

Louisiana

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Summary and Highlights

This snapshot examines the revenue sources and funding equity for district schools and charter schools in Louisiana and, in particular, New Orleans, during FY 2006-07 (Figure 1).¹

In the following figures, the statewide values show how much per pupil funding districts in the state received compared to how much charter schools received per pupil. The statewide values weighted for charter enrollment adjust these figures to

account for the fact that some districts enroll more charter students than others and the district PPR varies between districts. The weighted values estimate how much more or less per pupil funding charter schools received compared to the funding district schools would have received to educate the same students. (See Methodology for details.)

Louisiana re-opened schools for the first time after Hurricane Katrina in FY 2006-07. As a result, its school funding streams were highly unusual and not representative of the ongoing funding disparity in the state. The state, and New Orleans in particular, received an abundance of federal funds that year. Additionally, the districts paid for

Figure 1: District and Charter School Revenues and Enrollments

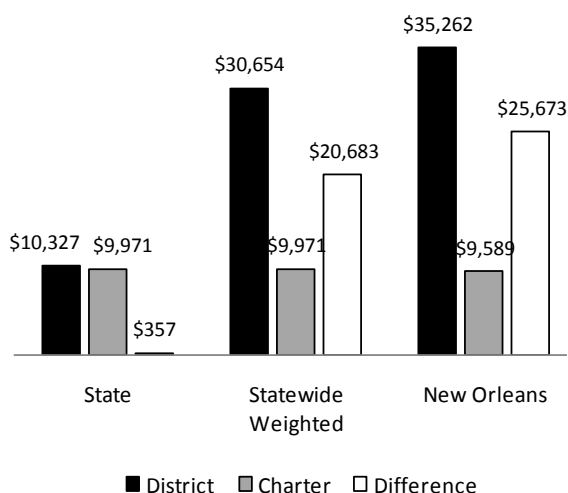
Louisiana (2006-07)	Statewide		Statewide Weighted for Charter Enrollment		New Orleans	
Per pupil Revenue						
District	\$10,327		\$30,654		\$35,262	
Charter	\$9,971		\$9,971		\$9,589	
Difference	(\$357) (3.5%)		(\$20,683) (67.5%)		(\$25,673) (72.8%)	
Per pupil Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	\$1,788	\$1,812	\$13,523	\$1,812	\$16,184	\$1,791
State	\$4,358	\$4,825	\$5,243	\$4,825	\$5,444	\$4,144
Local	\$3,749	\$2,659	\$10,070	\$2,659	\$11,503	\$2,939
Other	\$407	\$667	\$1,164	\$667	\$1,336	\$710
Indeterminate	\$25	\$9	\$653	\$9	\$795	\$5
Total	\$10,327	\$9,971	\$30,654	\$9,971	\$35,262	\$9,589
Enrollment						
District	664,136		N/A		11,523	
	97.5%		N/A		44.9%	
Charter	17,263		N/A		14,128	
	2.5%		N/A		55.1%	
Charter Schools	42		N/A		31	
Total Revenue						
District	\$6,858,746,605		N/A		\$406,322,969	
	97.6%		N/A		75.0%	
Charter	\$172,125,700		N/A		\$135,467,252	
	2.4%		N/A		25.0%	
Total	\$7,030,872,305		N/A		\$541,790,221	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	17.3%	18.2%	44.1%	18.2%	45.9%	18.7%
State	42.2%	48.4%	17.1%	48.4%	15.4%	43.2%
Local	36.3%	26.7%	32.9%	26.7%	32.6%	30.6%
Other	3.9%	6.7%	3.8%	6.7%	3.8%	7.4%
Indeterminate	0.2%	0.1%	2.1%	0.1%	2.3%	0.1%
Change in district school funding if subjected to charter funding structure						
	(\$247.4 million)				(\$235.6 million)	

many services for the charter schools in that year, but recordkeeping cannot substantiate the amount of support the charters received. As it was unclear how many students would return to the areas most affected by the Hurricane, estimates proved to be high, leading New Orleans and other afflicted parishes to acquire too many teachers, district personnel, and materials for the number of students who returned. As a result, the district per pupil revenues are inflated for FY 2006-07, causing the disparity between district and charter schools to be considerably larger than expected.

Highlights of Our Findings

- Districts statewide received total revenue of \$10,327 per pupil, while charters statewide received \$9,971, a difference of \$357 (3.5%).
- Louisiana charter schools received \$9,971 per pupil, but district schools would have received an estimated, \$30,654 to educate the same students – a difference of \$20,683 or 67.5 percent. Weighting the district PPR for charter enrollment therefore increases the funding disparity by \$20,326 from the statewide difference above.

Figure 2: Per Pupil Total Revenue for Louisiana District vs. Charter Schools, FY 2006-07



- Districts taught 97.5 percent of the state's public school students and received 97.6 percent of

total revenue. The state's charters taught 2.5 percent of the state's public school pupils but received 2.4 percent of total revenue.

Primary Reason for Funding Disparities

- New Orleans data represents the first year of operation after Hurricane Katrina, and while the total revenue for districts and charters combined is accurate, the distribution of those funds between the districts and the charters as recorded is not.²
- Charters, by statute, do not have access to state or locally approved revenues for capital projects or debt service.

How Louisiana Funds Its District Schools

Louisiana provides funding to school districts through a three-tiered Minimum Foundation Program system. Level I funding provided a base amount of \$3,652 per pupil in FY07 and established the percentage of this funding that originates from the state (65%) and the local community (35%). Level 1 also provides additional weights for at-risk students (19%), which the state defines as low-income and limited English proficiency students, vocational students (5%), special education students (150%) and gifted and talented students (60%).

Level 2 of the Minimum Foundation Program rewards communities that contribute more toward education funding through increased local tax revenues by providing additional state funding. Level 3 of the formula provides funding for employee pay raises.

How Louisiana Funds Its Charter Schools

Louisiana charter schools, in general, receive revenue via the same funding formula used for districts, with some exceptions. Charters receive funding based on the Minimum Foundation Payment formula as do the districts. However, the distribution of funds varies depending on the type of charter. Type I, III and IV charters receive their funding from their authorizers. Type II and Type V charters receive funding based on the foundation

formula directly from the state. While state law provides charters with access to local funding, it does exclude any funds appropriated by the legislature or approved locally by voters for capital expenditures or debt service. Policies that effect charter school funding are summarized in Figure 3.

Figure 3: State Charter School Policies

State Policies	Yes	No	Partial
Charter schools receive their funding directly from the state			X ³
Charter schools are eligible for local funding	X		
Cap on funding a charter school can receive		X	
District public schools receive differential funding (e.g. more funding for 9-12 vs. K-8 schools)	X ⁴		
Charter schools receive differential funding	X ⁵		
State allows district to withhold funding from charter schools for providing administrative services	X		
State "holds harmless" district funding for charter enrollment		X ⁶	
School is considered LEA if authorized by non-district organization			X ⁷
School is considered LEA if authorized by district			X ⁸
Cap on number of charter schools	X ⁹		
Cap on number of charter schools authorized per year		X	
Cap on number of students attending charter schools	X ¹⁰		
Charter schools have an open enrollment policy			X ¹¹

Facility Funding

The Louisiana Charter School Start-Up Loan Fund provides zero-interest loans to Types I, II and III charter schools, and the loans of up to \$100,000

may be used for facility acquisition, upgrade and repairs as well as startup costs. The program is administered by BESE and is subject to annual appropriation by the State legislature, which released \$680,000 for this program in 2007. Types IV and V charter schools do not qualify for this program, which represents more than half of the charters in New Orleans. Additionally, charters can access tax-exempt financing through the Louisiana Public Facilities Authority.

Primary Revenue Sources for Louisiana's Public Schools

Louisiana's districts received 3.5 percent more funding for public education than the state's charter schools.

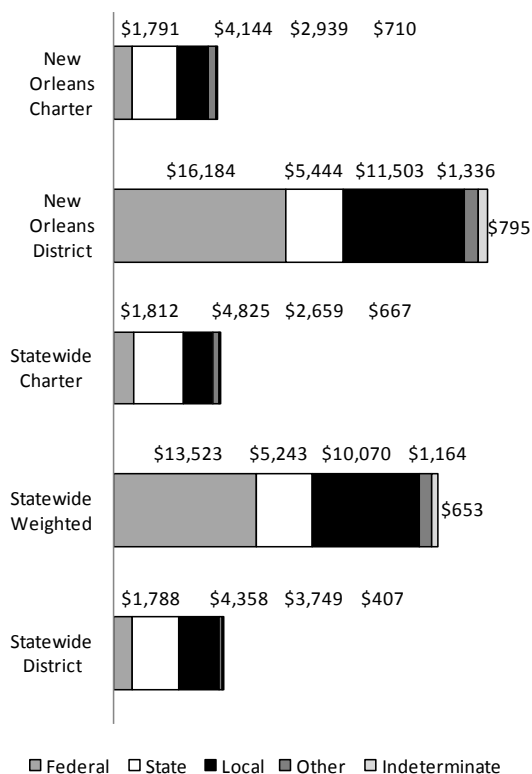
Districts statewide received \$1,788 per pupil in federal revenue, while charters received \$1,812 per pupil. Districts in New Orleans received \$16,184 per pupil, while charter schools recorded \$1,791 per pupil in federal revenue. New Orleans had such high federal PPR's in FY 2006-07 due to large receipts of federal hurricane relief funds. (See Figure 4 for distributions of revenues by source), and, although the amount is unknown, some of these federal funds supported the charter schools.

Districts statewide received less in state revenue than charters statewide, but the New Orleans district received considerably more in state revenue. Districts statewide received \$4,358 per pupil, while charters received \$4,825 per pupil, a variance of 9.7 percent. In New Orleans, districts received \$5,444 per pupil in state revenue, while charters in the city received \$4,144 per pupil, a variance of 23.9 percent. State revenue for this study includes capital provided to districts for servicing debt, a source of revenue charters do not receive.

For local revenue, districts statewide received \$3,749 per pupil, while charters received \$2,659 per pupil, for a variance of 29.0 percent. In New Orleans, the variance is more pronounced: districts received \$11,503 per pupil in local revenue, while charters received \$2,939, a

variance of 74.5 percent. Again, due to the limited timeframe in which districts had to rebuild their school systems and subsequent accounting lapses after Hurricane Katrina, the total of local funds provided to the districts and the schools should be viewed as accurate, but the distribution of local funds between the districts and the charters cannot be viewed as accurate.

Figure 4: Per Pupil Revenue by Source for Louisiana District vs. Charter Schools, FY 2006-07



The only funding category where charters generated more than districts is the non-public revenue category of “other”. Statewide, charters raised \$667 per pupil in other revenue, while districts raised \$407 per pupil for a variance of 39.0 percent. In New Orleans, the advantage is reversed with districts raising more other revenue, \$1,336 per pupil, vs. \$710 raised per pupil for charter schools, a variance of 46.9 percent.

Figure 5 compares charter and district school characteristics. Schools that serve higher percentages of “at-risk” students generally receive

more government revenues per pupil than those that serve fewer at-risk students. Statewide in 2006-07, Louisiana charters enrolled slightly more students eligible for free or reduced lunch (68.5 percent vs. 61.4%) and had a greater percentage of charter schools that were eligible for Title 1 (93.0 percent vs. 80.1%). These charter populations should be cause for increased funding per pupil and therefore do not explain the charter funding disparity. Additionally, variance in grade level enrollments between districts and charters does not explain the reason for the funding discrepancy since Louisiana does not differentiate funding based on grade levels (See Figure 3).

Figure 5: School Characteristics

Louisiana (2006-07)	Statewide District	Statewide Charters
Percentage of students eligible for free or reduced price lunch	61.4%	68.5%
Percentage of schools eligible for Title I	80.1%	93.0%
Percentage of students by school type:		
Primary (K-5)	48.8%	59.4%
Middle (6-8)	19.2%	3.3%
High (9-12)	24.8%	21.0%
Other (K-12, K-8, etc.)	7.2%	16.3%

State Scorecard

We have assigned rating to Louisiana based on the quality of data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 8).

In Figure 8, we judged “Data Availability” on the ease of access to the information needed for this study and others like it. A rating of “Yes” means that all information was available through web sources or that it was provided upon request by state departments of education. A rating of “Partial” means some but not all of the data for the study were available either through web sources or through state departments of

Figure 6: State Scorecard

Findings		LA
Federal Funding	Charters have access to federal funds according to state statutes (Yes = black, No = white)	Y
	Percentage of federal revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	>
State Funding	Charters have access to state funds according to state statutes (Yes = black, No = white)	Y
	Percentage of state revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	>
Local Funding	Charters have access to local funds according to state statutes (Yes = black, No = white)	Y
	Percentage of local revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	>
Facilities Funding	Charters have access to facilities funds according to state statutes (Yes = black, No = white)	N
	Percentage of facilities revenue is <i>greater than</i> (> black), <i>equal to</i> (=; black), or is <i>less than</i> (< white) that of total enrollment for charter schools	<
Data Availability	State provides detailed, public data on federal, state, local, and other revenues for district schools (Yes = black, Partial = grey, No = white)	Y
	State provides detailed, public data on federal, state, local and other revenues for charter schools (Yes = black, Partial = grey, No = white)	P ¹²
Funding Formula	Charters are treated as LEAs for funding purposes (Yes = black, Partial = grey, No = white)	P
	State funds student (black) or the LEA (grey)	S
	State funding formula is fair and equitable (Yes = black, No = white)	Y

education. A rating of “No” means the data were not available either through web sources or through state departments of education.

Separately, we judged “Funding Formula” based on whether or not charters were considered local education agencies (LEAs) for purposes of funding. “Yes” means that charters in the state are always considered LEAs for all forms of funding “Partial” means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are education agencies (LEAs) for purposes of funding. “Yes” means that charters in the state are always considered LEAs for all forms of funding “Partial” means that charters are sometimes considered LEAs for specific streams of funding (such as federal revenue) or that only certain charters are considered to be LEAs. “No” means charter schools in the state are never considered LEAs for funding purposes.

A state received a rating of fair and equitable funding if charters received fair and equitable revenue in all four revenue streams listed. Finally, we graded the state based on whether state funds the individual student needs via weighted funding formulas or through block grants to the LEA.

Similar methods were applied to ratings for federal funding, state funding, local funding, and facilities funding.

Endnotes

¹ Revenue data was provided by the Louisiana Department of Education for all school districts, Type II and Type V charters. Revenue data for Type I, III and IV charters was compiled from audit reports. Charter school analysis does not include revenue data nor enrollments for Jefferson Community School nor the LA High School for Agricultural Sciences as no independent audit for those two schools could be located.

² New Orleans opened schools again for the first time since Hurricane Katrina in fall 2006. Several factors occurred during the planning for

reopening schools that affect the data in this chapter. First, Orleans Parish and the Recovery School District planned for more students and their families to return to the city than occurred in practice. Without a way to determine the need for student services, many planning decisions, particularly for staffing, resulted in an over-capacity of staff for an under-capacity of students. Consequently, ramping-up for more students meant funds were released unnecessarily. Second, the districts needed to prepare their physical plants, most of which had suffered extensive damage from the hurricane. Additional funds were provided to assist districts in preparing school infrastructure to receive students. The federal government released \$206 million to assist schools with infrastructure repairs – \$46 million of these funds went to New Orleans alone. The release of these funds increased the per pupil revenue for FY07. Finally, according to interviews with the Louisiana Department of Education and with the Recovery School District, the frantic pace of preparing schools for the new school year meant that funds used to support the opening of new charter schools were not categorized as such. While the RSD could not provide quantifiable numbers, the district indicated that the district paid for utilities, E-rate for new wiring and networking, debt service on former district buildings now operated as charter schools, transportation, flood/hurricane insurance, grounds maintenance and pest control. Therefore, while this chapter provides reliable information on total revenues provided to districts and charters in New Orleans, an unknown portion of the New Orleans district revenue numbers actually supported the city's charter schools.

³ Type II charters receive their funding directly from the state, while Types I, III, IV and V charters receive their funding from the local school board or the Recovery School District.

⁴ At-Risk, Vocational Education, Special Education, and Gifted/Talented Students plus Small Districts are weighted to provide extra funding.

⁵ *Ibid.*

⁶ The state funding formula includes a Hold Harmless provision, but it is not in reference to the operation of charter schools. Prior to full implementation of the Minimum Foundation Program, some of the state's school districts were over-funded. While the under-funded districts have received funding that aligns with the foundation program, some school districts receive a hold harmless with the continuation of the per pupil level from the previous year.

⁷ State law indicates that Type II and Type V charters are considered LEAs for the purpose of special education funding

⁸ *Ibid.*

⁹ The state limits the number of Type I-IV charter schools to 42. The law is silent on a cap for Type V charter schools.

¹⁰ A charter school shall not enroll more than 120 percent of the total number of students that it is authorized to enroll pursuant to its approved charter. Charter schools are not authorized to exceed a cumulative 20 percent increase in enrollment in each year of its charter.

¹¹ Charter schools are not forced to enroll students within a certain attendance zone. For example, Type I charter schools can accept students from anywhere in the district. Type II charter schools can accept students from anywhere in the state. Residency requirements of students eligible to attend charter schools are defined in each school's approved charter. Types I, II, III and IV charter schools may have admission requirements that are consistent with the schools role, scope and mission. Type V charter schools are open admission schools with no admission requirements.

¹² The state provides the same level of detail for Type II and Type V charters as provided for districts in the state.