

LOUISIANA

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I. GENERAL BACKGROUND

State

The state funding formula is the Minimum Foundation Program (MFP). The state constitutional responsibility for annually adopting the MFP formula resides with the State Board of Elementary and Secondary Education (BESE). The legislature must approve the formula adopted by BESE before it can take effect.

The state legislature can either approve the formula adopted by BESE or reject the formula and request BESE to consider revisions. The legislature cannot change the BESE adopted MFP formula.

Constitutional provisions also require the legislature to appropriate funds sufficient to fund fully the current cost to the state of such a program.

Neither the governor nor the legislature alone may reduce the MFP appropriation. The governor may reduce the appropriation, using means provided in the act containing the appropriation, provided that any such reduction is consented to in writing by two-thirds of the elected members of each house of the legislature.

In years where BESE and the legislature cannot agree on a new formula, the formula reverts back to the last adopted and approved MFP formula.

The concept of the formula in use in 1998–99 was first adopted and approved in 1992–93. There have been many technical adjustments, but the basic concept has remained focused on equalizing state and local spending. At the same time, the formula requires a higher level of local support while also providing greater local flexibility in spending.

The measurement of local school district need is on a per-pupil basis. In addition to the use of the number of students in October 1 membership, there are several weighted factors that recognize district variations in terms of additional costs.

The additional weighted categories are for at-risk students, students with exceptionalities, gifted and talented students, students in small school districts, and students enrolled in vocational education courses.

State and local costs are determined by multiplying the total weighted membership times a predetermined state and local per-pupil amount. This per pupil amount is included in the formula adopted by BESE and approved by the legislature. In 1998–99, the state and local per-pupil amount for weighted membership was \$3,020.

Total state and local cost recognized in the state’s funding formula for 1998–99 was \$3.04 billion. Based on an individual school district’s local wealth factor, on average, the state share was 65% and the local share was 35%.

Based on the weighted student counts, on average, 75% of state and local costs were determined by the October 1 membership count, 14% by the count of student exceptionalities, 7.3% by at-risk student counts, 1.5% by gifted/talented student counts, 1.2% by student counts in small districts; and 0.9% by students enrolled in secondary vocational education courses.

Louisiana's school finance system is unique in that the single largest source of local revenue is the local sales tax. In 1997–98, of the combined local tax revenue, 59.4% was from local sales taxes and 40.6% was from local property taxes.

The MFP formula uses a methodology based on the Representative Tax System (RTS) approach developed by the Advisory Commission on Intergovernmental Relations. This methodology has been adapted to calculate local school district fiscal capacity.

Local

There are 64 parish (county) school systems and 2 city school systems (Monroe and Bogalusa) for a total of 66 local school systems. Both parish and city school systems are independent and have the authority to tax and incur debt. School systems are governed by elected members of local school boards who appoint the local school superintendent.

The single largest local source of revenue is the local sales tax. Sixty-five of the local school systems levy a local sales tax.

Prior to the adoption of the 1992–93 formula, a very low level of local support was factored into the state aid formula. The formula mandated a uniform required local effort of 5.5 mills of net assessed property across districts which amounted to approximately \$60 million of a total recognized cost of \$1,770 million. Moreover, the old formula did not take local sales tax revenue into consideration.

The current formula establishes a target of local support (\$1.06 billion in 1998–99) and provides an incentive for local school systems to make local effort.

The 1998–99 MFP formula provides a proportionate reduction in state aid for school systems failing to meet the local target in the 1999–2000 school year. This provision was put “on hold” for the 1999–2000 school year pending a review of the impact on lower wealth districts, whereas another provision stipulates “hold-harmless” protection for higher wealth districts.

In 1997–98, 12 of 66 local school systems failed to meet their local share target of the cost for the MFP.

Funding Summary 1998–99

Total State School Aid (All Programs)		\$ 2,299.7 million
Grants in Aid	2,299.7 million	
Teacher Retirement Contributions	0 million	
FICA	0 million	
 Total Local School Revenue		 \$ 1,670.8 million
Property Tax	602.6 million	
Other local source tax revenue	880.8 million	
Local source non-tax revenue	187.4 million	
 Total Combined State and Local School Revenue		 \$ 3,970.5 million
 State Financed Property Tax Credits Attributable to School Taxes		 \$ 29.9 million

II. LOCAL SCHOOL REVENUE

Property Tax

Constitutional Tax. Local school boards are constitutionally given the authority to levy a 5 mills tax, except for Orleans, which is given a 13 mills authority. This tax does not require a vote of local taxpayers. In 1997–98, due to changes in property assessment practices during the late 1970s, the actual levy ranged from a low of 2.91 mills to a high of 9.41 mills except for Orleans, which was at 27.65 mills. The state average equivalent millage is 5.07 mills. All residential property is assessed at 10% of fair market value.

Specific Purpose Taxes. To provide additional support to public elementary and secondary schools, any parish, school district, or subschool district, or any municipality or city school board which supports a separate city system of public schools may levy an ad valorem tax for a specific purpose, when authorized by a majority of the electors voting in the parish, municipality, district or subdistrict in a election held for that purpose. The amount, duration, and purpose of the tax shall be in accord with any limitation imposed by the legislature. The legislature has set a maximum millage of 70 mills above the constitutional tax. This limit does not apply to millages for debt service.

For the 1997–98 year, the state average equivalent millage was 25.7 mills for specific purpose taxes, excluding debt service and 35.9 mills including debt service. The state average equivalent total combined constitutional and specific purpose millage, excluding debt, was 30.77 mills. The total revenue amount generated from property tax was \$451.6 million, excluding debt. The variation in millage rates across school districts, excluding debt, ranged from a low of 5.65 mills to a high of 59.05 mills. The range including debt service was from 9.56 mills to 84.04 mills.

Income Tax

There is no local income tax in Louisiana.

Other Sources of Local Tax Revenue

The major source of local tax revenue comes from the local sales tax. All local governmental entities have a combined limit of 3% local sales tax unless the legislature approves an exemption to allow a greater rate. Sixty-five of the 66

local school districts levy a local sales tax. In 1997–98, the state average local sales tax rate was 1.62%. The sales tax rates varied from zero in one district to a high of 2.5% in one other district, while tax rates in most districts ranged from 1% to 2%. The total revenue amount collected from local sales taxes was \$880.7 million.

Tax Credits and Exemptions

There are two exemptions that apply toward assessed property values that impact local school system tax revenues. The first exemption is the homestead exemption. All personal residences valued at \$75,000 or less are exempt from school district levied property taxes. The second is the industrial tax exemption. These are exemptions granted at the state level to companies for expansion or new facilities, generally for a 10-year period. After the 10-year period, these properties are then placed on the tax roll of the local school district.

III. TAX AND SPENDING LIMITS

Tax Limits

Tax limits are the aggregate of 70 mills placed on net taxable property for operations in each school district and the 3% total local governmental sales tax limit, which can be exceeded with legislative approval.

Spending Limits

The only limits on spending are the availability of revenues. Local school districts cannot end the fiscal year in a deficit posture.

Voter Approval of Budgets and Bond Issues

Voters do not approve local school district budgets. Local school districts, however, must comply with the state passed Local Budget Act. Voters must approve tax rate increases and bond issues.

IV. STATE/PROVINCIAL EARMARKED TAX REVENUE

The state has an earmarked support fund whose revenue comes from a trust fund established by the state constitution. The total revenue available for enhancements is approximately \$32 million each year. These funds are governed by BESE and are awarded as block grants and competitive grants to local school

systems. The types of programs budgeted for 1999–2000 are exemplary competitive programs (\$3.5 million), exemplary block grant programs (\$15.1 million), exemplary statewide programs (\$8.2 million), research or pilot programs (\$2.8 million), superior textbooks and instructional materials (\$1.3 million), foreign language (\$0.2 million), and scholarships or stipends to prospective teachers in critical shortage areas (\$0.6 million).

V. BASIC SUPPORT PROGRAM

Minimum Foundation Program Level 1 Per-pupil State and Local Costs

Funding in 1998–99: \$1,974,0 million.

Percentage of Total State Aid: 85.8%.

Nature of Program: Level 1 of the Minimum Foundation Program is a weighted student approach with the per-pupil amount determined by the MFP formula which must be adopted by BESE and approved by the Legislature. There are currently five weighted areas. The weighted areas are described under weighting procedures.

Allocation Units: The allocation units are based on October 1 membership and a number of “weighted” factors. The addition of these weighted factors to the October 1 membership number creates a "weighted student" count. This weighted student count is multiplied by the per-pupil amount to determine the state and local weighted cost of the basic support formula.

Local Fiscal Capacity: Local fiscal capacity is measured based on a combination of property tax and sales tax utilizing an adaptation of the Representative Tax System (RTS) approach. This measure multiplies the state average rates for sales and property taxes times each district's sales and property tax bases. These two fiscal capacity estimated revenue amounts are added together, along with 50% of the local revenue provided by either the state or federal government in lieu of taxes, to create a representative local revenue capacity. The representative local revenue capacity is then divided by the number of weighted students in each individual district to create a fiscal capacity per-pupil amount. Each district's per-pupil amount is divided by the state per-pupil amount to create a local wealth factor which is an index of the state average.

How Formula Operates: The formula calculates the state and local cost of a minimum educational program based on the set per-pupil amount (\$3,020 in 1998–99) times the October 1 student membership counts and the weighted categories. The mathematical steps next multiply each district's local wealth factor by the individual district's proportion of total state weighted membership to produce a local proration factor. Each district's local proration factor is then multiplied by 35% of the aggregate state and local cost. Once the local share amount is determined, it is subtracted from the total state and local costs to determine the state share, which on the state average is 65%, varying from district to district based on the local wealth factor.

State Share: The state share of the calculated cost is 65% on the state average as calculated by the formula or a total of \$1,974 million. Each district's share funded by the state will vary based on each district's individual fiscal capacity. The formula in 1998–99 is being phased-in with limits on increases and hold-harmless provisions. This conversion funding provides the state share of 65% to be funded at a 94.65% level overall. The state share percentages funded by the state across districts ranged from a low of 0% to a high of 88%, with 65% as the average.

Local Share: The average local share is set at 35%. Each district's percentage is influenced by its own local fiscal capacity. Currently local districts are not required to generate their local share. In 1998–99, the local share was \$1,062 million. The 1998–99 local proportion across school districts ranged from a low of 12% to a high of 100%, with 35% as the average.

Weighting Procedures: The allocation units for the per-pupil amount are (1) October 1 membership as defined by BESE and the Department of Education weighted at 1.0; (2) October 1 membership of students eligible for free or reduced school lunch program weighted at .17; (3) October 1 membership of students identified with exceptionalities weighted at 1.5; (4) October 1 membership of students identified as gifted and/or talented weighted at .6; (5) Economy-of-scale weight for districts with less than 7,500 students weighted curvilinear from .2 to 0.0 from 0 upward to 7,500 students in October 1 membership; and, (6) Units of students enrolled in secondary vocational education courses weighted at .05.

Minimum Foundation Program Level 2 Incentives for Local Effort

Funding in 1998–99: The Level 1 excess local revenue amount of \$453.3 million generated an amount of \$179.9 million additional state revenues for those districts participating.

Nature of Program: Level 2 of the basic support formula is designed to encourage local school districts to levy additional sales and property taxes beyond the target of local support established in Level 1. Level 2 is designed to reward local districts for the additional effort on the basis of 40 cents, adjusted by the local wealth factor, for each additional dollar of local effort. A maximum of state support for local effort is achieved when additional local effort reaches 33% of the total state and local costs of Level 1.

Allocation Units: The state share of funds is determined based on eligible local revenues that exceed the Level 1 target for local support up to a maximum.

Local Fiscal Capacity: The same local wealth factor method used in Level 1 is incorporated in Level 2.

How the Formula Operates: The Level 2 formula uses a mathematical approach to determine the state percentage of support for Level 2 as follows: $1 - \{(1-.40) \times \text{LWF}\}$. Once the state share percentage is determined, it is multiplied times the eligible local revenue. Based on this formula, districts with a local wealth factor of 1.66 or above do not participate in Level 2 state support.

State Share: The state share on the average is 40%, with a range between 0% to 79%.

Local Share: The local share is determined by the effort the local district makes beyond the Level 1 basic support formula local target, depending on their local wealth factor. In 1998–99, 15 districts did not participate due to a high local wealth factor or a failure to generate local revenue above the Level 1 local support target.

Minimum Foundation Program Level 3 - Legislative Enhancements

State Share: In 1998–99, the legislature provided \$53 million additional funding for a teacher pay raise. This pay raise funding was provided to all school systems based on the number of certificated staff. Level 3 is not equalized by any local contribution. The amount of funding is consolidated with the state share prior year amount in subsequent year formula calculations. This procedure has the effect of assisting the state to meet its state share target and increasing the amount of state share hold-harmless funds.

Local Share: Level 3 does not establish or expect a local contribution.

Minimum Foundation Program Conversion Funding for Level 1 and 2

Adjustments for Special Factors: Any increases or hold-harmless amounts are calculated on a per-pupil basis. Increases are determined based on the formula state per-pupil amount compared to the prior year state funded amount. If this difference is positive, a district's state per-pupil amount is increased from the prior year by 28.75% of that difference. If the prior year per-pupil amount is greater than the formula calculation, the district gets the prior year per-pupil amount. Districts in this situation are considered "hold-harmless" or over-funded districts. At the same time, districts which are not receiving the full amount of the state share calculated by the formula are considered "underfunded."

Aid Distribution Schedule: Due to the conversion aspects of the formula, the state's overall funding is at 99% of the amount it would be with full funding. The variation across school districts that the state is funding of its average 65% share is a low of 89% funded to a high of 656% for an over-funded district. Any funding over the 100% funded amount is due to hold-harmless provisions, whereas any amount less than 100% is due to state phased-in provisions.

Districts are paid an estimate for the first eight months of the fiscal period beginning in July. In January of each year, the current year budget is calculated as per the formula. The last four monthly payments, March through June, are adjusted to ensure that each district receives the total for the 12-month period, July through June, as required by the formula. District cash payments are required to be paid by the 25th of each month.

Districts Off Formula: In 1998–99, all districts were off formula. There were 55 districts with a state unfunded amount due of \$115.3 million (phase-in provisions) and 11 districts in a state over-funded situation in the amount of \$95.5 million (hold-harmless provisions).

VI. TRANSPORTATION

Funding in 1998–99: Included in basic support program.

Percentage of Total State Aid: N/A.

Description: The transportation program in Louisiana is included in the basic support formula with the expenditure level of each district determined by the local school board.

State Share: The state share is 65% on the average paid through the formula described in basic support formula above.

Local Share: The local share is 35% on the average and is calculated through the basic support formula.

Extent of Participation: All 66 districts.

VII. SPECIAL EDUCATION

Instruction for Handicapping Conditions and Gifted/Talented

Funding in 1998–99: \$276.2 million (est.).

Percentage of Total State Aid: 12.0%.

Description: Approximately \$276.2 million is included in the basic support program as a single weighted exceptionalities factor. Special education instructional costs do not require line item expenditure amounts by local school systems.

State Share: The state share of special education costs is 65% on the average as computed by the basic support formula.

Local Share: The local share of special education costs is 35% on the average as computed by the basic support formula.

Extent of Participation: All 66 districts.

VIII. COMPENSATORY EDUCATION

Funding in 1998–99: \$11.7 million (est.).

Percentage of Total State Aid: less than 1%.

Description: Included in the basic support formula is a weighted category for "at-risk." This category adds approximately \$18 million state and local costs to the basic support formula. Compensatory education instructional costs, however, are included in the base formula and do not require line item expenditure amounts by local school systems. This funding is provided to assist school districts in providing instructional services to students "at-risk." Local districts may choose to spend these funds in a variety of ways to assist in their instructional efforts.

State Share: The state share is 65% of the cost on the average as calculated by the basic support formula.

Local Share: The local share is 35% of the cost on the average as calculated by the basic support formula.

Extent of Participation: All 66 districts.

IX. GIFTED AND TALENTED EDUCATION

Funding in 1998–99: \$29.6 million (est.).

Percentage of Total State Aid: 1.3%.

Description: Included in the basic support formula is a weighted category for "gifted and talented." This category adds approximately \$45.5 million state and local costs to the basic support formula. Gifted and talented instructional costs, however, are included in the base formula and do not require line item expenditure amounts by local school systems. In Louisiana, gifted and talented programs are statutorily included in special education.

State Share: The state share is 65% on the average as per the parameters of the basic support formula.

Local Share: The local share is 35% on the average as per the parameters of the basic support formula.

Extent of Participation: All 66 local school districts have some type of gifted and talented program.

X. BILINGUAL EDUCATION

Funding in 1998–99: Funding is included in the basic support formula and is not distinguishable.

XI. EARLY CHILDHOOD EDUCATION

Funding in 1998–99: \$6 million.

Percentage of Total State Aid: less than 1%.

Description: This program is a block grant that provides funds for implementing early childhood/parent education activities designed to improve the readiness of preschool 4-year-old children through a developmentally appropriate curriculum and through early intervention strategies with their families. State funding for early childhood programs was made available from the proceeds of a special trust fund in the amount of \$6 million. Additionally, approximately \$5 million of federal funds were also available for early childhood programs.

State Share: This is a state and federally funded program.

Local Share: Local support is not identifiable.

Extent of Participation: Participation is based upon the successful submission and approval of a block grant project with funds allocated to school districts according to student population. Fifty-one of the 66 public school districts and 1 non-public school system participate in this program.

XII. OTHER CATEGORICAL PROGRAMS

K–3 Reading and Math Program

Funding in 1998–99: \$20 million.

Percentage of Total State Aid: less than 1%.

Description: The K–3 Reading and Math Program provides grants to local school systems to target the K–3 population of students who are at risk of experiencing difficulty in reading and/or math. This program provides stipends and substitute pay for training teachers, salaries/benefits for special reading/math teachers working with low-performing students, stipends for teachers working in after-school programs, professional services for staff development, materials and supplies to support reading and/or math programs, and regional staff development activities.

State Share: The total amount is the state share.

Local Share: There is no local share of this program.

Extent of Participation: All 66 school districts.

Teacher Assistance and Assessment Program

Funding in 1998–99: \$3.4 million.

Percentage of Total State Aid: less than 1%.

Description: The Louisiana Teacher Assessment Program has been operational since 1994. A mentor teacher is assigned at the beginning of the new teacher's employment and remains in a mentoring role for two semesters. Mentors serve in the following capacities: coach, model, and professional development specialist. A primary function of the mentor is providing assistance with respect to the Louisiana Components of Effective Teaching (LCET), which serve as the assessment criteria for new teachers.

State Share: The total amount is the state share.

Local Share: There are local responsibilities for this program that are indeterminable and provided through the basic support formula.

Extent of Participation: All 66 school districts.

Professional Improvement Program

Funding in 1998–99: \$33.4 million.

Percentage of Total State Aid: 1.5%.

Description: The Professional Improvement Program (PIP) is a discontinued program that was first enacted to encourage professional development of teachers. Teachers who attained certain college credit hours were given supplements to their pay. The current funding level is decreasing by approximately \$3–5 million each year as those teachers who participated in this program retire.

State Share: The total amount is the state share.

Local Share: There is no local share of this program.

Extent of Participation: All 66 school districts participate in this program.

XIII. TEACHER RETIREMENT AND BENEFITS

Teacher Retirement

Funding in 1998–99: The state and local cost included in the basic support formula is not determinable.

Percentage of Total State Aid: N/A.

Description: The employer share of the Teachers' Retirement System is 16.5% with an employee rate of 8% for a total of 24.5%. A small percentage of this total is to provide for an unfunded accrued liability in the retirement system that the state allowed to grow for a number of years. Based on a constitutional amendment passed in 1987, this unfunded amount must be paid off by the year 2029.

State Share: The state share is 65% on the average as outlined in the basic support formula.

Local Share: The local share is 35% on the average as outlined in the basic support formula.

Extent of Participation: All 66 districts participate in the State's Teachers' Retirement System of Louisiana.

Social Security

Funding in 1998–99: The state and local cost included in the basic support formula is not determinable.

Percentage of Total State Aid: N/A.

Description: Social security is paid only on those part-time or substitute employees not covered by a retirement system. In addition to the teachers' retirement system, local school employees may participate in a school employees' retirement system or a parochial retirement system.

State Share: The state share is 65% on the average as computed by the basic support formula.

Local Share: The local share is 35% on the average as computed by the basic support formula.

Extent of Participation: All 66 local school systems participate in social security for selected employees.

Group Health Insurance

Funding in 1998–99: The state and local cost included in the basic support formula is not determinable.

Percentage of Total State Aid: N/A.

Description: Local schools systems may participate in the State Employees Group Health Benefits Program. The state traditionally pays 50% of the cost of health insurance and the employee pays the remaining amount. Each school system varies in regards to the amount that the employer may pay. For example, some may pay 85% of the total cost and the employee may pay only 15%. The local decision, however, does not impact the amount of funding provided by the state.

State Share: The state share is 65% on the average as computed by the basic support formula.

Local Share: The local share is 35% on the average as computed by the basic support formula.

Extent of Participation: Forty-one of the 66 local school systems participate in the state plan and the remaining 25 participate in self-insured or private plans.

XIV. TECHNOLOGY

Funding in 1998–1999: \$25 million.

Percentage of Total State Aid: N/A.

Description: The 1998 Legislature once again allocated monies for the Classroom-Based Technology Fund. This \$25 million statutorily dedicated allocation is being used to continue efforts to carry out the State’s Educational Technology Goal, “All educators and learners will have access to technologies that are effective in improving student achievement.” Funds are being used to purchase additional classroom computers, connect more classrooms to the Internet, purchase software to support curriculum, and provide additional technology tools needed implement our district and school technology plans. The funds are distributed to local school districts, special schools, and non-public schools. In addition, Louisiana has been awarded a \$10.2 million Federal Technology Literacy Challenge Grant to help extend these opportunities and provide for training and professional development to help ensure successful integration of technology in the classroom.

State Responsibilities: The Classroom-Based Technology Fund is supported solely by the state. Over the past three years, funding is provided annually from non-recurring sources.

Local Responsibilities: Each local recipient has the challenge to coordinate and/or leverage these funds with a variety of other funding sources. For example, over \$38.9 million in commitment letters for telecommunications infrastructure has been approved for Louisiana schools and libraries from the federal E-rate fund. Specific local contributions to classroom technology cannot be determined.

Extent of Participation: Each of the 66 public school districts, the 7 Diocesan Systems, 53 non-public schools, and 5 special state schools has been awarded funds from the Classroom-Based Technology Fund; 17 Professional Development Grants have been awarded to consortia representing 54 local school systems.

XV. CAPITAL OUTLAY AND DEBT SERVICE

Capital Outlay

Funding in 1998–99: None.

Percentage of Total State Aid: N/A.

Description: Each local program may be different.

State Share: None.

Local Share: Local expenditures for facility acquisition and construction totaled \$183 million. All capital outlay is a 100% local responsibility. Each district determines its own capital outlay needs and makes appropriate funding arrangements.

Extent of Participation: Of the total 66 districts, 59 had some type of expenditures over \$10,000 for facility acquisition and construction in 1997–98.

Debt Service

Funding in 1997–98: None.

Percentage of Total State Aid: N/A.

Description: Debt service is strictly a local option. Each district's arrangements may vary across the state.

State Share: There is no participation by the state.

Local Share: Local expenditures for interest on debt were \$99.2 million. Debt service is 100% a local program.

Extent of Participation: Of the total 66 districts, 58 had expenditures for debt service in 1997–98.

Local Capital Project Financing

DEBT - School Board Authority, LA. REV. STAT. § 39:554 (1998). The governing authorities of school districts may incur debt and issue bonds of the districts for the following purposes and none other: acquiring and or improving lands for

building sites and playgrounds, including construction of necessary sidewalks and streets adjacent thereto; purchasing, erecting and or improving school buildings, teachers' homes and other school related facilities, and acquiring the necessary equipment and furnishings therefor. The title to all the lands, buildings and improvements shall be in the public.

Limit of Indebtedness, LA. REV. STAT. § 39:562 (1998). Notwithstanding any contrary provision of this Section or of any other law, the governing authority of parish wide school districts and of special school districts, including the city school boards of the cities of Bogalusa and Monroe, which cities shall be treated as special school districts, may incur debt and issue bonds for the purposes set out in LA REV STAT § 39:554 (1998) which, including the existing bonded debt of the subdivision for such purposes, may exceed 10 percent but shall not exceed 25 percent of the assessed valuation of the taxable property of such subdivision, including both (1) homestead exempt property, which shall be included on the assessment roll for the purposes of calculating debt limitation, and (2) nonexempt property, as ascertained by the last assessment for the parish or local purposes prior to delivery of the bonds representing such debt, regardless of the date of the election at which said bonds were approved.

Maximum Duration; Interest, LA. REV. STAT. § 39:563 (1998). No bonds issued by any subdivision shall run for a longer period than forty years from the date thereof, or bear a greater rate of interest than the maximum authorized by the Louisiana legislature. Such bonds shall become due and payable in annual installments beginning not more than three years after the date of issuance.

Form of Bonds; Signing, LA. REV. STAT. § 39:564 (1998). The governing authority issuing the bonds, shall by resolution, fix the form and terms of the bonds, and the rate of interest, payable annually or semi-annually within the maximum prescribed rate. The bonds shall be payable in the medium and at the place within or without the state as may be fixed by resolution. All bonds issued shall be signed by the president or chief executive officer, and the secretary or clerk of the subdivision or governing authority, under the seal of the subdivision.

Resolution Prescribing Terms; Maturity, LA. REV. STAT. § 39:565 (1998). The governing authority issuing the bonds, shall by resolution fix the times within the maximum period prescribed, when the bonds shall become payable. The bonds shall be payable in such annual installments beginning in such number of years following the date thereof as may be determined by the governing authority.

Registration as to Principal Only, LA. REV. STAT. § 39:566 (1998). Bonds issued may be either registered or coupon bonds. Coupon bonds may be registered as to principal in the holder's name on the books of the financial officer of the subdivision, the registration being noted upon the bonds by the financial officer, after which no transfer shall be valid unless made on the financial officer's books by the registered holder, and similarly noted on the bonds. Bonds registered as to principal may be discharged from registration by being transferred to bearer, after which they shall be transferable by delivery, but may be again registered as to principal as before. The registration of the bonds as to principal shall not restrain the negotiability of the coupons by delivery merely. Sales Tax Authority to Issue Bonds; election necessary, LA. REV. STAT. § 39:698.2 (1998). The governing authority of any local governmental subdivision or any school board may, in the manner hereinafter provided, fund sales tax revenues into negotiable bonds provided that the question of or proposition to authorize the funding of sales tax revenues into bonds shall have been submitted to the electors of the local governmental subdivision or, in the case of a school board the electors in the area under the jurisdiction of the school board, at an election called, conducted, canvassed and promulgated by the governing authority of the local governmental subdivision or the school board, as the case may be, in accordance with the laws of Louisiana governing the conduct of elections to authorize the issuance of bonds, levying of taxes and assumption of debt by political subdivisions and a majority of those electors voting in such election shall have voted in favor of the question or proposition to fund the sales tax revenues into bonds. The question or proposition with respect to the funding of the sales tax revenues into bonds may be voted upon at the election held to authorize the imposition of the tax or may be submitted at a separate election held for such purpose.

XVI. STANDARDS/ACCOUNTABILITY MEASURES

Funding in 1998–99: \$9.3 million.

Percentage of Total State Aid: less than 1%.

Description: Legislation was passed in 1997 to provide for the development and implementation of a school and district accountability system which focuses on student achievement in each public school. The program requires, at a minimum, clear and appropriate standards for schools and school districts, indicators for the assessment of schools and school districts, student achievement baselines, student growth targets, appropriate minimum levels of student achievement for each public school and school district, rewards and corrective actions, specific intervals

for assessment and reassessment of schools and school districts, a review process for evaluating growth targets, and technical assistance.

The new state test, LEAP for the 21st Century (LEAP 21), is the cornerstone of the new School and District Accountability Program. Test results will be used as 60% of each school's performance score. All districts are in the process of implementing new state-level content standards using local curriculum development and technical assistance. Louisiana is using the Iowa Test for national norm-referenced testing. These test results are combined with statistical information on student attendance and dropout information to generate a school performance score. Additional information on student testing and the school and district accountability program may be obtained at the Louisiana Department of Education website: <http://www.doe.state.la.us>.

State Share: The state is responsible for developing and implementing a school and district accountability program. In 1998–99, \$9.3 million of state identified funding was provided at the state level to develop and implement the School and District Accountability Program. The program is made up of the following components: high stakes remediation, \$2 million; student testing, \$4.1 million; distinguished educators, \$0.2 million; school accountability and assistance, \$1.5 million; and Louisiana education accountability data system, \$1.5 million. Of these amounts, only the high stakes remediation funds were distributed to local school systems. In addition to these funds, the Louisiana Department of Education was reorganized to focus its resources on the goal of improving student achievement. The Department's total budget is \$71 million from all sources of funds including state, federal, interagency, and statutory dedications.

Local Share: The School and District Accountability Program is designed to enhance the MFP formula that was adopted in 1992–93. The intent of this formula is to provide local flexibility in the use of the state funds while also holding local districts accountable for student achievement results. Beginning in 1999–2000, the state will be fully funding its share of the formula for the first time, and the state will begin to implement the new school and district accountability program. All schools will be given a student performance score; the baseline for student growth targets will be established. Moreover, implementation of high-stakes testing for 4th and 8th grade students will begin. The local responsibility is to utilize all available resources—state, local, and federal—to meet the state standards for student achievement at all levels—student, school, and district.

Extent of Participation: All public schools in local school districts participate in this program.

XVII. REWARDS/SANCTIONS

Funding in 1998–1999: None.

Percentage of Total State Aid: N/A.

Description: The provision of reward and sanctions is included as part of the School and District Accountability Program. This legislation is very broad and requires BESE to provide the implementation details through its administrative rule-making authority. The new school and district accountability program provides for corrective actions for schools failing to meet their school performance growth target. There are three levels of corrective actions:

Level I. Provide an intense analysis of, and school improvement assistance to, schools identified as “Academically Unacceptable” or schools not meeting their growth targets. This assistance is provided through District Assistance Teams composed of district personnel who have been trained by the Department of Education.

Level II. Assigns highly trained, third party “Distinguished Educators” to provide intense, continual assistance to schools that fail to exit Corrective Actions Level I.

Level III. Stipulates that “Distinguished Educators” continue to work with schools. Furthermore, for schools at this corrective level, districts must submit reconstitution plans for approval by BESE.

Monetary rewards may be considered once the school and district accountability program is further developed. No funds, however, were appropriated in 1998–99 for this purpose.

State and Local Shares: Funding is a state and local responsibility to ensure that all children receive a minimum educational program.

Extent of Participation: All public schools and districts will participate in the school and district accountability program as implementation proceeds.

XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS

Charter Schools

Funding in 1998–1999: \$2.65 million.

Percentage of Total State Aid: less than 1%.

Description: There are four types of charter school options. Type 1 charters are granted by a local school board for a new school to be operated by a non-profit corporation; Type 2 charters are granted by BESE for a new school to be operated by a non-profit corporation; Type 3 and 4 charters are both grant by local school boards for pre-existing public schools; Type 3 is operated by a non-profit corporation, whereas Type 4 is operated by the local school board. In 1998–99, approximately \$2.65 million in state funds were provided to operate Type 2 charter schools and to establish a state Charter School Fund for start-up loans to eligible charter schools. Type 2 charter schools operate under a “state” granted charter, instead of a “local” granted charter.

State Share: BESE provides oversight for all charter schools. In 1998–99, a state-supported \$3 million Charter School Start-up Loan Fund was available through an application process for all charter schools. In addition, a \$2 million Type 2 charter school fund provided both the state and local share of basic aid to operate these schools.

Local Share: For Types 1, 3, and 4 charter schools, local tax revenues follow the student to the charter school.

Extent of Participation: In 1998–99, a total of 11 charter schools were in operation in nine parishes across the state—5 Type 1 schools, 2 Type 2 schools, 1 Type 3 school, and 3 Type 4 schools.

XIX. AID TO PRIVATE SCHOOLS

Textbooks and Instructional Materials

Funding in 1998–99: \$3.4 million.

Percentage of Total State Aid: less than 1%.

Description: Students enrolled in state approved non-public schools receive an allocation of \$27.02 per student for textbooks, library books and materials of instruction.

State Share: This program is not equalized; therefore, the total amount is the state share.

Local Share: There is no consideration of a local share.

Extent of Participation: There are approximately 125,000 students enrolled in approximately 300 state approved non-public schools located in 42 of Louisiana's 64 parishes.

Transportation

Funding in 1998–99: \$7.6 million.

Percentage of Total State Aid: less than 1%.

Description: These funds are allocated to local school districts transporting students attending state approved non-public schools.

State Share: This allocation does not consider local wealth; therefore, the total amount is the state share.

Local Share: There is no consideration of a local share.

Extent of Participation: These funds are allocated to assist approximately 26,000 students in 32 of Louisiana's 64 parishes.

Required Services

Funding in 1998–99: \$11.2 million.

Percentage of Total State Aid: less than 1%.

Description: The purpose of this program is to assist state approved non-public schools in complying with state required reports and activities.

State Share: This program does not consider local wealth in the allocation; therefore, the total amount is the state share.

Local Share: This program does not consider a local share.

Extent of Participation: This program assists approximately 125,000 students enrolled in approximately 300 state approved non-public schools located in 42 of Louisiana's 64 parishes.

Food Service

Funding in 1998–99: \$5.8 million.

Percentage of Total State Aid: less than 1%.

Description: This state program provides a state fund match and salary assistance to school lunch workers for state approved non-public schools

State Share: This program is 100% state share.

Local Share: There is no local share in this program.

Extent of Participation: There are 12 state approved non-public food service agencies or schools participating in this program.

XX. RECENT/PENDING LITIGATION

Two suits were filed in state court in 1992 alleging that the state was not meeting its constitutional obligation in terms of either adequacy or equity in providing for a “minimum foundation program of education” through the MFP formula. The suits, *Charlet v. State*, No. 379,560 (Parish of East Baton Rouge, 19th Jud. Dist., La.) and *Minimum Foundation Commission v. State*, No. 379, 562 (Parish of East Baton Rouge, 19th Jud. Dist., La.), were filed by the ACLU on behalf of the parents and children in six Louisiana school districts and a governmental committee of 26 local school systems named the “Minimum Foundation Commission.” A third group of “hold-harmless” districts intervened on the issue of adequacy. The state request for a summary judgement to dismiss the suits was granted by a state appeals court in 1997, and this decision was upheld by the state supreme court in 1998.

XXI. SPECIAL TOPICS

Automated and Audited Data

Specific emphasis has been placed by the legislature and subsequently the legislative auditor in supplying only “audited” data in various reports prepared by the State Department of Education reporting on the condition of education. A major part of this effort has also focused on consistent definitions and terminology as applied to school finance statistics and reports.

Professional Development

An emerging issue involves the tracking of professional development costs which are incurred to improve student academic achievement through additional teacher education. These costs are difficult to define, and an analysis of the impact of these costs on teacher behavior and student achievement is even more complex.