,350 | \$4,859,699 | 69.3% | 30.7% |
| Terrebonne | 17,735 | 140,386,535 | \$86,583,827 | 61.7% | 38.3% |
| Union | 2,833 | 24,598,784 | \$16,053,855 | 65.3% | 34.7% |
| Vermilion | 8,873 | 71,220,484 | \$45,728,967 | 64.2% | 35.8% |
| Vernon | 9,495 | 74,560,690 | \$57,183,869 | 76.7% | 23.3% |
| Washington | 5,185 | 45,144,292 | \$36,387,243 | 80.6% | 19.4% |
| Webster | 6,474 | 61,049,858 | \$35,082,020 | 57.5% | 42.5% |
| West Baton Rouge | 3,547 | 35,838,261 | \$13,821,400 | 38.6% | 61.4% |
| West Carroll | 2,133 | 16,584,263 | \$12,970,372 | 78.2% | 21.8% |
| West Feliciana | 2,036 | 24,637,576 | \$10,527,636 | 42.7% | 57.3% |
| Winn | 2,422 | 22,321,631 | \$15,654,924 | 70.1% | 29.9% |
| City of Monroe | 8,587 | 86,820,341 | \$46,618,009 | 53.7% | 46.3% |
| City of Bogalusa | 2,059 | 21,603,966 | \$14,359,001 | 66.5% | 33.5% |
| Zachary Community | 5,071 | 51,610,953 | \$29,235,199 | 56.6% | 43.4% |
| City of Baker | 1,772 | 16,889,403 | \$11,801,918 | 69.9% | 30.1% |
| Central Community | 3,943 | 37,730,522 | \$24,501,064 | 64.9% | 35.1% |
| State Totals | 676,830 | 6,395,643,973 | \$3,404,925,471 | 53.2% | 46.8% |