

HOUSE COMMITTEE ON EDUCATION

Minutes of Meeting
2005 Regular Session
June 21, 2005

I. CALL TO ORDER

Representative Carl Crane, chairman of the House Committee on Education, called the meeting to order at 4:12 p.m. in Committee Room 1, in the State Capitol in Baton Rouge, Louisiana. The secretary called the roll.

II. ROLL CALL

MEMBERS PRESENT:

Representative Carl Crane, Chairman
Representative Avon Honey, Vice Chairman
Representative Ernie Alexander
Representative Austin Badon
Representative Regina Barrow
Representative A.G. Crowe
Representative Hollis Downs
Representative Jim Fannin
Representative Hunter Greene
Representative Lelon Kenney
Representative Mike Powell
Representative Harold Ritchie
Representative Don Trahan
Representative Tommy Wright

MEMBERS ABSENT:

Representative Henry "Tank" Powell

III. STAFF MEMBERS PRESENT:

Paul Jones, Research Analyst
Nancy Yelverton Jolly, Research Analyst
Jackie Snowden, Secretary
Ryan Snowden, Clerk
David Mayeux and Felix Rodriguez, Sergeant at Arms

IV. DISCUSSION

Senate Concurrent Resolution No. 125 by Senator Ullo

Senate Concurrent Resolution No. 125 approves the minimum foundation program (MFP) formula developed and adopted by the state Board of Elementary and Secondary Education (BESE) on June 16, 2005.

Representative Crane announced that the meeting was especially called to consider the MFP that was approved by the Senate earlier today. He explained that depending on the action taken by the committee, the rules will have to be suspended tomorrow to hear the resolution on the House floor.

Representative Crane introduced Ms. Marilyn Langley, representing BESE, 1201 N. Third St., Baton Rouge, LA 70804, (225) 342-3607. Ms. Langley announced that a two-page summary had been distributed to members. The information provided a general overview of the MFP and highlighted changes (see Exhibit A).

Ms. Langley's summary included the following information:

- She stated that the total cost of the MFP was approximately \$2.68 billion, representing a \$51 million increase over what was funded in 2004-2005.
- The formula keeps the 50% pay requirement for certificated personnel language intact. *(She referred to a current provision in the formula that states that 50% of any increases of state funds in Levels 1 and 2 of the formula have to be used for certificated pay and retirement. She noted that districts have flexibility on this issue in that it does not have to be an across-the-board pay raise, but can be used to fund other activities.)*
- The formula increases the base per-pupil amount by 2.75% – from \$3,459 to \$3,554. She noted that this amount is in Level 1 of the formula (the base amount multiplied times the number of weighted students). She explained that the formula also contained Level 2 state support for local incentive, meaning that if a district were to raise local revenues above what is required by Level 1, the state will come in and support the district, on average, at 40%. Ms. Langley pointed out that state support costs in Level 1 averaged 65% and local costs, 35%, depending on the wealth capacity of the district. She reiterated that the base per pupil was multiplied by weighted student characteristics, five of which are currently formulated as followed: at risk,

15%; exceptionalities, 1.5%; gifted and talented, 1.6%; economically disadvantaged, up to 20%, and vocational education (weight not given).

Ms. Langley explained that there are currently 54 school districts that will receive increases in Levels 1 and 2 based on the 50% pay requirement for certificated personnel. She told committee members that there were several reasons why districts do not receive increases in Levels 1 and 2, including: (1) the loss of students that causes an increase in the base per-pupil amount; and (2) the wealth of a district might have changed, signifying a change in the amount of funds received from the state.

She explained further that the average pay raise for teachers contained in the formula was \$530. Ms. Langley noted that because there were 14 districts that did not have state share increases in Levels 1 and 2, pay increases would range from \$0 to \$1,791, depending upon the district's local wealth and student characteristics.

Other changes noted by Ms. Langley in this year's formula compared to last year's are as follows: (1) the formula provides a mechanism for the recovery school district funding, including five schools in Orleans Parish (representing 1,400 students); and (2) the formula provides a 20% cap on increases in the sales tax base for purposes of calculating the local wealth factor for several districts. She noted that some districts experience temporary spikes in their sales taxes for a variety of reasons and the 20% cap is set up to address the spikes and provide relief. The districts in Cameron, East Feliciana, Jackson, Lincoln, and Plaquemines parishes will be impacted during the current year. Ms. Langley pointed out that this was not a new issue but one BESE is finally addressing this year. Further changes include: (1) adjusting the submission date of the MFP accountability report from April 1 to June 1 because certain data is not available for the April 1 timeline; (2) limiting MFP state funds to expenditure for "educational purposes"; (3) prohibiting MFP funding for students attending and staff assigned to an Academically Unacceptable school in School Improvement 6 (SI6) that does not have a BESE-approved and implemented reconstitution plan (SI6 is the most academically unacceptable category); and (4) excluding local revenues dedicated to a Tax Increment Financing (TIF) District in Level 2 of the formula (districts would not receive Level 2 rewards on these monies used for economic development).

Representative Crane opened the floor for questions from committee members.

Representative Kenney asked for clarification on the 20% spike in sales taxes. Ms. Langley responded that when the sales tax increases reach 20% or above, a cap is set at 20%. She explained that instances of 40% increases were reported last year in some districts. Ms. Langley said the 20% cap would have more of an impact on the parishes of Jackson and Lincoln. She noted that Jackson has three sales tax systems that are all dedicated to teacher

pay and cannot be used for any other purposes, one of which is a 3% local tax that is one of the highest in the state.

Representative Fannin presented a hypothetical scenario relative to caps and sales taxes of various parishes. He said it was evident that the more wealthy your parish is, the less money you receive from the state. He expressed concern about the amount of funds that will be cut from the system in Jackson Parish. Ms. Langley explained that the wealth of any particular school system is calculated based on that particular district's wealth capacity. Representative Fannin said the formula needs to be revamped from the standpoint of the rural parish. He said the formula does not fairly calculate funding for the rural systems. He asked her to look at the rural parishes before catastrophic consequences occur.

Ms. Langley stated that improvements are always sought and that the department is fully aware that there are some districts that are facing issues.

Representative Mike Powell asked what the statewide loss of student population was and its impact on the formula. Ms. Langley responded that the number was 3,548, which was the October 1 student membership. Representative Mike Powell was also interested in receiving a breakdown of the number of certificated personnel and how each school district would be impacted by the \$530 supplemental increase in pay passed by the Senate. He stated his appreciation for the effort that goes into preparing the MFP formula, and he thanked Ms. Langley for providing the budget letter. He stated that there was an ongoing concern about the accountability of the monies that are spent, given the fact that the legislature, over the last 10 years, has placed a lot of money in education. Representative Mike Powell noted that the concern was whether the money gets to the classroom for teacher salaries. He noted that House Concurrent Resolution No. 77, which he authored, will provide for the beginning of dialogs to determine how much more money can be placed into the classroom. Representative Mike Powell also pointed out and expressed concern about the exclusion in the formula of the old definition of instruction. He said that while he was going to support passage of the resolution, he was supporting that definition. He said he looked forward to working with BESE and the legislature to perhaps develop a better MFP for the future.

Representative Downs related his concern that when certain parishes lose funding in the MFP, they cannot recover. He said he looked for BESE to come up with answers for these parishes about how they can recover from these setbacks when they occur.

In response to a question from Representative Barrow about how it is determined that a district will not receive funding, Ms. Langley said the biggest cause of funding loss will be to those systems that have lost and continue to lose students.

Representative Crowe asked about the \$530 bonus funds. He asked if the funds will be given outside of the MFP and distributed equally to all teachers in the state. Ms. Langley responded affirmatively that the funds are outside of the MFP, but that they would not be distributed equally to all teachers in the state. Representative Crane referred Representative Crowe to a handout distributed to committee members. He noted that the column "average across the board pay raise" included the pay raise coming from the new money in the MFP. He explained to Representative Crowe that all numbers in the column that were below the new \$530 will be elevated to \$530, noting that school districts that were above \$530 would not receive any additional funding through this bonus placed in the supplemental appropriations bill. Ms. Langley explained the process of informing local school district business managers about the formula through its business letter, and the subsequent feedback from the districts to BESE.

In response to statements from Representatives Honey and Badon about the number of school districts that would receive no increase in funding, Ms. Langley stated that the formula is strictly driven by student counts and the wealth of districts. Representative Crane explained that the MFP provides that 50% of all new monies that go to parishes have to be used for pay raises for certificated personnel. He emphasized that the handout he had distributed included the MFP pay raise made part of the formula in 1999.

Representative Kenney moved that Senate Concurrent Resolution No. 125 be reported favorably. There was no objection, and Senate Concurrent Resolution No. 125 was reported favorably by a vote of 14 yeas and 0 nays. Representatives Ernie Alexander, Badon, Barrow, Crane, Crowe, Downs, Fannin, Greene, Honey, Kenney, Mike Powell, Ritchie, Trahan, and Wright voted yea.

V. OTHER BUSINESS

There was no other business for discussion.

VI. ANNOUNCEMENTS

There were no announcements.

VII. ADJOURNMENT

The meeting was adjourned at 5:24 p.m.

Respectfully submitted,

Austin J. Badon, Jr., Chairman

The committee has acknowledged on _____, that these minutes were prepared in accordance with the rules of the House of Representatives.