



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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STUDENTS COUNTS AND BUDGET SHORTFALLS IN THE MINIMUM FOUNDATION PROGRAM

The Louisiana Department of Education needs to strengthen its processes to ensure the annual student count for the Minimum Foundation Program is accurate, according to a performance audit released Monday by Legislative Auditor Daryl Purpera.

The report said that specifically the state education department “does not ensure that school systems and schools correct errors in the data submission process, which results in potentially ineligible students being included in the initial MFP allocation at the start of the fiscal year.” The Minimum Foundation Program is the state’s chief mechanism of financing elementary and secondary education in the state.

The findings of the state auditor are contained in a report requested by the Legislature in 2014 to examine the accuracy of student counts for the MFP. In 2014, the average share of the state MFP cost per student was \$5,060. The formula’s total has grown by \$422 million from fiscal year 2008 to 2014, from approximately \$3.14 billion to approximately \$3.57 billion.

“The responsibility for ensuring accurate student counts lies with the individual schools, school systems, and ultimately with LDOE,” the report said. It said the LDOE should “enhance its use of error reports and use data analytics” to identify mistakes in the student counts.

The report said auditors used data analytics to identify approximately “1,000 students, totaling approximately \$3.9 million, who appeared potentially ineligible” in the MFP student counts in October 2012 and February 2013.

Using data analytics would allow the education department to identify additional ineligible enrollment records, the report said. The school systems and charter schools submit year-end enrollment data to the department by June that includes data for any student enrolled at any time during the entire school year.

The report pointed out that the education department has decreased the number of audits it conducts on the school enrollment data from 205 in the 2010 fiscal year to 71 in the fiscal year that ended last June 30. The amount of improper payments detected also fell as the number of audits decreased, from approximately \$6 million in 2010 to \$1.5 million last year. The report said the education department cited “reduced staffing” for the audit reductions.



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The report also says that, currently, the student count as of February 1 of the previous fiscal year is used to develop the initial MFP budget for the following fiscal year. The data from February 1 has historically been lower than the count on October 1.

“As a result, a shortfall between the initial appropriation amount and the amount required to fund the final cost of the MFP occurs,” the report said. “The shortfall has ranged from a low of approximately \$17.9 million in fiscal year 2008 to a high of \$55.8 million in fiscal year 2014.”

As a result, money in the state budget has to be moved around in the middle of a fiscal year to accommodate an increase or decrease in MFP based on changes in student enrollment and other factors. The state Constitution requires the MFP to be fully funded each year.

The education department told auditors that it has developed a methodology for projecting student enrollment based on historical trends that anticipates increases and decreases in student enrollment for the upcoming fiscal year similar to other states. However, this projection historically has not been used in the initial Executive Budget development process.

The report recommended that the education department work with the Office of Planning and Budget, the architect of the Governor’s annual state budget recommendations, to incorporate student enrollment projections into the MFP budget. The report also recommended that the department provide the Legislature with information on anticipated mid-year adjustments to reduce the gap between the initial MFP appropriation and the amount necessary to fund the final cost of the MFP.

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