

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY16-17 Executive Budget Review Department of Education

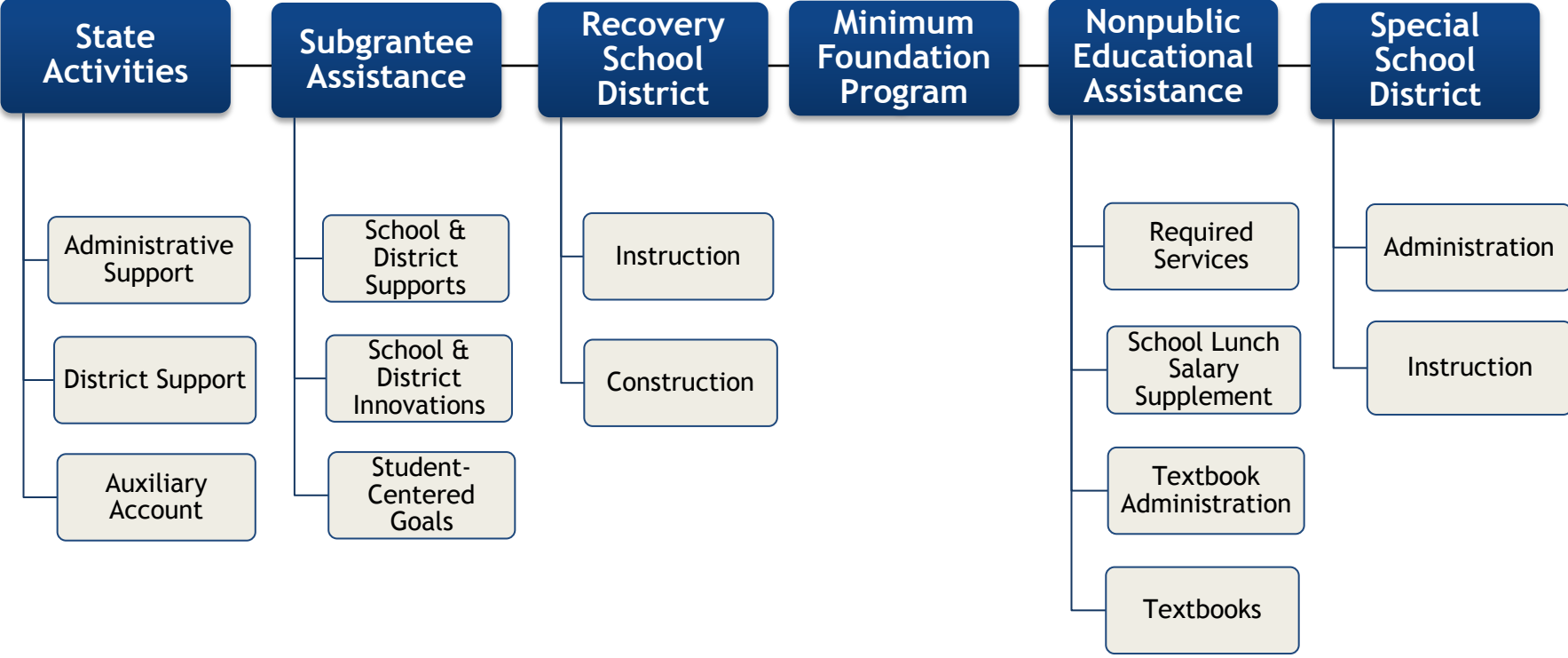
House Committee on Appropriations
by the House Fiscal Division

March 28, 2016

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DEPARTMENT ORGANIZATION



DEPARTMENT FUNCTIONS

State Activities

Provide a Department of Education that has visionary leadership that identifies educational and related needs of people and delivers quality services to meet those needs.

Subgrantee Assistance

Provide flow-through funds to districts for school and community support programs that enhance learning environments and improve the quality of teaching.

Recovery School District

Provide educational and related services to children who are enrolled in an elementary or secondary school transferred to the Recovery School District.

Minimum Foundation Program

Provide for the determination of the minimum cost of education in Louisiana and the equitable distribution of state funds to public city and parish school districts and schools.

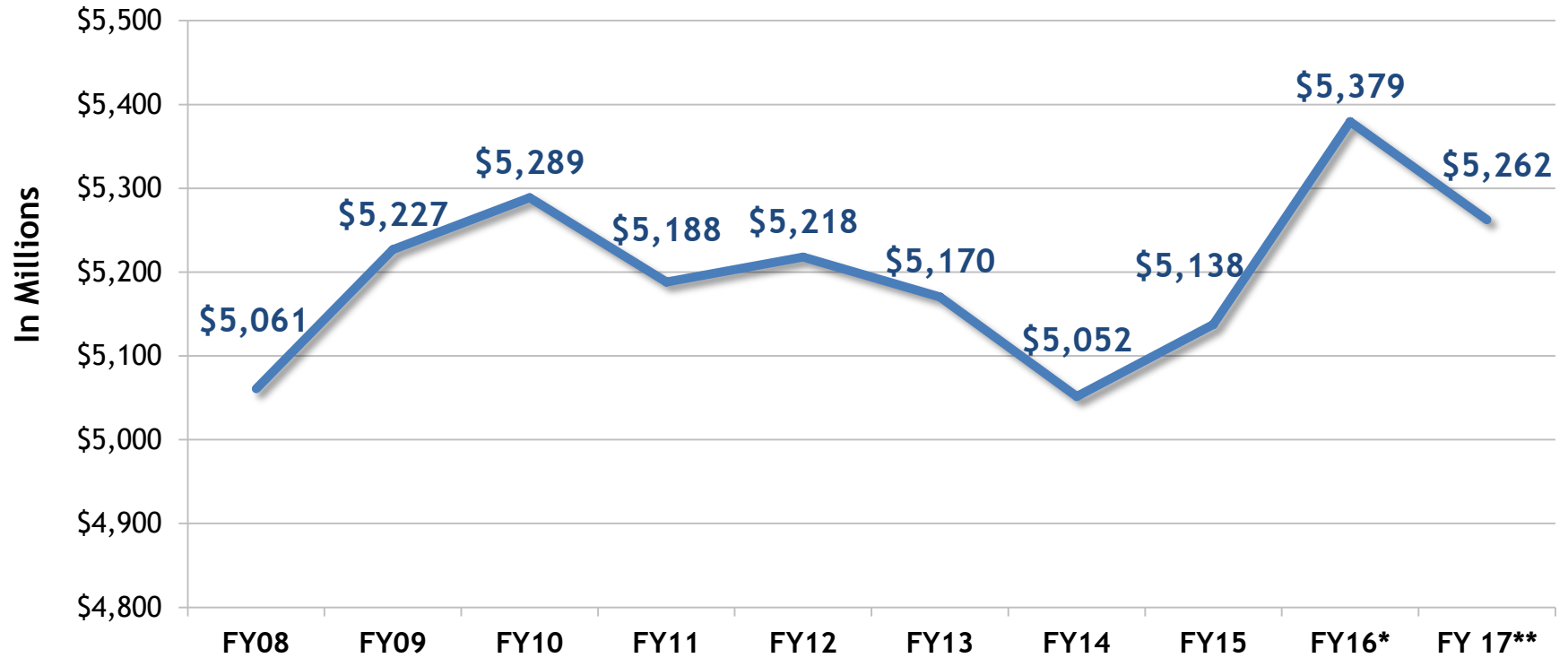
Nonpublic Educational Assistance

Provide flow-through funds to nonpublic schools to enhance student learning and performance.

Special School District

Provide special education and related services to children with exceptionalities who are enrolled in state-operated programs and provide appropriate educational services to children enrolled in state-operated mental health facilities.

BUDGET HISTORY

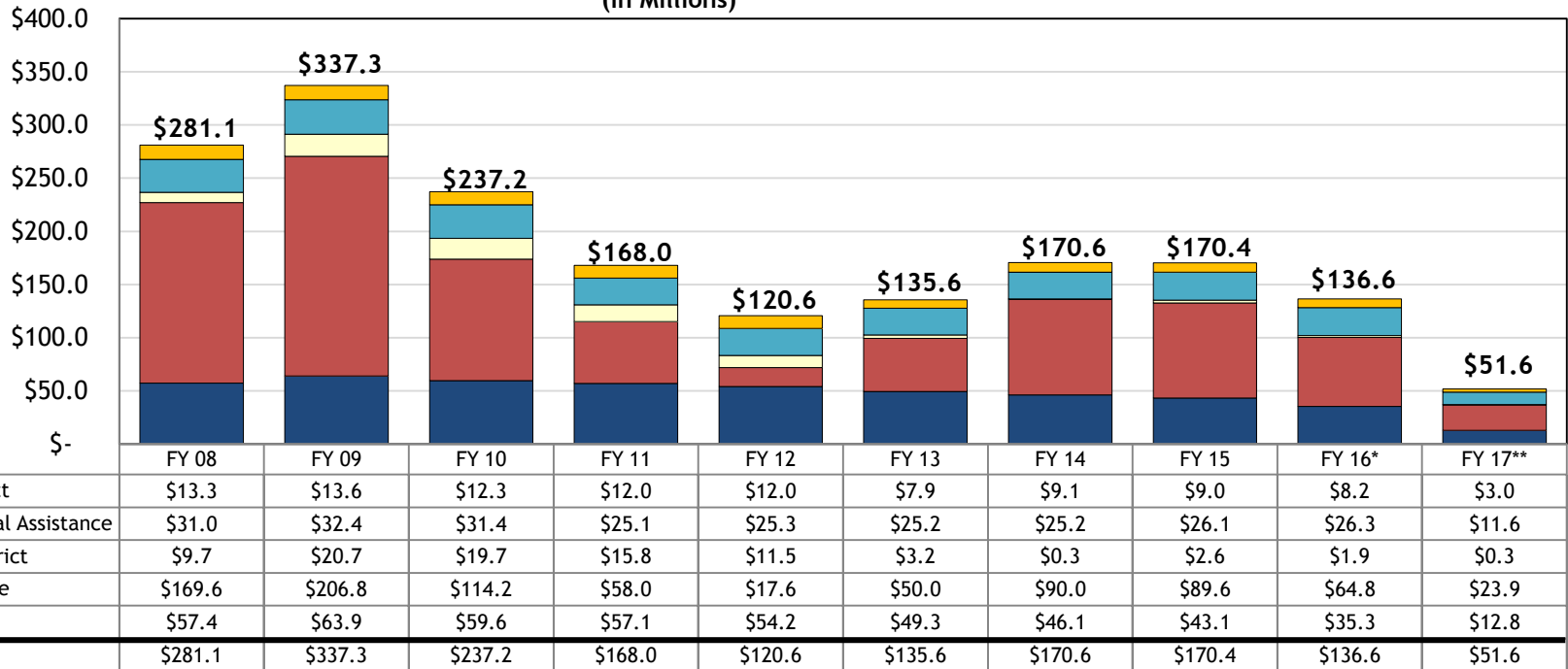


Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15
**Governor's Executive Budget Recommendation

BUDGET HISTORY

State General Fund excluding MFP by Budget Unit
(in Millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15
**Governor's Executive Budget Recommendation

MEANS OF FINANCE BREAKDOWN

Means of Financing	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$3,503,772,003	\$3,527,878,607	\$3,458,421,974	(\$69,456,630)	(1.97%)
Interagency Transfers	\$252,937,711	\$396,112,429	\$317,748,967	(\$78,363,462)	(19.78%)
Fees and Self-Gen. Rev.	\$38,483,910	\$57,422,846	\$57,422,846	\$0	0%
Statutory Dedications	\$311,556,056	\$301,242,890	\$307,202,761	\$5,959,871	1.98%
Federal Funds	\$1,030,764,233	\$1,096,741,043	\$1,121,489,830	\$24,748,787	2.26%
TOTAL MOF	\$5,137,513,913	\$5,379,397,812	\$5,262,286,378	(\$117,111,434)	(2.18%)



\$20.7 million additional funding for the Minimum Foundation Program (\$15.5 million SGF; \$5.2 million Statutory Dedications)



-\$84.9 million reduction in State General Fund, or -62.2%, from all other areas of the Department of Education.

MAJOR SOURCES OF REVENUE

Federal Funds \$1.1 Billion

- \$366 million from School, Child and Adult Food and Nutrition Programs to provide basic nutrition to eligible participants.
- \$282 million for Title I, Part A, to improve the teaching and learning of children from low-income families.
- \$187 million from Individuals with Disabilities Education Act (IDEA) to ensure all children with disabilities age 3 - 21 are provided special education services.
- \$82 million for Child Care Development Fund Block Grant (CCDF) to provide child care assistance, licensing, and quality improvement.
- \$60 million from Title II - Improving Teacher Quality funds used to provide professional development to teachers in the core academic subjects.
- \$31 million for Louisiana Striving Readers Program grant funds used to raise literacy levels.

Self-Generated \$57 Million

- Foundation grants, teacher certification fees.
- RSD \$39 million includes insurance proceeds and Harrah's Capital funding.
- \$1.5 million in Carl Perkins Secondary Vocational Education funding from the community college system.

Statutory Dedications \$307 Million

- \$181 million from the Lottery Proceeds Fund for the MFP (constitutional).
- \$111 million from the Support Education in Louisiana First (SELF) Fund (statutory).
- \$15 million from the Education Excellence Fund (EEF) for public and nonpublic students (constitutional).

Interagency Transfers \$318 Million

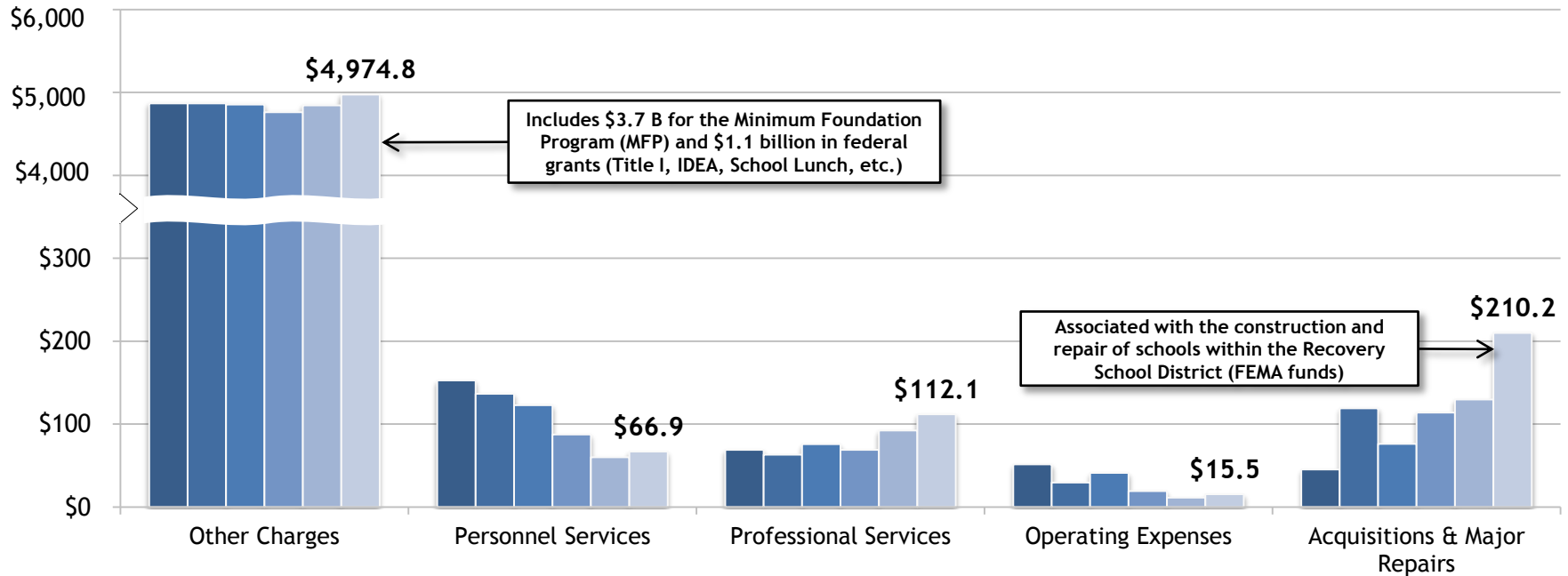
- \$192 million Federal Emergency Management Agency (FEMA) funds from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) to the Recovery School District (RSD) for the repair and reconstruction of schools and equipment damaged in Hurricanes Katrina and Rita.
- \$68 million Temporary Assistance for Needy Families (TANF) funds from the Department of Children and Family Services (DCFS) to Subgrantee Assistance for the LA 4 Early Childhood Education Program.

EXPENDITURE BREAKDOWN

Expenditure	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$28,549,523	\$34,400,694	\$28,326,226	(\$6,074,468)	(17.7%)
Other Compensation	\$12,209,407	\$11,097,901	\$10,494,007	(\$603,894)	(5.4%)
Related Benefits	\$19,175,589	\$21,377,072	\$21,613,764	\$236,692	1.1%
Travel	\$1,300,032	\$3,672,745	\$2,935,125	(\$737,620)	(20.1%)
Operating Services	\$8,964,110	\$8,806,849	\$8,574,146	(\$232,703)	(2.6%)
Supplies	\$974,455	\$2,995,683	\$1,754,427	(\$1,241,256)	(41.4%)
Professional Services	\$92,189,968	\$112,066,182	\$85,119,055	(\$26,947,127)	(24.0%)
Other Charges	\$4,844,240,811	\$4,974,797,597	\$4,919,438,350	(\$55,359,247)	(1.1%)
Acq/Major Repairs	\$129,910,018	\$210,183,089	\$184,031,278	(\$26,151,811)	(12.4%)
Unallotted	\$0	\$0	\$0	\$0	0.0%
TOTAL EXPENDITURES	\$5,137,513,913	\$5,379,397,812	\$5,262,286,378	(\$117,111,434)	(2.2%)
Authorized Positions	516	481	481	0	0.0%

EXPENDITURE HISTORY (IN MILLIONS)

■ 10-11 ■ 11-12 ■ 12-13 ■ 13-14 ■ 14-15 ■ 15-16 EOB*



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15

PERSONNEL INFORMATION

\$45.5 million Salaries and Other Compensation

\$21.4 million Related Benefits

Total Personnel Services = \$66.9 million

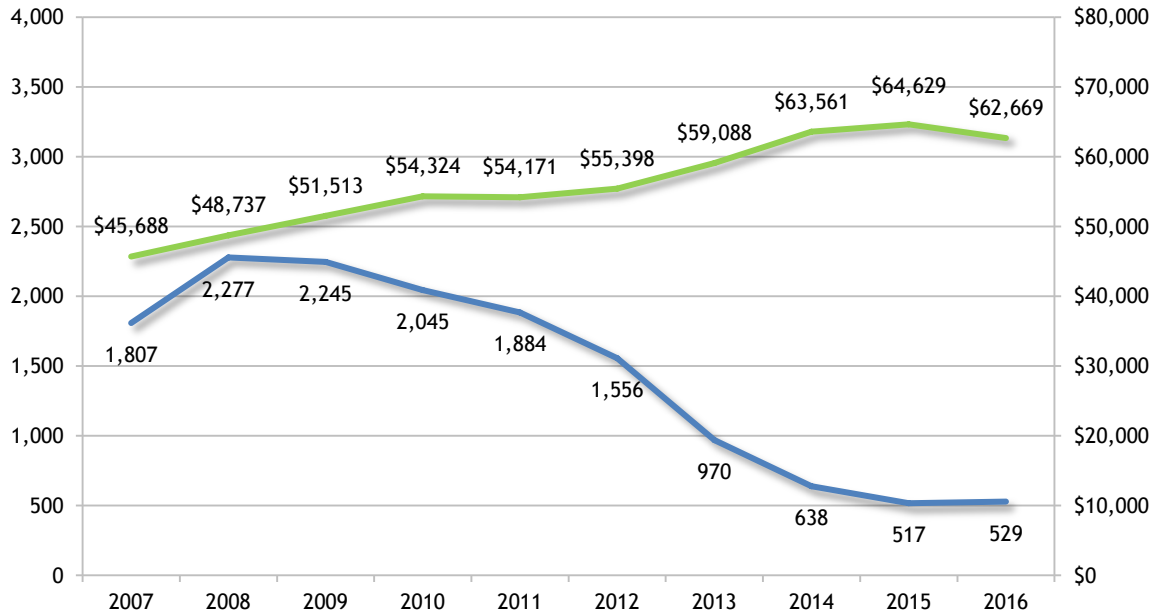
- *17% of the Department of Education total Existing Operating Budget (excluding Other Charges)*

Authorized Positions

- 481 (331 classified and 150 unclassified)
- 164 full-time non-T.O. positions
- 0 Other Charges positions

*As of 1/29/2016, Department of Education had 43 vacancies; 9 of these vacant positions were eliminated in the mid-year deficit reduction and is reflected in the Executive Budget adjustments.

FTE Employees



Source: Prepared by House Fiscal Division staff using information from Civil Service

FY 17 DISCRETIONARY/NON-DISCRETIONARY FUNDING

TOTAL BUDGET
\$5.3 Billion

\$318 Million IAT
Double Count

**\$4.9 Billion
Remaining**

Self Generated
Revenue
\$57 Million

Statutory
Dedications
\$307 Million

Federal Funds
\$1.1 Billion

State General Fund
\$3.5 Billion

**Non Discretionary
\$3.4 Billion**

**Discretionary
\$38.4 Million**

Minimum Foundation
Program
\$3.4 Billion

Special School District
\$2.5 Million

Nonpublic Textbooks
\$2.9 Million

Debt Svc, Leg Aud, Retirees Ins
\$4.2 Million

Admin. & District Support
\$8.0 Million

Subgrantee Flow-Through
\$21.3 Million

Recovery School District
\$330,000

Nonpublic Assistance
\$8.7 Million

SIGNIFICANT IMPACTS

Excluding the MFP, proposed State General Fund reductions total \$84.9 million for FY 2016-17. Based on information from the Department, potential impacts could include the following:

Administration and Oversight

- Funding cuts are equivalent to approximately 85 staff. This would limit the number of funding payments to Local Education Authorities (LEAs) processed.

State Testing

- Annual testing is mandated by the federal Every Student Succeeds Act (ESSA) and failure to meet the federal testing requirement could jeopardize the receipt of over \$500 million in federal funds which are distributed to local school districts.

Early Childhood Education

- State Activities reduction would impact Early Childhood networks as required by Act 3 of the 2012 Regular Session.
- Failure to fund state match or maintenance of effort could reduce availability of Temporary Assistance for Needy Families (TANF) and Child Care and Development Fund (CCDF)

Scholarship Program

- Reductions to the Scholarship Program would result in students returning to public schools, which would subsequently increase MFP costs but at a lower per pupil cost than what is currently being paid to voucher schools.

Nonpublic Educational Assistance

- Required Services would fund 21% of requested reimbursements for private schools, down from 56%.
- Reduced salary supplements for private school lunchroom workers.

Special School District

- Reductions equivalent to approximately 37% of staff. The agency is at risk of meeting its obligations under the 2003 Settlement Agreement.

STATE ACTIVITIES

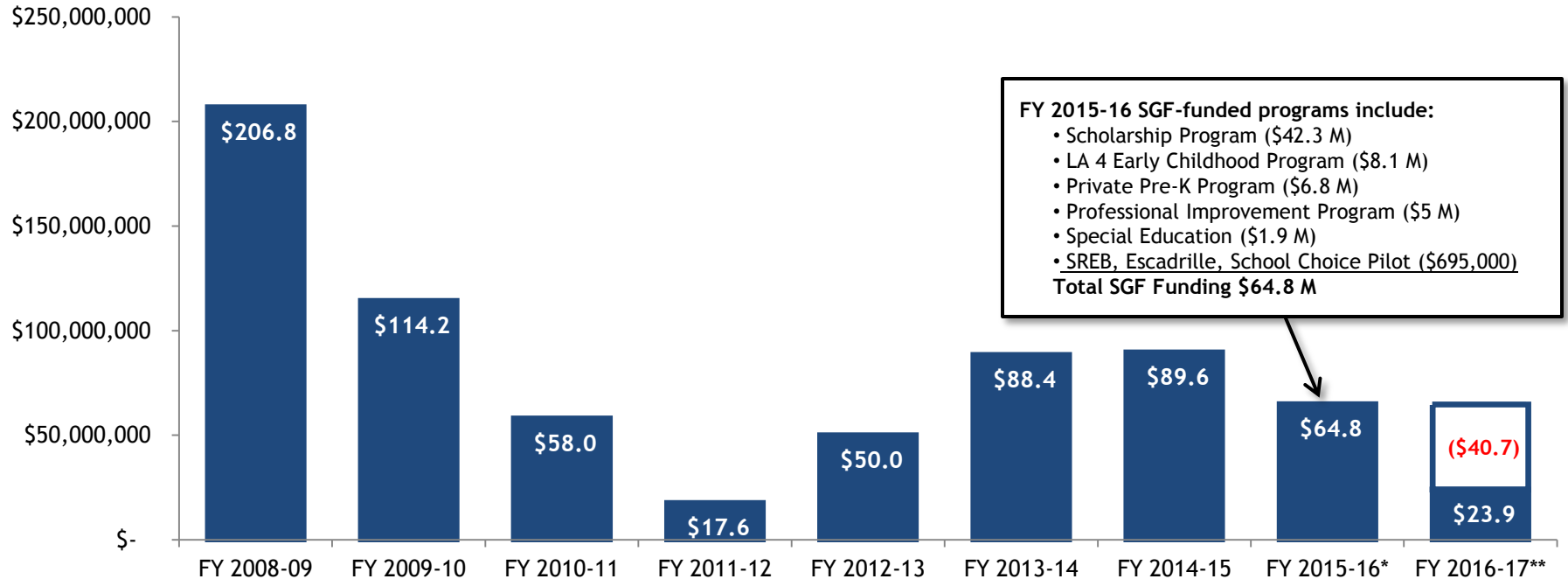
Administrative Support Program			
Office	Description	Staff (as of 12/1/2015)	Total Annual Salaries
Executive Office	Office of the State Superintendent of Education and support staff.	7	\$778,313
Policy and Governmental Affairs	Leads the agency's policy development, enactment, and implementation and serves as a liaison between the state superintendent and elected officials and key education stakeholders.	5	\$414,274
Public Affairs	Responsible for the management of the publications and public affairs programs for the Department.	17	\$494,196
Academic Policy and Analytics	Responsible for establishing, improving, monitoring, and training on the data management and data quality processes and programs for the Department.	23	\$1,634,189
Management and Finance	Responsible for overseeing the financial functions within the DOE, including accounting and budgeting for all funding sources. Directs, administers and manages all aspects of budget development and administration along with directing federal and state program fiscal and compliance auditing, and development and implementation of the MFP.	55	\$2,959,351
Internal Auditing	Formally advises BESE and the State Superintendent of Education on all audit matters pertaining to the DOE and has functional authority for all other audit functions, including state and federal program audit sections.	3	\$163,280
Legal	Responsible for providing legal counsel to the State Superintendent of Education on all administrative and legal matters and representing the agency in any litigation.	10	\$805,741
Special Education Policy	Provides support to districts on special education and related services.	6	\$510,605
Total		126	\$7,759,949

STATE ACTIVITIES

District Support Program			
Office	Description	Staff (as of 12/1/2015)	Total Annual Salaries
Early Childhood	Responsible for enacting Act 3 of the 2012 Regular Session to create a comprehensive and integrated delivery system for early childhood care and education.	72	\$3,077,877
Food and Nutrition	Food and Nutrition Services provides oversight, assistance, and training to LEAs.	33	\$1,694,306
Talent	Responsible for the implementation of teacher effectiveness legislation and policy, particularly around Act 1 of the 2012 Regular Session.	8	\$569,361
Licensing	Child Care Licensing protects the health and safety of children in licensed child care centers.	40	\$1,970,303
Academic Content	Responsible for revising academic content standards for the state.	32	\$2,296,439
Student Opportunities	Responsible for supplemental courses, curricular resources, and career and technical education.	24	\$1,569,615
Academic Policy and Analytics	Develops and administers all statewide assessment programs, and develops and administers the statewide school and district accountability system.	22	\$1,367,415
Statewide Monitoring	Provides support and leadership in addressing requirements for special needs children.	23	\$1,530,726
Portfolio	Responsible for implementing laws and policies related to educational choice.	10	\$659,789
Grants	Facilitates the efficient and effective implementation of federal, state, or private grant programs meant to supplement and support LEAs in providing educational services to students.	7	\$416,801
District Support	Serves as a front-line liaison between the DOE and local superintendents. Each District Support Network is supported by a team of instructional specialists who are managed by a District Support Leader with experience in education.	31	\$2,565,423
Federal Reporting	Oversees and monitors federal grants.	4	\$259,260
Healthy Communities	Assists schools with designing programs and policies that help create supportive environments.	2	\$164,715
Total		308	\$18,142,030

SUBGRANTEE ASSISTANCE

State General Funds Dedicated to Subgrantee Assistance



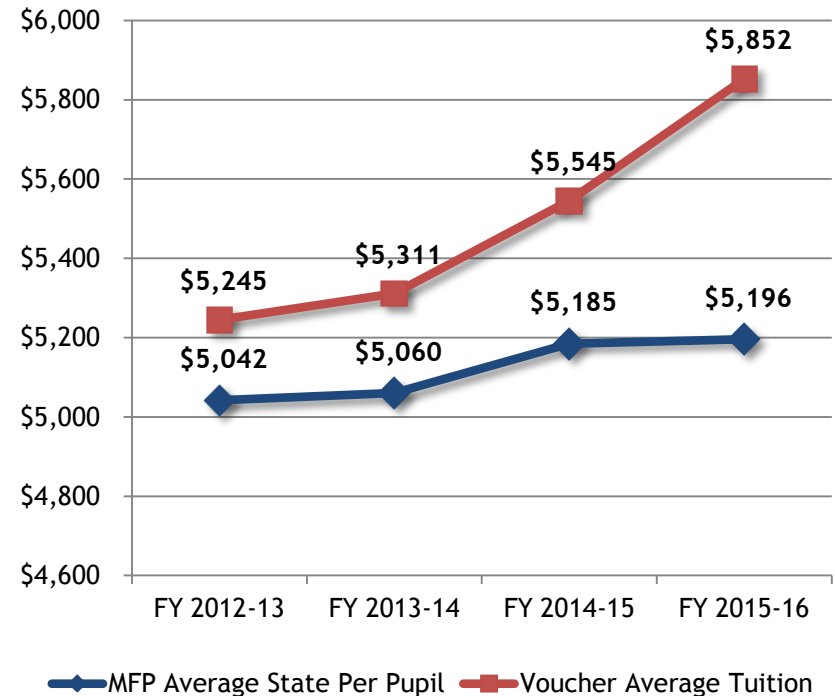
*Existing Operating Budget as of 12/1/15
**Governor's Executive Budget Recommendation

SCHOLARSHIP PROGRAM

The Student Scholarships for Educational Excellence Program (SSEEP), also known as the voucher program, provides tuition and fees on behalf of 7,100 eligible students to attend 121 nonpublic schools statewide. The voucher program was expanded statewide in 2012 and is projected to cost \$42 million in FY 2015-16.

- Vouchers are funded entirely through State General Funds. The maximum voucher payment is equivalent to the combined state and local MFP share, \$8,882 on average.
- The average MFP state share is \$5,196 compared to an average voucher of \$5,852, or \$656 greater.
- Students participating in the voucher program require \$8.3 million in additional funding (about 25% more) compared to state expenses if all students had attended public school.
- Participating nonpublic schools may raise tuition by up to 5% annually.

Average voucher per pupil compared to the average MFP state share per pupil



SCHOLARSHIP PROGRAM

FY 2015-16 Scholarship Program Cost Comparisons

Parishes	1st Quarter Enrollment		Annual Per Pupil Tuition Range		Projected Annual Voucher Expenditures	Average MFP State Share	Projected Annual MFP Expenditures	Total Difference Between Voucher and MFP Expenditures	% Difference
	#	%	Minimum	Maximum					
East Baton Rouge	1,149	16.2%	\$4,410	\$8,909	\$7,028,782	\$4,248	\$4,880,952	\$2,147,830	44.0%
Orleans	2,837	39.9%	\$4,625	\$8,899	\$17,782,663	\$4,398	\$12,477,126	\$5,305,537	42.5%
All Other Parishes	3,124	43.9%	\$2,870	\$9,357	\$16,941,200	\$5,097	\$16,067,443	\$873,757	5.4%
Total	7,110	100.0%	\$2,870	\$9,357	\$41,752,645	\$5,196	\$33,425,521	\$8,327,124	24.9%

EARLY CHILDHOOD EDUCATION

Program	Eligibility Criteria	Program Requirements	Approximate Students Served	Funding/Source
LA 4 Early Childhood Program	Families with four-year-olds who are at or below 185% of the Federal Poverty Level	Local education agencies (LEAs) apply for seats for LA 4.	16,300	\$74.6 M State General Fund and TANF
Nonpublic School Early Childhood Development Program (NSECD)	Families with four-year-olds who are at or below 185% of the Federal Poverty Level	Eligible providers for NSECD are nonpublic schools and Type III child care centers.	1,600	\$7.2 M State General Fund
8(g) Student Enhancement Block Grant Program	Families with four-year-olds who are at or below 185% of the Federal Poverty Level	LEAs and nonpublic schools apply for grants from BESE.	2,300	\$9.1 M Statutory Dedication 8(g) Fund
Pre-K Expansion Grant	Families with four-year-olds who are at or below 185% of the Federal Poverty Level	Community Networks and Lead Agencies apply to be the subgrantee with the Type III centers, schools, or Head Starts.	340	\$2.3 M Federal Funds
Child Care Assistance Program	Families that are: <ul style="list-style-type: none"> • At or below 55% of State Median Income • Working, in school, or training 30 hours per week 	Type III Child Care Centers and home based providers.	12,700	\$40.5 M Federal Funds

MINIMUM FOUNDATION PROGRAM

The MFP provides block grants for 695,000 students attending 69 city and parish school districts, charter schools, Louisiana School for Math, Science and the Arts, New Orleans Center for the Creative Arts, Juvenile Justice schools, and Lab Schools. The \$3.7 billion in formula funding makes up 42% of total revenues for K-12 education in Louisiana.

- BESE develops and adopts a formula used to determine the cost of the MFP.
- Legislature considers the BESE-adopted formula through concurrent resolution, which must contain the formula adopted by BESE verbatim. The legislature cannot amend the BESE-adopted formula.
- Louisiana State Constitution Art. 8, Section 13(B): **“The legislature shall annually appropriate funds sufficient to fully fund the current cost to the state of such a program ...”**
- Prior to approval, the legislature may return the formula to BESE with recommendations. If legislature fails to approve a formula, the last BESE and legislatively approved formula is used.
- Only the governor may reduce the appropriation using means provided in the appropriation with 2/3 consent of both the House and the Senate. If a deficit is projected during the current year, the governor may reduce the MFP, but reductions may not exceed 1% and cannot apply to instructional activities.

MINIMUM FOUNDATION PROGRAM

The MFP formula calculation includes four levels:

Level 1: Establishes a base education cost per student and recognizes extra costs associated with specific students.

- Once the total cost is determined, local revenue is measured to determine the proportion of the cost to be covered by the state.

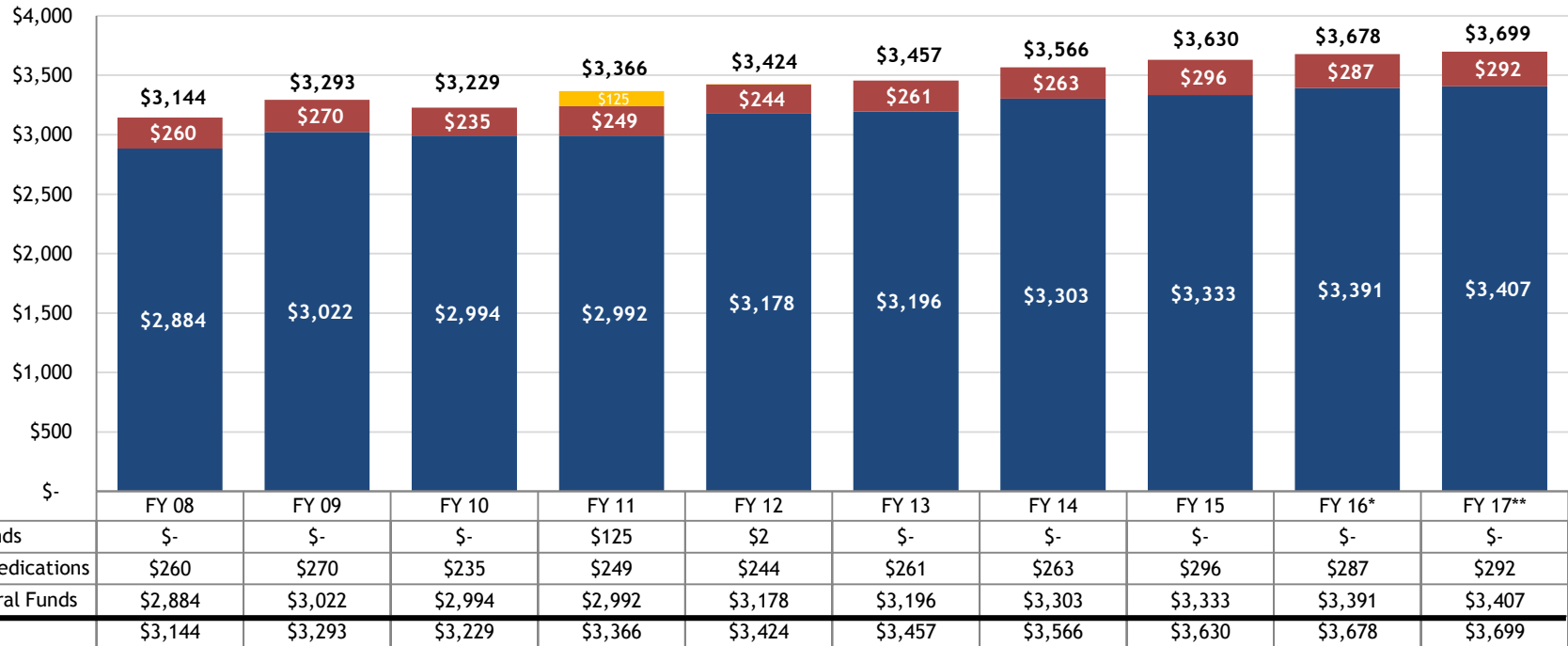
Level 2: Provides a financial incentive for local school systems to provide support for educational costs.

Level 3: Adds in legislative mandates, such as teacher and support worker pay raises, hold harmless, and other costs.

Level 4: Funding for educational initiatives such as dual enrollment, career and technical courses, and districts that serve students with high cost disabilities.

MINIMUM FOUNDATION PROGRAM

MFP by Means of Finance (in Millions)

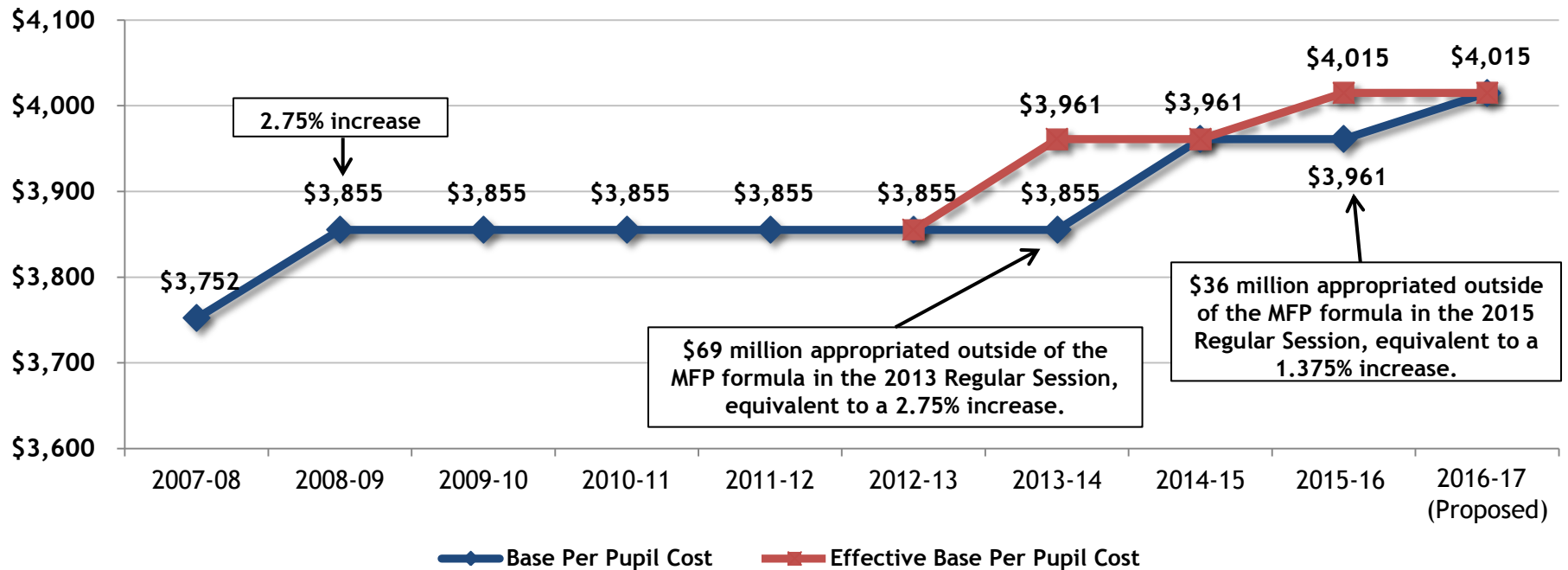


Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15
 **Governor's Executive Budget Recommendation

MINIMUM FOUNDATION PROGRAM

Base Per Pupil Cost



Source: MFP resolutions and General Appropriations bill.

MINIMUM FOUNDATION PROGRAM

The FY 2016-17 MFP formula adopted by BESE continues this year's initiatives by incorporating them into the resolution:

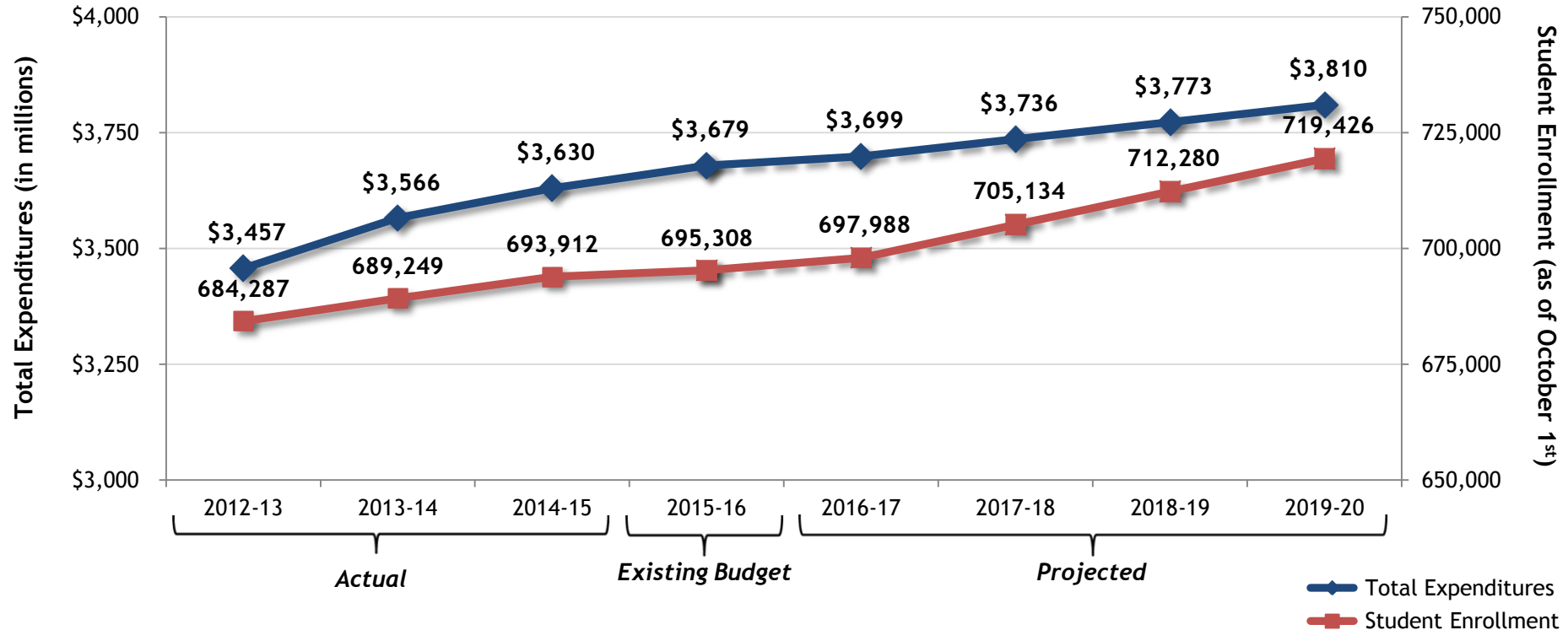
1. \$36.2 million equivalent to a 1.375% increase in the Base Per Pupil Cost, from \$3,961 to \$4,015, to continue the pay supplement for certified classroom teachers.
2. \$2.6 million for Supplemental Course Allocation, which increased the per pupil amount from \$26 to \$35.
3. \$5.4 million for High Cost Services Assistance, which provides support for students with disabilities that pose a particular budget challenge for public schools and districts.

The FY 2016-17 MFP is projected to cost approximately \$3.7 billion for over 695,000 students.

If no new MFP resolution is passed, SCR 55 of the 2014 Regular Session will remain in effect for FY 2016-17. SCR 55 does not include the items listed above, totaling \$44 million. These items were appropriated through the General Appropriations bill.

MINIMUM FOUNDATION PROGRAM

MFP Continuation Budget Projections



Source: Office of Planning and Budget and the Louisiana Department of Education.

NONPUBLIC EDUCATIONAL ASSISTANCE

Required Services

Provides financial assistance for the reimbursement of compliance costs incurred for maintaining records, completing and filing reports, and providing required education-related data. The \$15.2 million appropriated in FY 2014-15 was allocated to 215 schools, which met approximately 56% of total eligible requests. Categories of services include: Pupil attendance, record maintenance, Nonpublic School Annual Data, Transportation, Safety, Teacher Certification, and Continuing Education.

School Lunch Salary Supplements

Provides financial assistance for salary supplements to lunchroom employees. The \$7.9 million appropriated in FY 2014-15 provided \$6,625 in stipends to 818 eligible full-time employees and \$3,312 to eligible part-time employees.

Textbook Administration

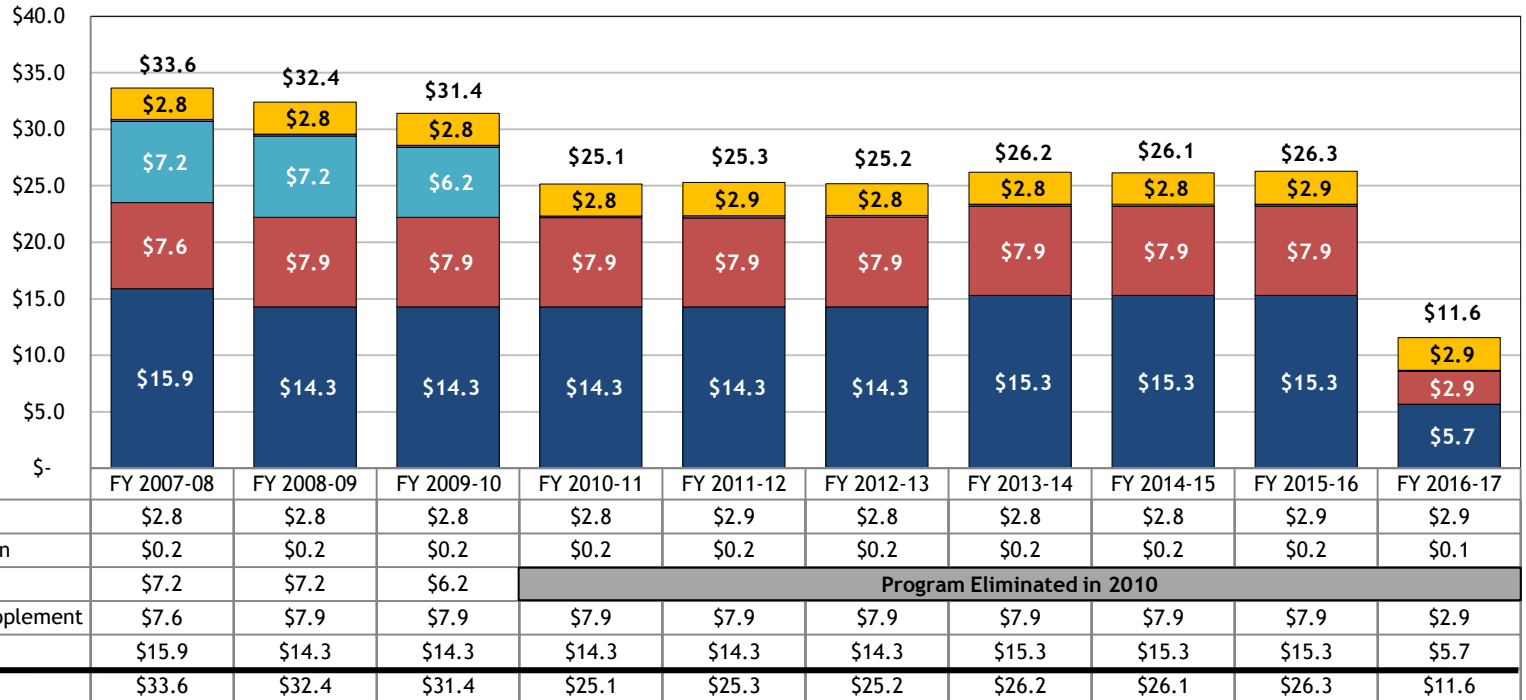
Provides financial assistance to local school systems for the administrative costs of ordering and distributing textbooks to eligible nonpublic school systems. The \$172,000 appropriated in FY 2014-15 represented 5.92% of the funds allocated for nonpublic textbooks.

Textbooks

Constitutionally required funding for the purchase of secular textbooks, library books, and other materials of instruction. The \$2.9 million appropriated in FY 2014-15 was based on \$27.02 per pupil for over 112,000 students attending nonpublic schools statewide.

NONPUBLIC EDUCATIONAL ASSISTANCE

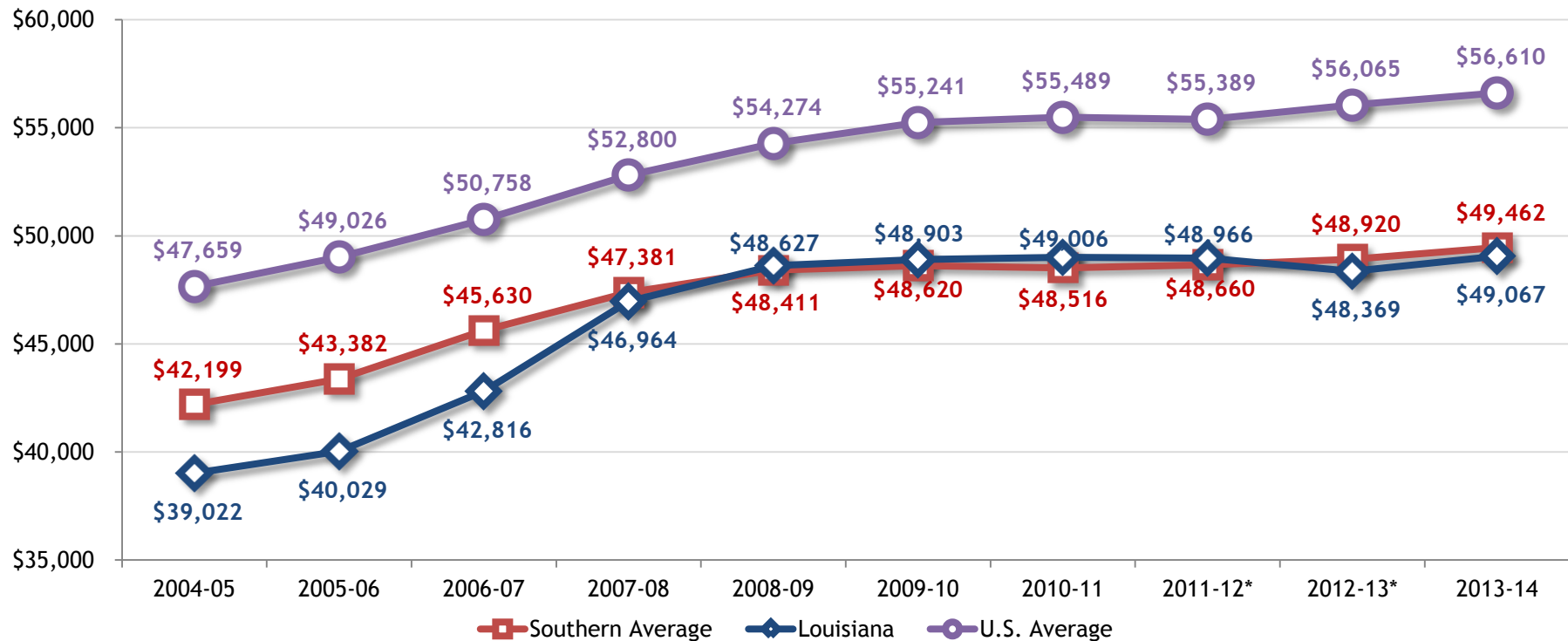
Total Expenditures by Program



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15
 **Governor's Executive Budget Recommendation

TEACHER SALARIES



Source: Southern Regional Education Board and House Fiscal Division calculations.

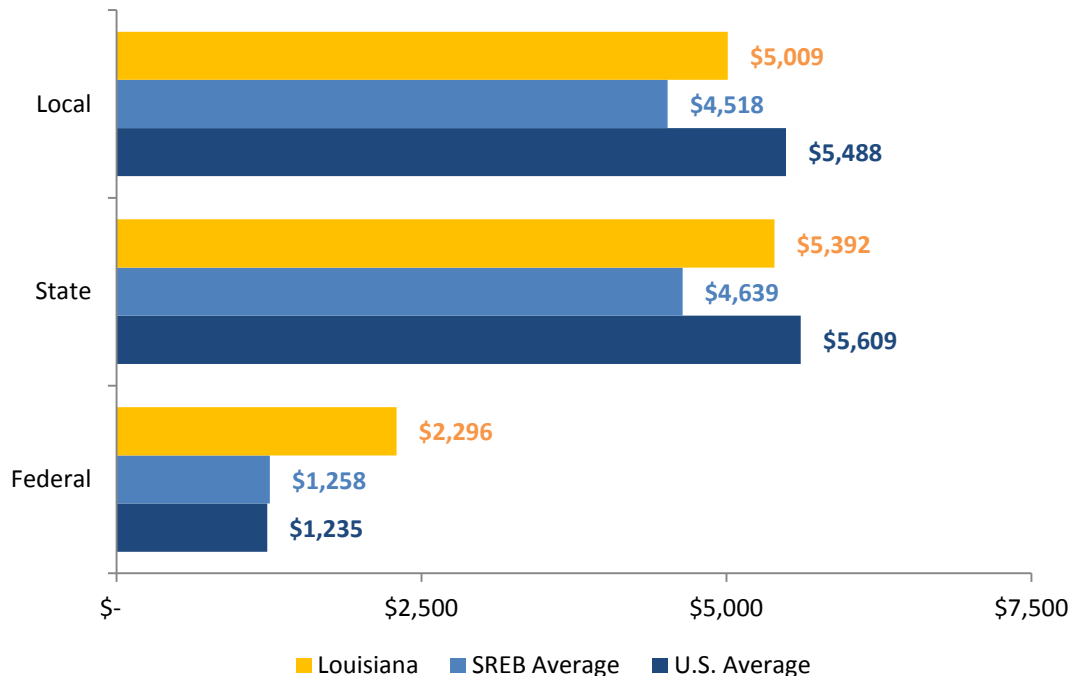
* Revised based upon Department of Education actuals.

Rankings and Statistics

K-12 Education Finance Rankings:

- Total revenue per pupil, Louisiana ranks 25th nationally and 4th among 16 southern states.
- State and local revenue per pupil, Louisiana ranks 30th nationally and 6th among 16 southern states.
- State and local revenue as a percentage of personal income, Louisiana ranks 36th nationally and 10th among 16 southern states.
- For state expenditures on K-12 education as a percentage of state taxable resources, Louisiana ranks 40th nationally and 13th among 16 southern states.

Revenue Per Pupil by Source, FY 2012-13



Sources: U.S. Census Bureau Public Education Finances Report (2013), Southern Regional Education Board (SREB), Education Week - Quality Counts 2016, and House Fiscal Division calculations.

DEPARTMENT CONTACTS

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