

Representative Jim Fannin
Chairman



Representative Simone Champagne
Vice Chairman

FY 14-15 Executive Budget Review DEPARTMENT OF EDUCATION

House Committee on Appropriations
by the House Fiscal Division
April 8, 2014



Agenda

Budget Overview

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Department Structure

19-678 State Activities

- Administrative Support
- District Support
- Auxiliary Account

19-681 Subgrantee Assistance

- School and District Supports
- School and District Innovations
- Student – Centered Goals

19-682 Recovery School District

- Recovery School District -- Instruction
- Recovery School District -- Construction

19-695 Minimum Foundation Program

- Minimum Foundation Program

19-697 Nonpublic Educational Assistance

- Required Services
- School Lunch Salary Supplement
- Textbook Administration
- Textbooks

19-699 Special School Districts

- Administration
- Instruction



Comparison to Total State Budget FY 14-15

Means of Finance	Department of Education	Total State Budget	% of Total State Budget
State General Fund	\$3,437,147,994	\$8,617,600,000	39.9%
Interagency Transfers	\$248,339,231	\$1,767,132,013	14.1%
Fees and Self-Gen. Rev.	\$57,947,585	\$3,861,523,669	1.5%
Statutory Dedications	\$309,473,374	\$4,065,764,569	7.6%
Federal Funds	\$1,086,964,725	\$9,886,615,632	11.0%
TOTAL MOF	\$5,139,872,909	\$28,198,635,883	18.2%
Authorized Positions	483	53,109	0.9%



Means of Finance

Means of Finance	FY 12-13 Actual Expenditures	FY 13-14 Existing Operating Budget (12/1/13)	FY 14-15 Executive Budget Recommendation	Change from FY 13-14 to FY 14-15	Percent Change from FY 13-14 to FY 14-15
State General Fund	\$3,331,778,732	\$3,431,236,983	\$3,437,147,994	\$5,911,011	0.2%
Interagency Transfers	\$493,410,502	\$391,024,943	\$248,339,231	(\$142,685,712)	(36.5%)
Fees and Self-Gen Rev	\$28,593,387	\$63,966,178	\$57,947,585	(\$6,018,593)	(9.4%)
Statutory Dedications	\$274,555,861	\$276,844,925	\$309,473,374	\$32,628,449	11.8%
Federal Funds	\$1,042,130,114	\$1,119,796,778	\$1,086,964,725	(\$32,832,053)	(2.9%)
TOTAL	\$5,170,468,596	\$5,282,869,807	\$5,139,872,909	(\$142,996,898)	(2.7%)
Authorized Positions	596	574	483	(91)	(15.9%)

Significant Adjustments:

State General Fund

- MFP Means of Finance Substitution of Stat Ded for SGF
- MFP Pupils opting for Student Scholarships

(\$36M)



State General Fund

- RSD – Risk Mgt Pmts
- Student Scholarships
- Course Choice
- MFP Enrollment
- MFP Task Force

\$49M



Interagency Transfers

- Transition from RSD direct-run schools to charter-operated schools funded directly

(\$143M)



Statutory Dedications

- Additional Lottery Proceeds Fund and SELF Fund
- Overcollections Fund

\$33M



Authorized Positions

- Transfers 34 T.O. positions related to IT consolidation efforts; eliminates 57 vacant T.O. positions

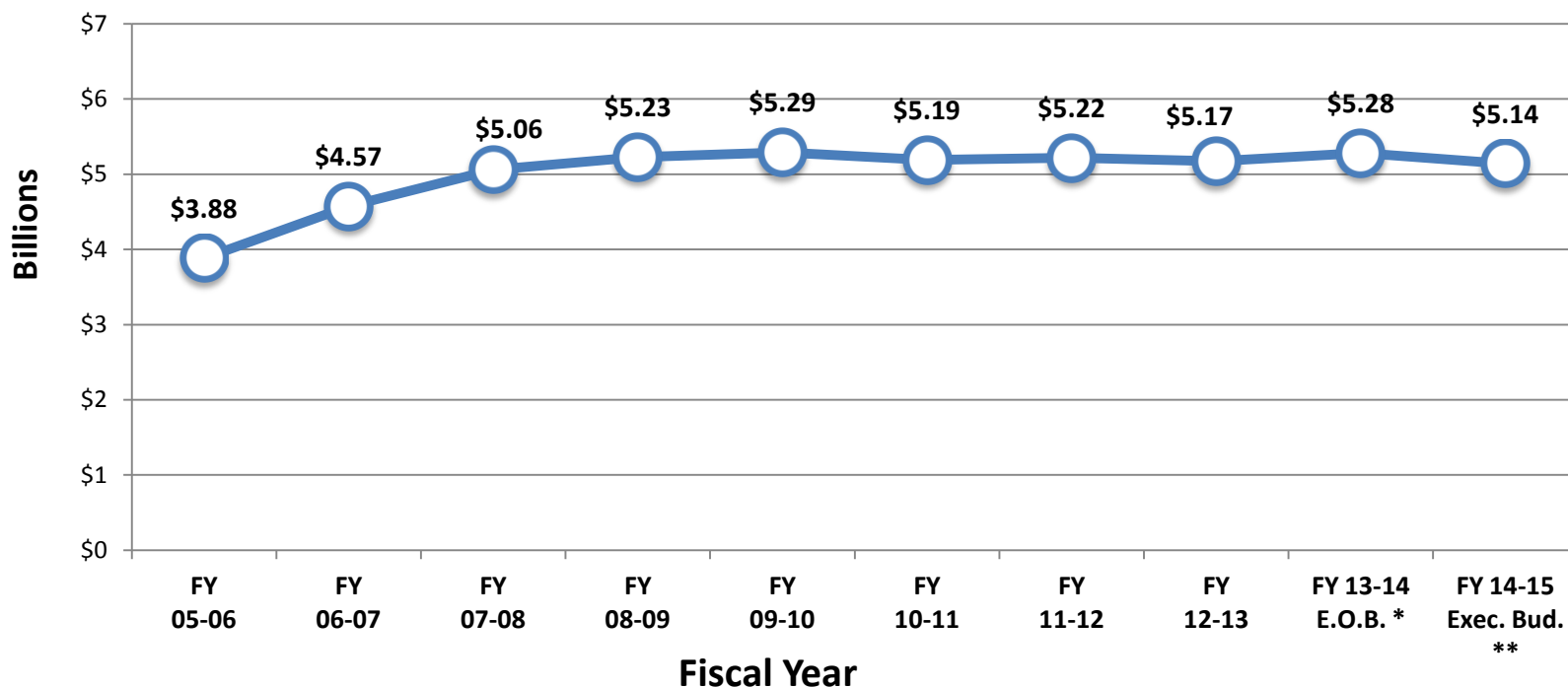
(91) T.O.





10-Year Budget History

DEPARTMENT OF EDUCATION (Total Funding)



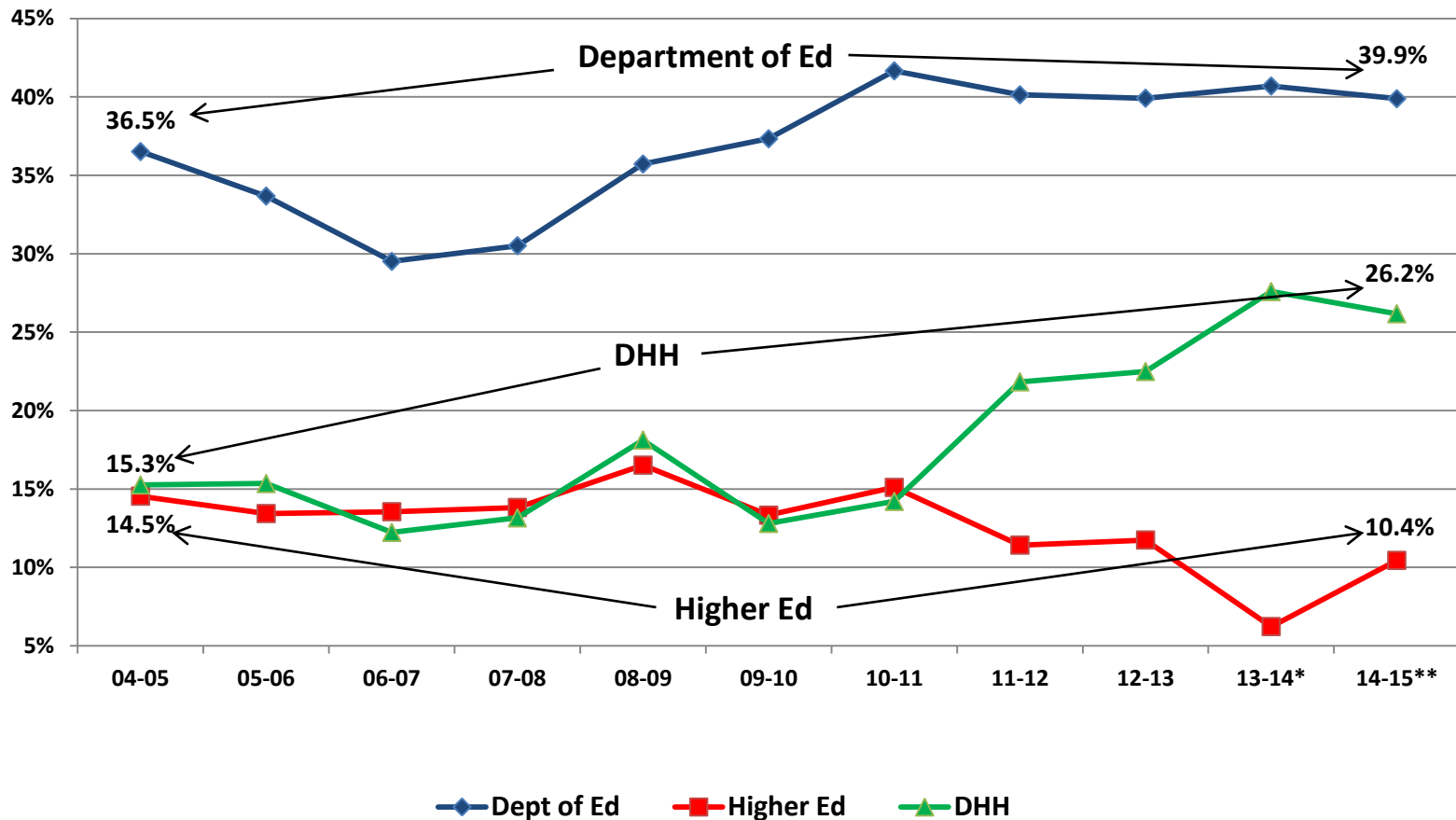
Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Percent of Total State Budget SGF: Department of Ed, DHH and Higher Ed



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



Major Sources of Revenues FY 14-15

Interagency Transfers

\$248 million

- RSD receives \$10 million in the Instructional Program and \$160 million in the Construction Program (GOHSEP - FEMA funds) for construction purposes
- LA4 receives \$37 million from the Department of Children and Family Services from Temporary Assistance for Needy Families (TANF) funds

Fees & Self-Gen. Revenue

\$58 million

- Foundation grants, teacher certification fees, and user fees
- RSD \$40 million in Self-Generated Revenue includes insurance proceeds, Harrah's Capital funding, and Qualified School Construction Bond funding
- Subgrantee Assistance contains \$9 million in Carl Perkins Secondary Vocational Education funding from the Louisiana Community and Technical Colleges System

Statutory Dedications

\$309 million

- \$173 million from the Lottery Proceeds Fund for the MFP
- \$119 million from the Support Education in Louisiana First (SELF) Fund for the MFP
- Subgrantee Assistance contains \$13.4 million from the Education Excellence Fund (EEF) for public and nonpublic students
- \$4 million from the Overcollections Fund to improve program quality and provide support for choice programs

Federal Funds

\$1.1 billion

- Subgrantee Assistance contains \$304 million from Title 1, \$60 million from Title 2, \$195 million from Individuals with Disabilities Education Act (IDEA), and \$359 million from School, Child and Adult Food and Nutrition Programs



Expenditure Breakdown

Expenditures	FY 12-13 Actual Expenditures	FY 13-14 Existing Operating Budget (12/1/13)	FY 14-15 Executive Budget Recommendation	Change from FY 13-14 to FY 14-15	Percent Change from FY 13-14 to FY 14-15
Salaries	\$32,611,403	\$38,264,713	\$34,325,911	(\$3,938,802)	(10.3%)
Other Compensation	\$57,027,061	\$68,712,089	\$10,563,053	(\$58,149,036)	(84.6%)
Related Benefits	\$33,336,899	\$31,048,523	\$19,499,002	(\$11,549,521)	(37.2%)
Travel	\$1,931,865	\$4,215,119	\$3,804,105	(\$411,014)	(9.8%)
Operating Services	\$30,999,056	\$37,344,617	\$5,404,827	(\$31,939,790)	(85.5%)
Supplies	\$8,190,524	\$8,817,863	\$4,494,046	(\$4,323,817)	(49.0%)
Professional Services	\$75,842,786	\$104,869,118	\$98,512,394	(\$6,356,724)	(6.1%)
Other Charges	\$4,854,190,442	\$4,831,527,627	\$4,823,536,313	(\$7,991,314)	(0.2%)
Acq/Major Repairs	\$76,338,560	\$158,070,138	\$139,733,258	(\$18,336,880)	(11.6%)
TOTAL EXP	\$5,170,468,596	\$5,282,869,807	\$5,139,872,909	(\$142,996,898)	(2.7%)

Salaries, Other Comp, and Related Benefits

- FY 14-15 changes are primarily due to the transfer of 34 T.O. for the IT consolidation and a reduction in Recovery School District Other Compensation and Related Benefits expenditures (\$69 M) in transition from direct-run to charter-run schools

Professional Services

- RSD reduction in Professional Services (\$5.4 M)

Operating Services

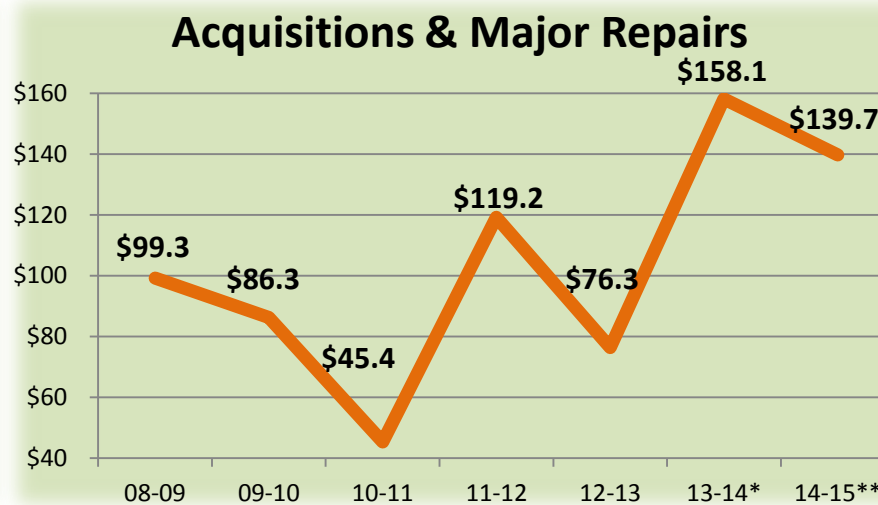
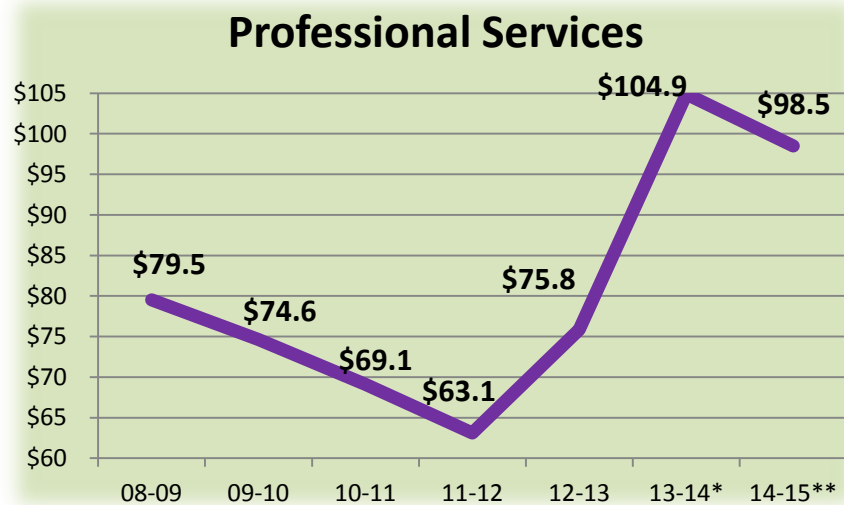
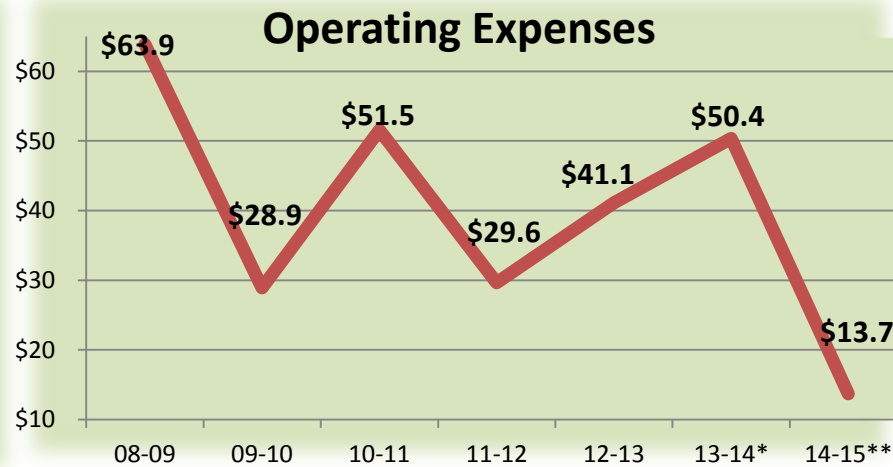
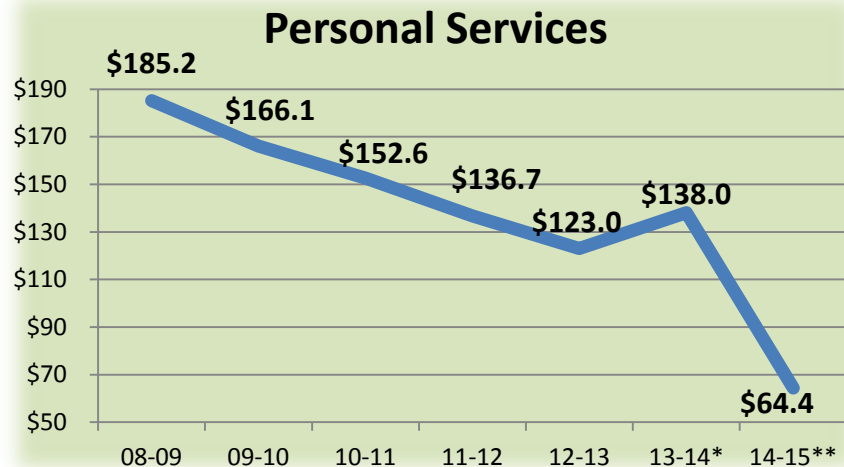
- RSD reduction in Operating Services budget authority (\$31M)

Acquisitions and Major Repairs

- RSD reduction in Acquisitions and Major Repairs (\$18 M)



7-Year Expenditure History (in millions)



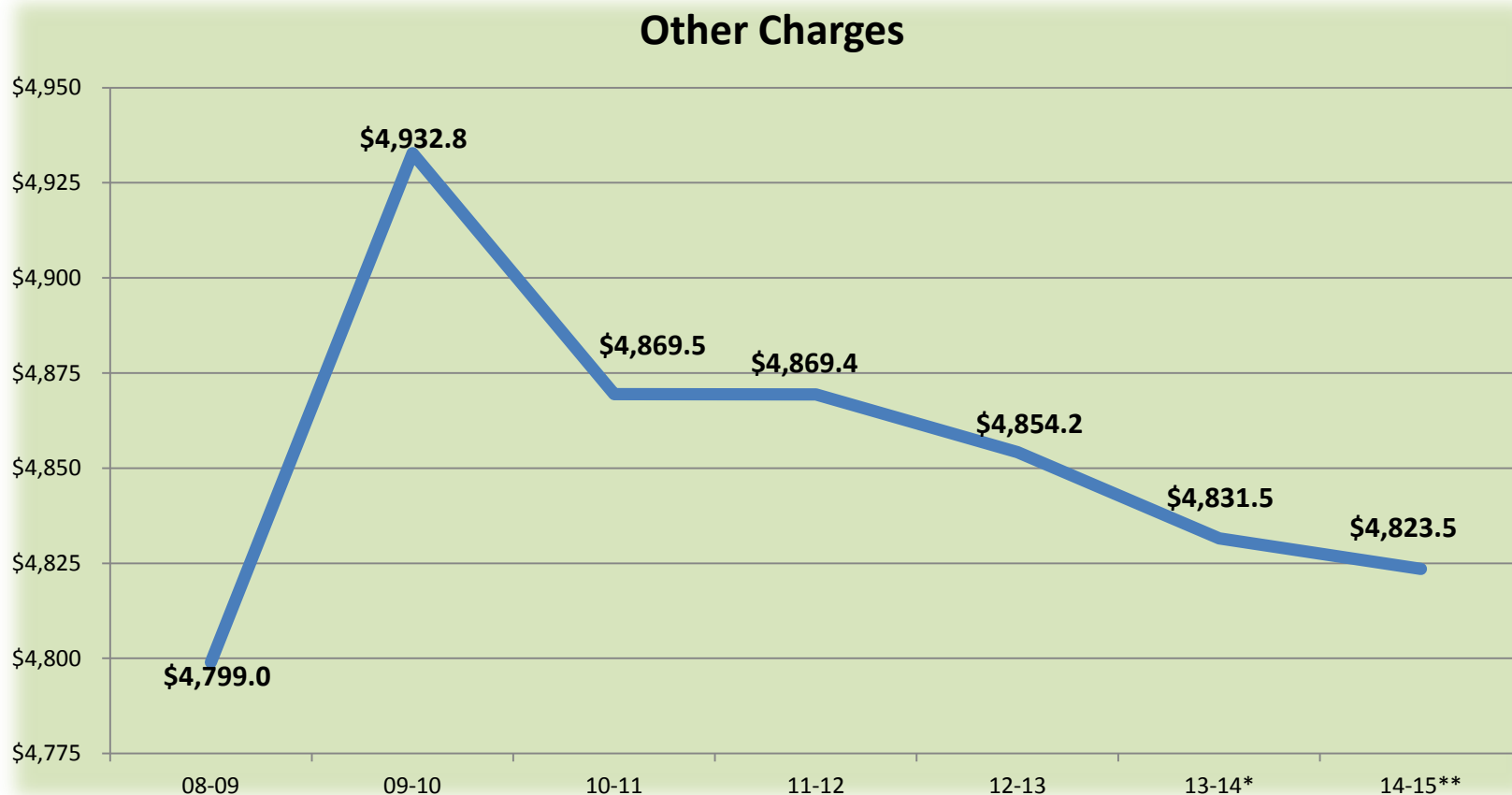
Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



7-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/13

**Governor's Executive Budget Recommendation



State General Fund by Agency

Department of Education Budget Units	FY 12-13 Actual Expenditures	FY 13-14 Existing Operating Budget (12/1/13)	FY 14-15 Executive Budget Recommendation	Change from FY 13-14 to FY 14-15	Percent Change from FY 13-14 to FY 14-15
State Activities	\$49,310,921	\$48,498,570	\$46,115,213	(\$2,383,357)	(4.9%)
Subgrantee Assistance	\$49,974,885	\$99,777,615	\$102,462,169	\$2,684,554	2.7%
Recovery School District	\$3,213,973	\$623,417	\$5,516,336	\$4,892,919	784.9%
Minimum Foundation Program	\$3,196,148,798	\$3,247,288,358	\$3,248,769,753	\$1,481,395	0.0%
Nonpublic Educational Assistance	\$25,188,470	\$25,421,599	\$25,294,019	(\$127,580)	(0.5%)
Special School Districts	\$7,941,685	\$9,627,424	\$8,990,504	(\$636,920)	(6.6%)
TOTAL	\$3,331,778,732	\$3,431,236,983	\$3,437,147,994	\$5,911,011	0.2%
Authorized Positions	596	574	483	(91)	(15.9%)



Total Budget by Agency

Department of Education Budget Units	FY 12-13 Actual Expenditures	FY 13-14 Existing Operating Budget (12/1/13)	FY 14-15 Executive Budget Recommendation	Change from FY 13-14 to FY 14-15	Percent Change from FY 13-14 to FY 14-15
State Activities	\$106,878,727	\$132,108,652	\$129,889,905	(\$2,218,747)	(1.7%)
Subgrantee Assistance	\$1,136,498,230	\$1,238,674,663	\$1,214,238,564	(\$24,436,099)	(2.0%)
Recovery School District	\$431,683,169	\$361,948,401	\$215,777,510	(\$146,170,891)	(40.4%)
Minimum Foundation Program	\$3,456,713,798	\$3,510,142,422	\$3,540,854,902	\$30,712,480	0.9%
Nonpublic Educational Assistance	\$25,188,470	\$25,421,599	\$25,294,019	(\$127,580)	(0.5%)
Special School Districts	\$13,506,202	\$14,574,070	\$13,818,009	(\$756,061)	(5.2%)
TOTAL	\$5,170,468,596	\$5,282,869,807	\$5,139,872,909	(\$142,996,898)	(3.8%)
Authorized Positions	596	574	483	(91)	(15.9%)



Significant Increases

\$25.6 M
SGF



MFP Workload Adjustment based on the projected October and February net enrollment increase of 5,354 in FY 13-14. The FY 13-14 MFP enrollment has increased, but the funding associated with that increase has not yet been provided for FY 13-14. No funding adjustment has yet been considered for FY 14-15 enrollment changes.

\$12 M
SGF



MFP Enhancement for Career Education, Special Education, and Technology Preparedness costs. BESE adopted the FY 14-15 Minimum Foundation Program Formula on March 14, 2014, and included three new allocations for Career Development, High Cost Service Assistance, and Supplemental Course allocations.

\$4 M
SD



Overcollections Fund Statutory Dedication increase to improve program quality and provide support for choice programs.



Significant Increases

**\$3.5 M
SGF**



Workload adjustment due to anticipated increase in Course Choice participants from 2,660 to 5,320. The FY 14-15 recommended amount for Course Choice is \$3.5 million SGF. Course Choice is budgeted \$2.34 million in FY 13-14 from the 8(g) Louisiana Quality Education Support Fund.

**\$3 M
SGF**



Student Scholarships for Educational Excellence Program enhancement to provide for a 20% increase in the number of scholarships and a 5% increase in the average tuition. The FY 14-15 recommended amount for SSEEP is \$46.2 million SGF. SSEEP is budgeted \$43 million SGF in FY 13-14.

**\$650,000
SGF**



Legal Expense Enhancement associated with Brumfield vs. Dodd litigation. The Department of Education is arguing that there is no need to delay the Student Scholarships for Educational Excellence Program with additional U.S. Department of Justice oversight since the DOJ has not found fault with the way the DOE has implemented Brumfield vs. Dodd.



Significant Decreases

(\$125 M)
Various
MOF



Recovery School District reduction in the Instruction Program as the RSD transitions from direct-run schools to charter-operated schools in FY 14-15.

(\$6.9 M)
SGF



MFP Workload reduction due to the anticipated transfer of 1,355 students out of the MFP and into the Student Scholarships for Educational Excellence Program.

(\$3.1 M)
SGF



Reduction due to the planned IT consolidation effort with the Office of Technology Services and transfer of thirty-four authorized positions to OTS.

(\$548,120)
SGF



Reduction due to annualization of the Hiring Freeze Executive Order and reduction of nine authorized positions.



Statewide Adjustments

\$1.2 M
Various
MOF



Performance Adjustments (i.e., merit increases) for Department of Education classified employees and unclassified teachers employed by Special School Districts. Funds have not been identified for unclassified employee salary increases.

\$571,000
Various
MOF



Net Adjustment in various Means of Finance for retirement and group insurance changes.

(\$3.9 M)
Various
MOF



Net Adjustment in various Means of Finance for salary base adjustments, attrition adjustments and personnel adjustments. The LDOE Authorized Positions are reduced by 57 positions which were identified as vacant by the DOA.

(\$18 M)
Various
MOF



Recovery School District net adjustment in various Means of Finance for Acquisitions and Major Repairs. The RSD has \$5.4 million for Acquisitions and \$134 million for Major Repairs recommended by the administration for FY 14-15.



Significant Means of Finance Substitutions

\$29.2 M
MOF
Swap



MFP Means of Finance Substitution increasing Lottery Proceeds Fund by \$17.6 million, increasing Support Education in Louisiana First (SELF) Fund by \$11.6 million, and reducing \$29.2 million from SGF. The total Lottery Proceeds Fund amount used for the MFP in FY 14-15 is \$173 million and the total SELF Fund amount used is \$118.9 million. The Lottery Proceeds Funds recommended for FY 14-15 will be greater than any prior year since FY 93-94.

\$4.9 M
MOF
Swap



Recovery School District Means of Finance Substitution increasing SGF by \$4.9 million for payment of Risk Management premiums and reducing \$5.1 million from Interagency Transfers. Risk Management premiums are funded in FY 13-14 from Interagency Transfers from the Minimum Foundation Program.

\$2.2 M
MOF
Swap



LA 4 Early Childhood Program Means of Finance Substitution increasing Temporary Assistance for Needy Families (TANF) interagency transfers by \$2.2 million from the Department of Children and Family Services and reducing \$2.2 million from SGF. The total TANF amount used for the LA-4 Program in FY 14-15 is \$38.7 million and the total SGF amount used is \$35.9 million for a total LA 4 Recommendation of \$74.6 million.



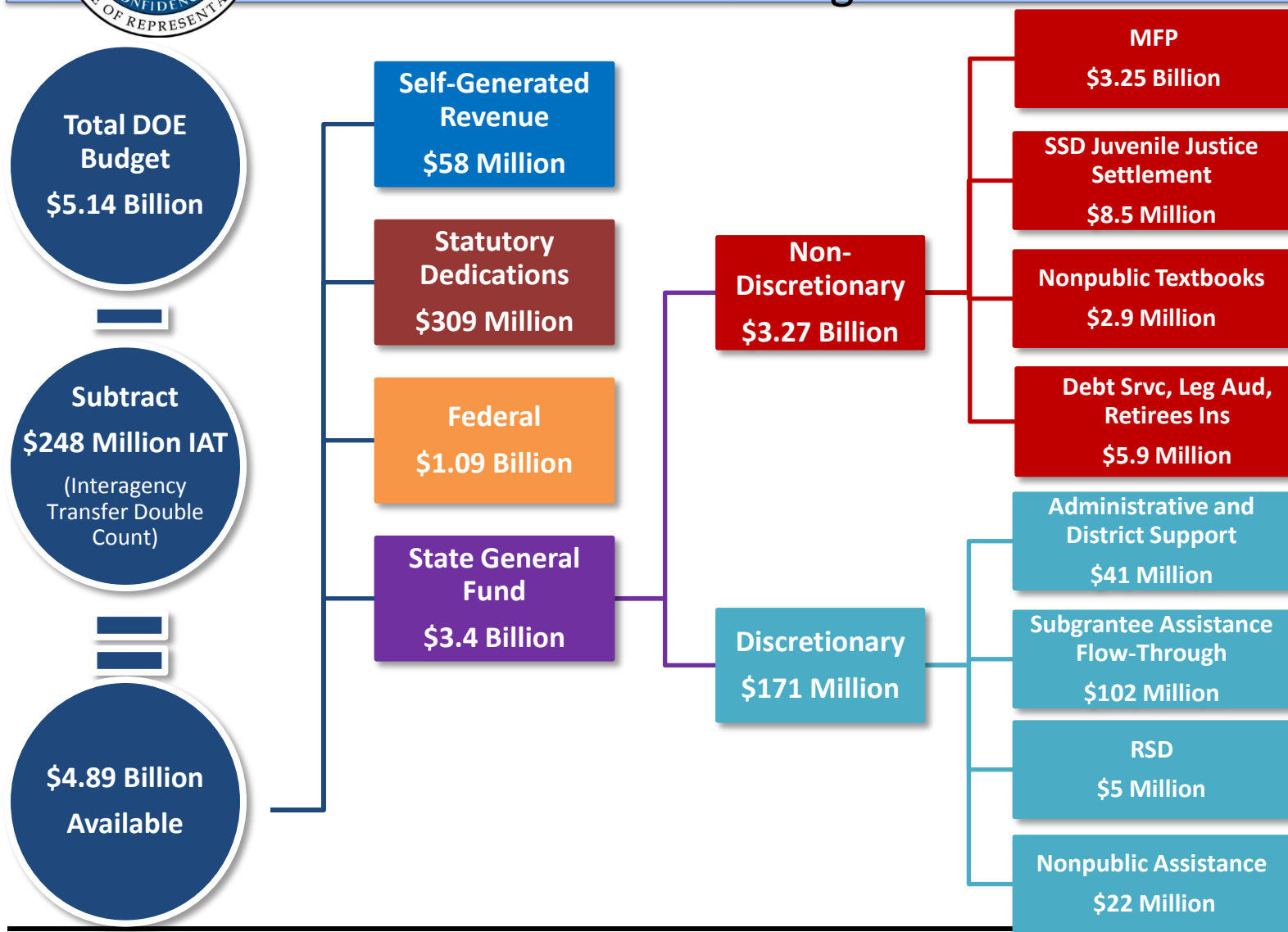
Discretionary/Nondiscretionary Funding in FY 14-15 Executive Budget

Agency/Activity/Program	TOTAL FUNDING -\$5,139,872,909		STATE GENERAL FUND -\$3,437,147,994	
	Discretionary	Non-Discretionary	Discretionary	Non-Discretionary
State Activities	\$ 122,546,607	\$ 7,343,298	\$ 41,157,177	\$ 4,958,036
Debt Service, Retirees' Group Ins, Leg. Auditor fees	\$ 0	\$ 7,343,298	\$ 0	\$ 4,958,036
Administrative Support	\$ 18,658,545	\$ 0	\$ 8,777,262	\$ 0
District Support, Testing, and Auxiliary	\$ 103,888,062	\$ 0	\$ 32,379,915	\$ 0
Subgrantee Assistance	\$ 1,200,850,339	\$ 13,388,225	\$ 102,462,169	\$ 0
Education Excellence Fund	\$ 0	\$ 13,388,225	\$ 0	\$ 0
LA-4	\$ 73,077,807	\$ 0	\$ 35,921,219	\$ 0
Student Scholarships for Education Excellence	\$ 46,184,852	\$ 0	\$ 46,184,852	\$ 0
Private Pre-K	\$ 6,816,810	\$ 0	\$ 6,816,810	\$ 0
Professional Improvement Points (PIP)	\$ 5,842,680	\$ 0	\$ 5,842,680	\$ 0
Course Choice	\$ 3,500,000	\$ 0	\$ 3,500,000	\$ 0
Special Education Laura/Consent Decree	\$ 3,033,140	\$ 0	\$ 3,033,140	\$ 0
Teach for America, School Choice Pilot, Escadrille Program, SREB Program	\$ 1,163,468	\$ 0	\$ 1,163,468	\$ 0
Recovery School District	\$ 215,366,930	\$ 410,580	\$ 5,113,856	\$ 402,480
Retirees' Group Ins, Leg. Auditor Fees	\$ 0	\$ 410,580	\$ 0	\$ 402,480
Risk Mgt Premiums, Legal Fees, Other	\$ 5,113,856	\$ 0	\$ 5,113,856	\$ 0
Minimum Foundation Program	\$ 0	\$ 3,540,854,902	\$ 0	\$ 3,248,769,753
Nonpublic Educational Assistance	\$ 22,382,176	\$ 2,911,843	\$ 22,382,176	\$ 2,911,843
Req'd Service Reimb, Lunchroom, Txt Adm	\$ 22,382,176	\$ 0	\$ 22,382,176	\$ 0
Textbooks	\$ 0	\$ 2,911,843	\$ 0	\$ 2,911,843
Special School Districts	\$ 0	\$ 13,818,009	\$ 0	\$ 8,990,504
Juvenile Justice Settlement – 2003	\$ 0	\$ 13,090,749	\$ 0	\$ 8,498,738
Retirees' Group Insurance	\$ 0	\$ 727,260	\$ 0	\$ 491,766
TOTAL	\$ 1,561,146,052	\$ 3,578,726,857	\$ 171,115,378	\$ 3,266,032,616

❑ The Discretionary State General Fund in the DOE is **6%** of the total Discretionary State General Fund recommended for FY 14-15.



Discretionary/Nondiscretionary Funding in FY 14-15 Executive Budget





Salaries and Positions

Department of Education Budget Units	Expenditure Line Items		Total Personnel Services (PS)	(PS) % of Total Budget *
	Salaries & Other Compensation	Related Benefits		
19-678 State Activities	\$30,357,088	\$13,995,331	\$44,352,419	47%
19-681 Subgrantee Assistance	\$0	\$0	\$0	0%
19-682 Recovery School District	\$6,309,225	\$2,379,357	\$8,688,582	4%
19-695 Minimum Foundation Program	\$0	\$0	\$0	0%
19-697 Nonpublic Educational Assistance	\$0	\$0	\$0	0%
19-699 Special School Distrcts	\$8,222,651	\$3,124,314	\$11,346,965	91%
TOTAL	\$44,888,964	\$19,499,002	\$64,387,966	20%

* Excludes funding in the Other Charges expenditure category from the (PS) Personal Services percent of total budget.



Salaries and Positions

Department of Education Budget Units	Classified T.O.	Unclass. T.O.	Total T.O.	Vacant T.O. 12/27/13	Vacancies Eliminated	Total Other Charges Pos.	Total Non-T.O. FTE's
19-678 State Activities	300	50	350	72	40	0	49
19-681 Subgrantee Assistance	0	0	0	0	0	0	0
19-682 Recovery School District	0	0	0	0	0	0	222
19-695 Minimum Foundation Program	0	0	0	0	0	0	0
19-697 Nonpublic Educational Assistance	0	0	0	0	0	0	0
19-699 Special School Districts	10	123	133	29	17	0	1
TOTAL	310	173	483	101	57	0	272



Salaries and Positions

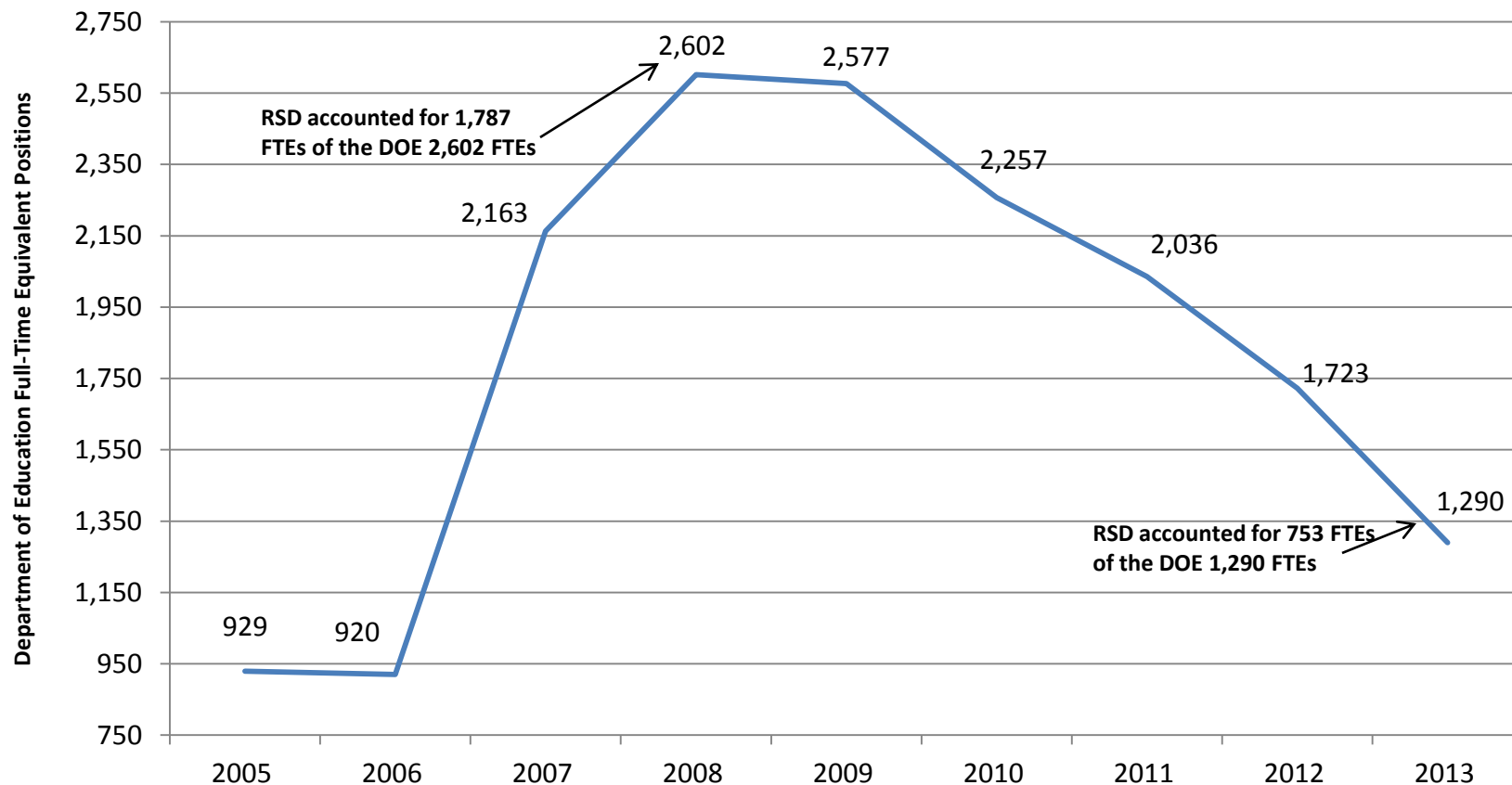
FY 14-15 SALARIES/POSITIONS

- \$45 million for Salaries and Other Compensation
- \$19 million for Related Benefits
- Total Personnel Services = \$64 million; 20% of the Department of Education total Executive Budget Recommendation (excluding Other Charges)
- 483 Authorized Positions (310 classified and 173 unclassified)
- 272 full-time non-T.O. positions
- 0 Other Charges positions
- As of 12/27/2013, the Department of Education had 101 vacant positions. The Executive Budget eliminates 57 of these vacant positions.



Salaries and Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

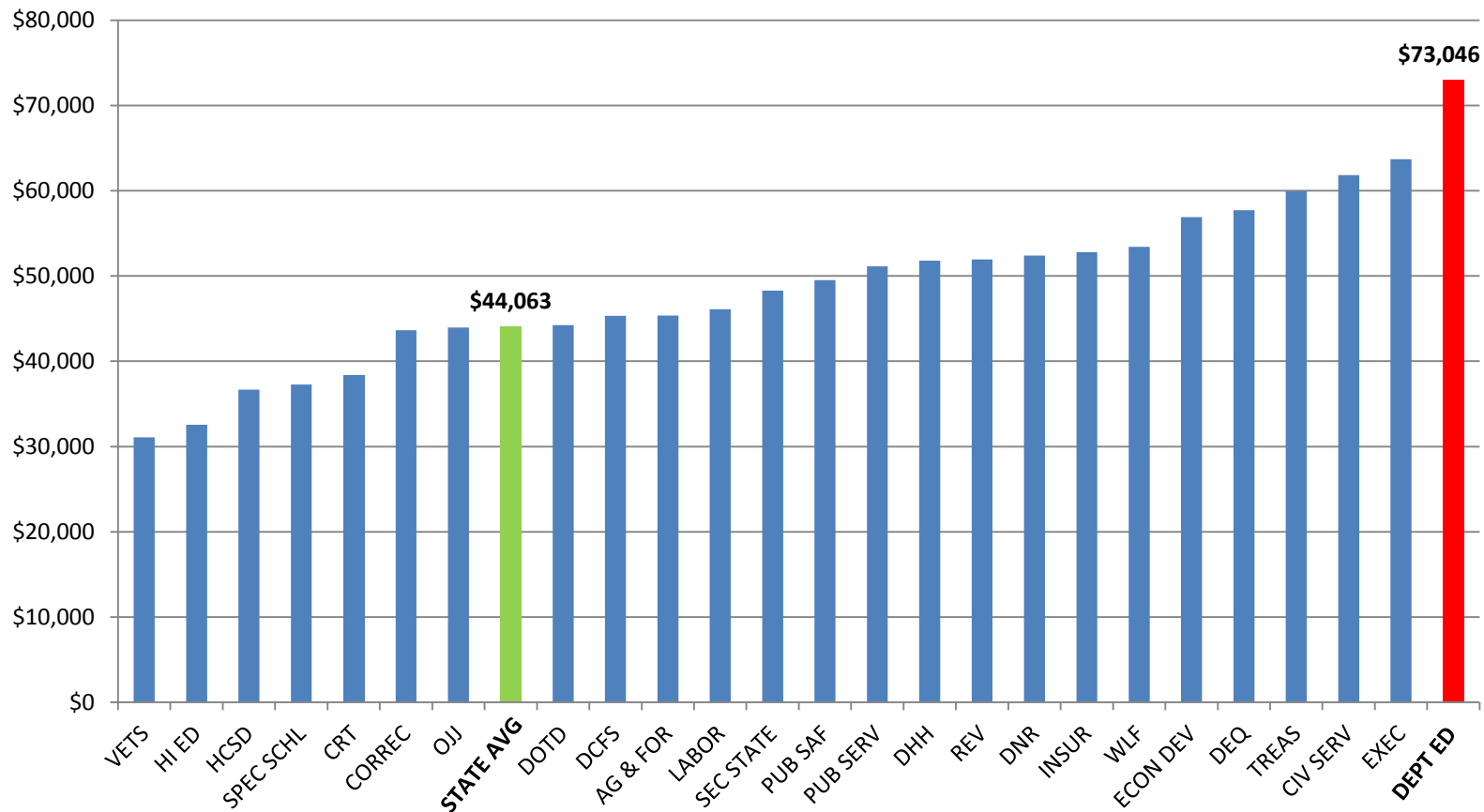


Source: Prepared by House Fiscal Division staff using information from ISIS-HR



Salaries and Positions

FY 13 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

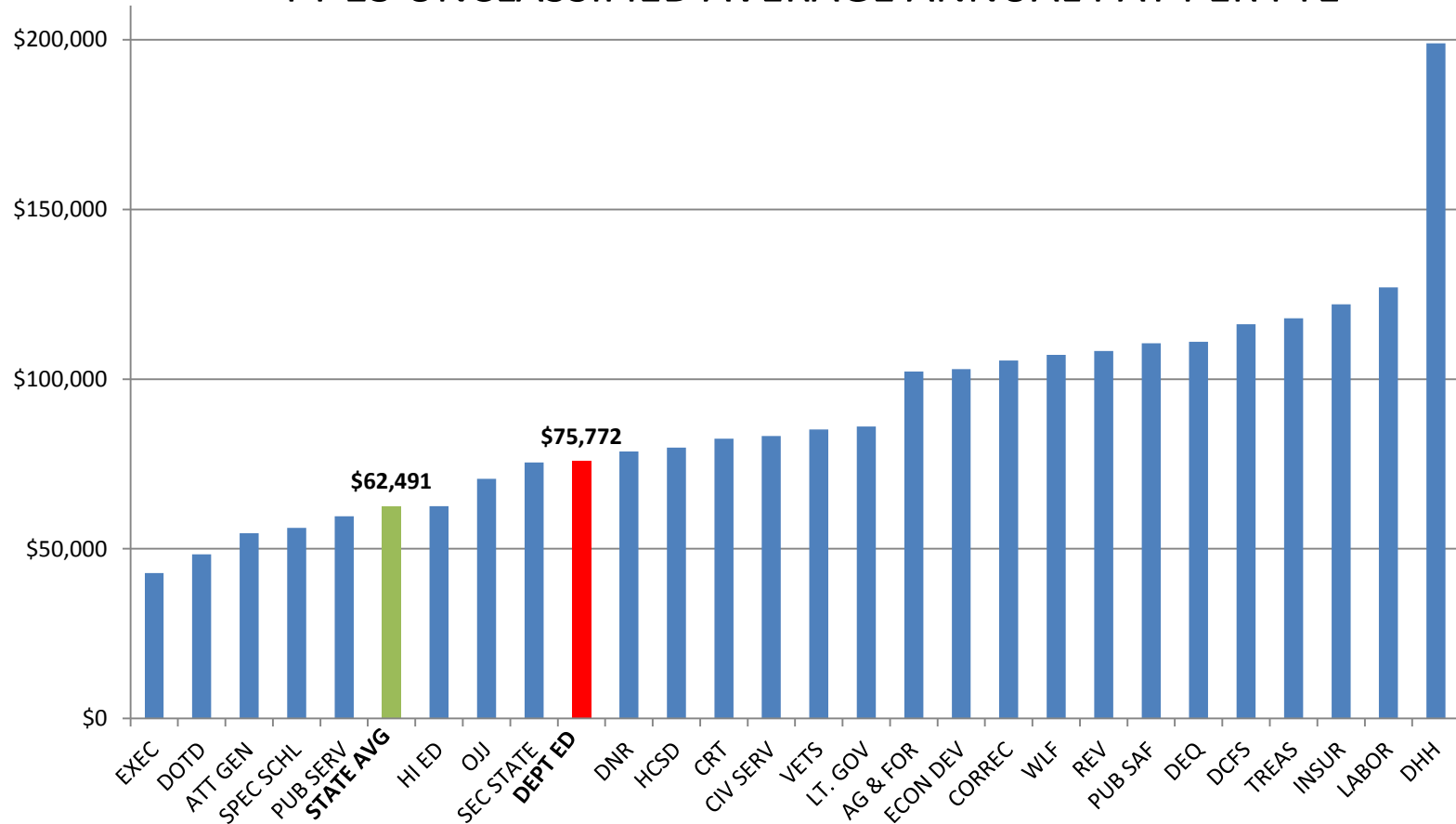


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Salaries and Positions

FY 13 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE



Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



MFP HISTORY

19-695 MINIMUM FOUNDATION PROGRAM TOTAL FUNDING

	Appropriation Letter (July 1)	Actual Year-End Cost (June 30)	Change from July 1 to June 30	Percent Change
FY 08-09	\$3,269,940,870	\$3,292,602,604	\$22,661,734	0.7%
FY 09-10	\$3,275,341,821	\$3,329,243,964	\$53,902,143	1.6%
FY 10-11	\$3,319,479,903	\$3,366,144,000	\$46,664,097	1.4%
FY 11-12	\$3,387,319,481	\$3,424,018,026	\$36,698,545	1.1%
FY 12-13	\$3,422,265,205	\$3,456,713,798	\$34,448,593	1.0%
FY 13-14	\$3,510,142,422			
TOTAL	\$20,184,489,702	\$16,868,722,392	\$194,375,112	

FY 13-14

The Department of Education has yet to officially announce the amount of the additional funding necessary to fully-fund the FY 13-14 MFP.

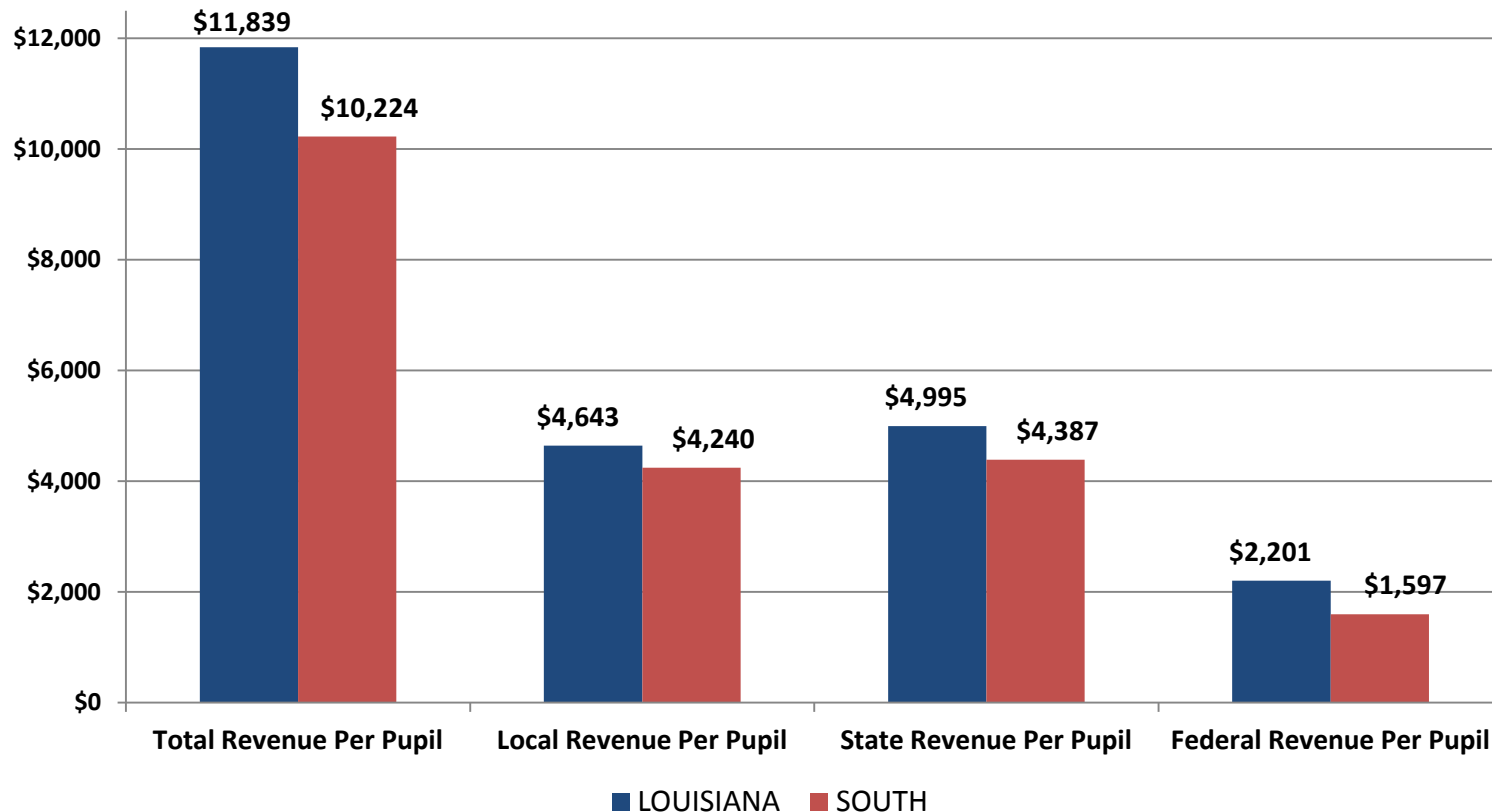


Potential Changes to MFP for 2014-2015

- Provides 2.75% increase(s) to Base Per Pupil Amount
- Provides for Local School System Chargeback for students attending state schools
- Provides three new allocations for Career Development, High-Cost Service Assistance, and Supplemental Course Allocation
- Provides for a severability provision
- Deletes JLCB action to affect an increase to Base Per Pupil Amount
- Deletes required pay raise for certificated personnel from 50% new funds



FY 10-11 Per Pupil K-12 Revenues

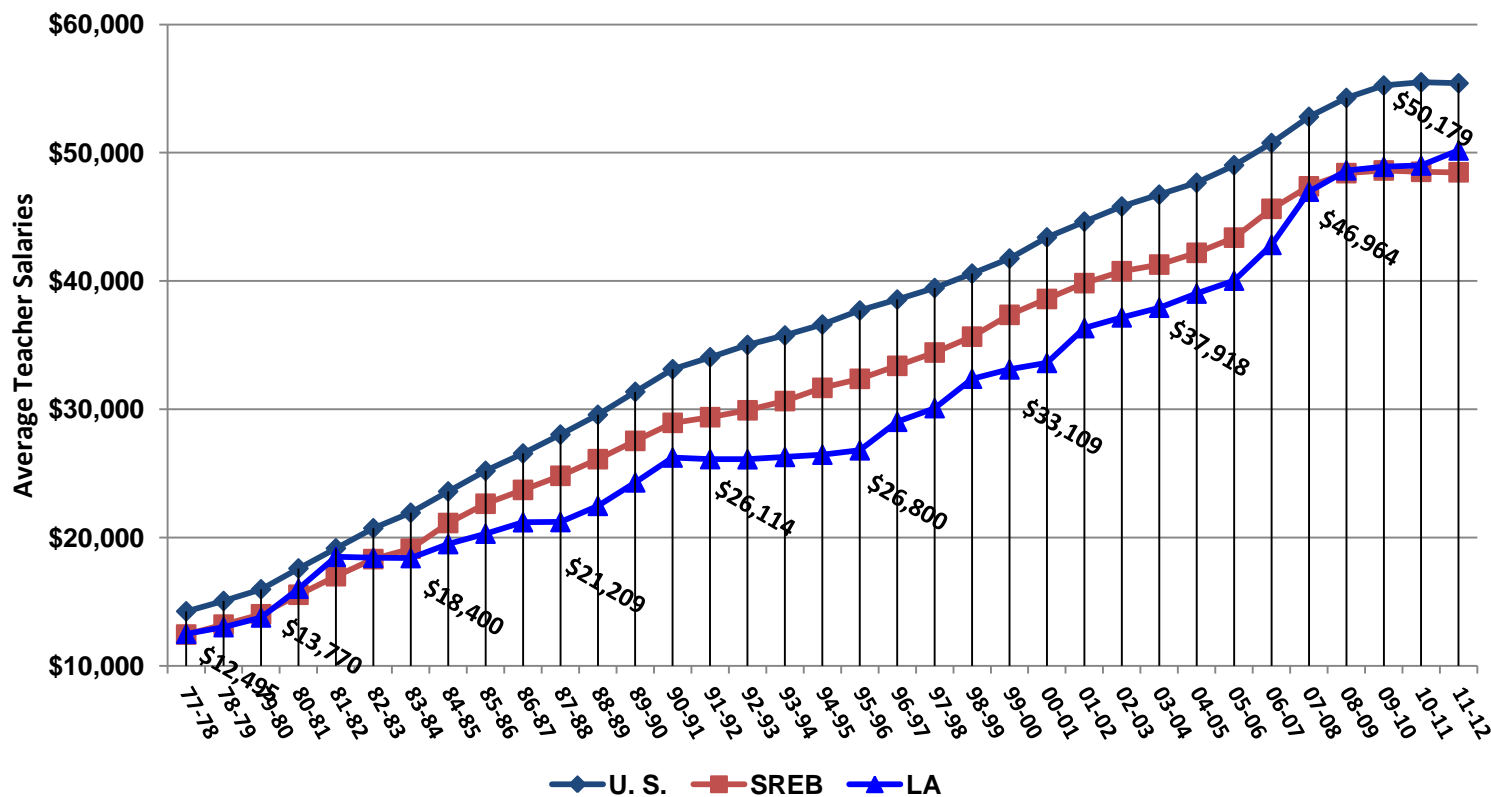


Source: National Center for Education Statistics



Average Teacher Salaries

Louisiana's Climb to the SREB Average Teacher Salary
(Represented by the average at the end of each four-year term)

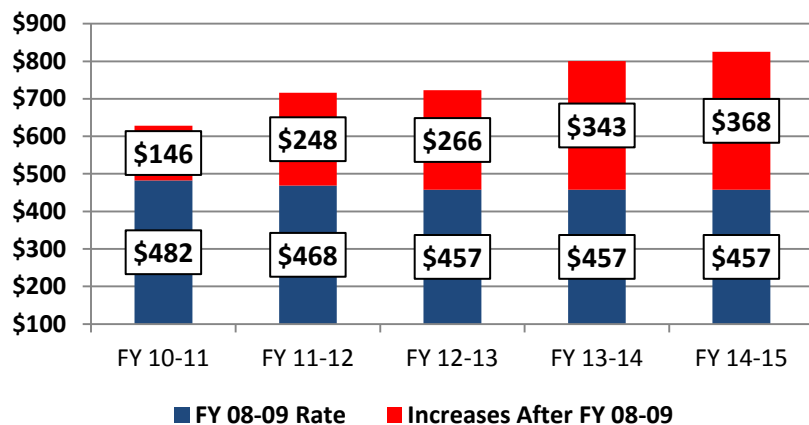


Source: Southern Regional Education Board

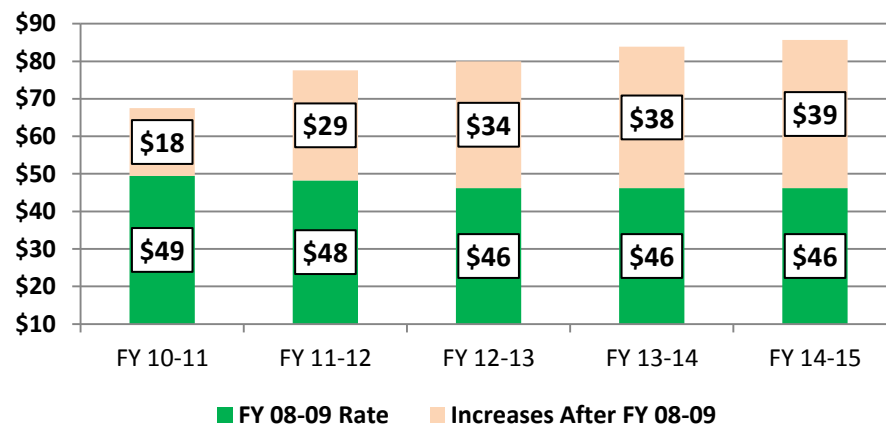


Growth in Retirement Costs

**School System Payments to TRSL
(in millions of \$)**



**School System Payments to LSERS
(in millions of \$)**



School System Employer Contributions to Teachers' Retirement System of Louisiana

- The **BLUE** section of the bar reflects the FY 08-09 TRSL employer contribution and the **RED** section of the bar reflects the increase in the contributions following FY 08-09. FY 08-09 was the year in which the MFP Base Per Pupil Amount was increased to \$3,855.

School System Employer Contributions to Louisiana School Employees' Retirement System

- The **GREEN** section of the bar reflects the FY 08-09 LSERS employer contribution and the **TAN** section of the bar reflects the increase in the contributions following FY 08-09. FY 08-09 was the year in which the MFP Base Per Pupil Amount was increased to \$3,855.

Source: Retirement System Valuation Reports and Department of Education School System Payroll Data



Department Contacts

Agency	Contact	Title	Phone #
Louisiana Department of Education	Mr. John White	State Superintendent of Education	225-342-4989
Louisiana Department of Education	Ms. Erin Bendily	Deputy Superintendent	225-342-4989
Louisiana Department of Education	Ms. Beth Scioneaux	Deputy Superintendent, Management and Finance	225-342-4989