



Differentiated Compensation Allocation and Guidance

Louisiana Department of Education

July 2023

This document provides answers to questions regarding the Differentiated Compensation Allocation and Guidance in FY2023-24. This document may be viewed under STATE ALLOCATIONS in the [Business Manager Support Library](#)

For further information on this guidance, send inquiries to ldoeschoolfinancehelpdesk@la.gov or call the Office of School System Financial Services at 225.342.3617.

What is Differentiated Compensation?

Differentiated compensation refers to a policy that provides different pay for different jobs.

What is the purpose of the Differentiated Compensation Allocation?

This allocation is intended to provide funding to assist with addressing unique market needs in the recruitment and retention of teachers.

Which entities are eligible for these funds?

The entities eligible for these funds includes city/parish school systems, Legacy Type 2 charter schools, New Type 2 charter schools, Lab schools, state schools, and RSD operated and Type 5 charter schools. These same entities are eligible to receive MFP funds in Level 4 of the formula.

How much is the appropriation for Differentiated Compensation?

The Louisiana Legislature appropriated a total of \$25 million for this purpose during the 2023 Regular Session.

What data is used to calculate the allocation?

The calculation is based on the number of teachers reported in the fall 2022 MFP staffing count. The definition of teacher is only those staff reported as a teacher (Object 112, Function 1000 – 2200) in the staffing data collection. The teacher count does not include any other certificated positions.

How will the funds be allocated?

The number of teachers by entity is multiplied by \$409.00 to generate the allocation.

Were these funds included in the Minimum Foundation Program (MFP) formula?

No, this funding is a separate appropriation in the Legislative budget. The funds for the Differentiated Compensation are not included in the MFP Formula for FY 2023-24.

How are these Differentiated Compensation funds to be used?

These funds may be used in any proportion appropriate to address recruitment and retention needs, in any of the following four categories:

- Stipends for teachers in critical shortage areas as determined by the Board of Elementary and Secondary Education (BESE);
- Stipends for highly effective teachers;
- Stipends for teachers working in high need schools defined as those with an Economically Disadvantaged rate of 85% or higher; and
- Stipends for teacher leadership positions.

What are the critical shortage areas?

The designated critical shortage areas to be used for the MFP differentiated compensation are:

- Secondary Mathematics (Grades 6-12)
- Secondary Science (Grades 6-12)
- Special Education (Grades K-12)

What is the definition of a Highly Effective Teacher?

Differentiated compensation allocations may be used to fund stipends for highly effective teachers as defined in R.S. 17:381 through 3095 and Bulletin 130 – Regulations for the Evaluation and Assessment of School Personnel.

What is the definition of a High Need School?

Stipends may be given to teachers working in High Need schools, defined as those with an Economically Disadvantaged (ED) rate of 85% or greater. This Ed data by school for February 1, 2023 is located within the Feb 2023 Multi Stats file located on the [Student Attributes](#) webpage.

What is an example of a Teacher Leadership position?

Stipends may be given to classroom teachers who are appointed to lead weekly teacher collaborations or those who serve as academic/instructional coaches or mentors. More information about mentor teachers can be found in the [Mentor Teacher Library](#) on the LDOE website.

Must the stipends be awarded to the same teacher positions on which the funds were allocated?

No, these funds are intended to provide stipends to those staff that qualify in one of the four eligible categories. The allocation may be used across the four eligible categories in any manner deemed appropriate by the local school board. The teacher counts were used only in the calculation methodology to determine the allocation amounts.

How will these funds be released to the eligible entities?

The entire allocation will be paid to the eligible entities in one payment.

What is the expected release date of the funds?

The expected release date is *on or about August 10th*.

How will these funds be distributed?

Funds will be released to recipients (city/parish school systems, charter schools, lab schools or state schools) in the same manner as payments are currently received by each recipient. This payment method may be by electronic or paper check depending on the recipient.

Is there a date by which these funds must be utilized?

These funds are intended to assist with recruitment efforts during FY 2023-24. It is strongly encouraged to utilize these funds as quickly as feasible to ensure classrooms are staffed adequately for students in this school year.

May these funds be carried over into FY 24-25 if they are not utilized in FY 23-24?

Yes, if funding remains at the end of FY 2023-24, then those funds may be carried over into the new fiscal year.

How should these funds be accounted for in the accounting records?

It is recommended that these funds be accounted for in a special account/fund within the General Fund for appropriate tracking.

What are the account codes/KPCs in the Annual Financial Report (AFR) in which these funds must be reported?

The account codes in which these funds should be reported in the AFR are: Revenue from State Sources, State Restricted Grants-in-Aid, Other Restricted Revenues, Key punch code 6250 and Acct code 3290

Must the Louisiana Department of Education give approval to the compensation plans adopted by the school boards?

No, this is a local decision. The department does not need to approve the plan on the proposed use of these funds.

What documents should be presented to the local school board detailing the proposed compensation plan?

The compensation plan should be included in the salary schedule document annually presented to the local school board for approval.

If the local school board has already approved the salary schedule for this year, is a separate vote and approval needed to amend the plan with this new compensation plan?

Yes, if the salary schedule has already been approved, an amendment to the plan is necessary in order to implement this new compensation plan.

Must the school board approve these funds prior to the distribution of the stipends to employees?

Yes, prior to implementation of the compensation plan, the school board must adopt the plan.

What documentation must be in place to substantiate approval of the distribution plan by the school board?

Minutes from the school board meeting must be available to substantiate the approval by the local school board.

Will the independent CPAs be required to perform audit procedures to verify that this new compensation plan did receive appropriate approval by local school boards?

Yes, State Agreed Upon Procedures as published by the Legislative Auditor's Office will require that independent CPAs review the documentation to substantiate appropriate approval of the compensation plan and inclusion in the salary schedule documents.

What documentation must be retained by the recipients to substantiate the distribution of funds to employees?

Payroll records detailing the amount and date of the release of the stipend payments to employees must be maintained to substantiate the appropriate use of these funds.

Will recipients of these funds be required to submit documentation on the approved plan along with dates and amounts of the distributions to the Department?

Yes, the department will require that recipients provide data on the use of these funds. This data request will come in early spring 2024.