

FY2003	FY2007	FY2011
C	F	F
Grade based on % of Weighted Funding Disparity		

Louisiana

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Introduction

This chapter compares district and charter school revenues statewide, and for Baton Rouge and New Orleans, for fiscal year 2011 (FY11).¹ Comparisons are made to previous research for FY03 and FY07, based on the same methodology.

Funding disparities between districts and charter schools for the same geographic area are explored. The per pupil funding values in the analysis are weighted to compare districts and charter schools as though they served the same proportions of urban and suburban students (see Methodology for details). Additional research and insights not included in this chapter appear in the monograph at the beginning of this report. Also included in the monograph is a state-by-state Return on Investment (ROI) analysis, which combines the analysis of revenues with student performance data.

Highlights of the FY11 Analysis

- Louisiana’s 90 charter schools received 8.9 percent less funding than district schools: \$11,134 vs. \$12,220 per pupil, respectively, a difference of \$1,086 per pupil (Figures 1 & 3).
- The 16 charter schools in Baton Rouge received 8.0 percent less funding than district schools: \$12,284 vs. \$13,344 per pupil, a difference of \$1,061 per pupil (Figure 3).
- The 61 New Orleans charter schools received 65.2 percent less funding than district schools: \$10,835 vs. \$31,174 per pupil, a difference of \$20,339 per pupil (Figure 3).²
- Charter schools in Louisiana educate 5.4 percent of the state’s public school students but receive 5.0 percent of total revenue (Figures 2 & 3).
- Magnitude of Disparity: If Louisiana school districts received the same level of per pupil funding as charter schools, districts would have received \$684,983,745 less in funding (Figure 3).

Probable Causes of the Disparities

- Louisiana charter schools do not receive the portion of Local funding related to capital and debt service.

Where the Money Comes From

Louisiana funds public education through a mix of locally and state-generated funds, depending on the wealth of the district receiving funding. The state determines local share to the Minimum Foundation Program (described below) by setting a universal tax rate districts should set for tax collection. The state adjusts its funding based on each district’s ability to meet this standard tax rate. In 2011, the local obligation for public education across all districts in the state ranged from 16 to 68 percent.³

How Louisiana Funds Its Districts⁴

Louisiana provides funding to school districts through a three-tiered Minimum Foundation Program system. Level I funding provided a base amount of \$3,855 per pupil in FY11 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 (1.22), which the state defines as low-income, gifted and talented students (1.6), vocational students (1.06), and special education students (2.5).

Level 2 of the Minimum Foundation Program rewards communities that meet or exceed their funding target by providing additional state funding. Level 3 of the formula provides funding for employee pay raises, a hold harmless provision, as well as funding for districts that hire foreign language associates.

Figure 1

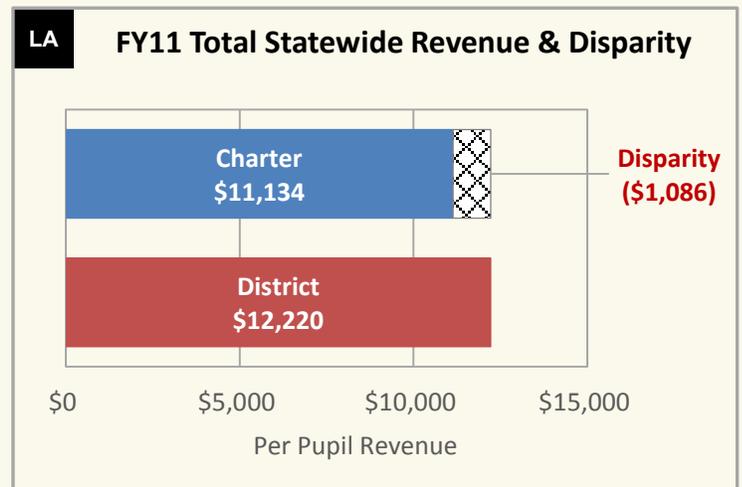


Figure 2

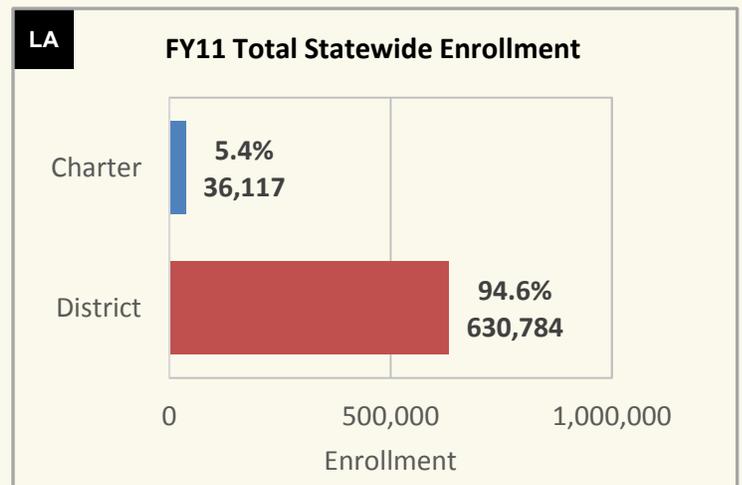


Figure 3

LA Summary Data Table								
FY2010-11	Statewide		Statewide Weighted by Charter Enrollment		New Orleans		Baton Rouge	
Per Pupil Revenue								
District	\$12,220		\$26,735		\$31,174		\$13,344	
Charter	\$11,134		\$11,134		\$10,835		\$12,284	
Difference	(\$1,086)		(\$15,600)		(\$20,339)		(\$1,061)	
% of District	(8.9%)		(58.4%)		(65.2%)		(8.0%)	
Per Pupil Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter
Federal	\$2,202	\$2,375	\$11,297	\$2,375	\$14,168	\$2,392	\$2,229	\$2,655
State	\$5,114	\$4,807	\$5,550	\$4,807	\$5,790	\$4,074	\$4,340	\$5,347
Local	\$4,667	\$3,432	\$9,362	\$3,432	\$10,609	\$3,850	\$6,465	\$3,411
Other	\$198	\$431	\$437	\$431	\$515	\$404	\$178	\$871
Public-Indeter.	\$37	\$88	\$88	\$88	\$91	\$115	\$133	\$0
Indeterminate	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$12,220	\$11,134	\$26,735	\$11,134	\$31,174	\$10,835	\$13,344	\$12,284
Enrollment								
District	630,784 94.6%		Focus Area Districts Educate 9.7% of All District Students		11,307 29.1%		49,920 92.6%	
Charter	36,117 5.4%		Focus Area Charters Educate 87.4% of All Charter Students		27,534 70.9%		4,015 7.4%	
Total Enrollment	666,901		N/A		38,841		53,935	
Charter Schools*	90		N/A		61		16	
Revenue								
District	\$7,708,252,297 95.0%		N/A N/A		\$352,484,271 54.2%		\$666,157,276 93.1%	
Charter	\$402,133,520 5.0%		N/A N/A		\$298,334,115 45.8%		\$49,318,441 6.9%	
Total Revenue	\$8,110,385,817		N/A		\$650,818,386		\$715,475,717	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter	District	Charter
Federal	18.0%	21.3%	42.3%	21.3%	45.4%	22.1%	16.7%	21.6%
State	41.8%	43.2%	20.8%	43.2%	18.6%	37.6%	32.5%	43.5%
Local	38.2%	30.8%	35.0%	30.8%	34.0%	35.5%	48.4%	27.8%
Other	1.6%	3.9%	1.6%	3.9%	1.7%	3.7%	1.3%	7.1%
Public-Indeter.	0.3%	0.8%	0.3%	0.8%	0.3%	1.1%	1.0%	0.0%
Indeterminate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Magnitude of Disparity = Total funding Difference x District enrollment (see above)								
	\$ (684,983,745)				\$ (229,971,602)		\$ (52,962,612)	

Note: The 90 charter schools in in Figure 3 are the number of charter schools that can be separately identified for purposes of revenue and enrollment analysis, and were analyzed. For FY11, the state provided financial and enrollment data for all charter schools in the state; therefore, they all are represented in this report.

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. State law changed in 2011 to fund charter schools based on the same per pupil allocation based on local revenue from the same fiscal year. The distribution of funds varies depending on the type of charter, however. 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.

Funding for Public School Facilities

The Minimum Foundation Program does not include any calculations for capital or debt service for school districts or charter schools. Charter schools also do not have the taxing authority school districts have for raising capital or retiring debt. The state requires districts in which Type V charters are located to provide school space and to maintain the property. In New Orleans, this rule applies only when a charter occupies a building previously used by an Orleans Parish School Board school. Type V charters represent 62 percent of all charter schools in this state study. Louisiana law requires local school boards to make available to non-Type V chartering groups any vacant school facilities or any facility slated to be vacant for lease or purchase at fair market value.

Louisiana law provides the Louisiana Charter School Start-Up Fund, which provides zero-interest loans for both new and existing charter schools of up to \$100,000 with terms of up to three years. It allows the loans to be used for facility acquisition, upgrades and repairs. While some funds for this program were available in the FY11 school year, it is not currently funded. Finally, Louisiana law provides that charter schools are eligible to access tax-exempt financing through the Louisiana Public Facilities Authority.

Long-Term Funding Patterns

For Louisiana, we now have three point-in-time snapshots of public education funding for FY03, FY07, and FY11.⁵ Please note that in the presentation and discussion of longitudinal data that follow, the figures used are inflation-adjusted to FY07 dollars and differ from figures presented in Figure 3, which includes actual and weighted per pupil revenues representing FY11 only. The inflation-adjusted per pupil revenues in Figures 6–8 are for comparative purposes only. Refer to the Methodology section for more on inflation adjustments. Baton Rouge has been added to this study for the first time, and therefore no longitudinal data can be presented for that city.

Figure 4

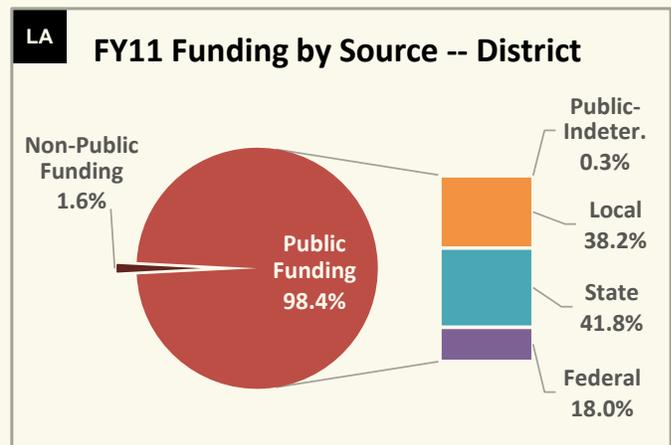


Figure 5

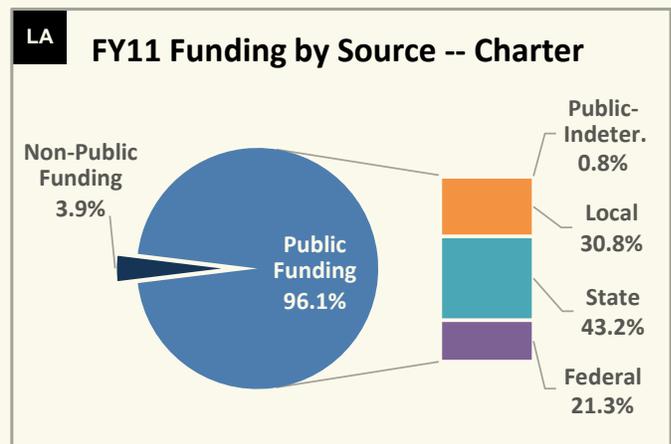
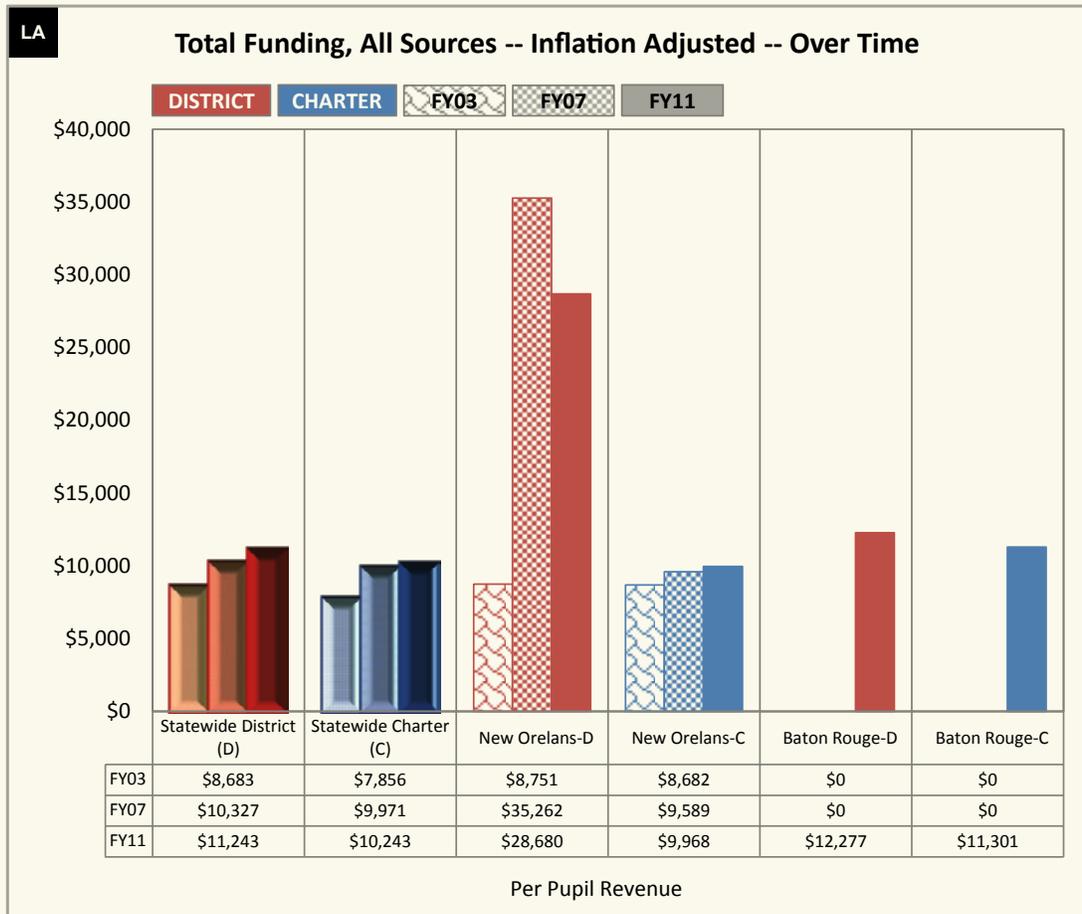


Figure 6



Total Funding

Public education funding in Louisiana grew in each year studied in spite of the downturn in the economy, for both districts and charter schools. When all revenue sources are combined, funding for Louisiana’s districts rose by 29.5 percent between FY03 and FY11, increasing from \$8,683 to \$11,242 per pupil. Funding continued to climb for Louisiana’s districts during the downturn in the economy, rising 8.9 percent, from \$10,327 per pupil to \$11,242 per pupil in FY11. Statewide, funding for Louisiana’s charter schools also grew, rising 30.4 percent between FY03 (\$7,856) and FY11 (\$10,243). For charter schools, per pupil funding did not grow at the same pace as the state’s districts during the economic crisis, rising only 2.7 percent between FY07 (\$9,971) and FY11 (\$10,243).

Baton Rouge’s districts received \$12,277, which is more per pupil funding in FY11 than the state average of \$11,060. The city’s charter schools also received more funding than the state’s average for charter schools, \$11,301 per pupil, which trailed the funding of the districts.⁶

Districts in New Orleans recorded a 227.7 percent increase in funding from FY03 to FY11, rising from \$8,751 to \$28,680 per pupil. The city’s charters, however, recorded a funding increase from all sources of 14.8 percent during the same period, from \$8,682 in FY03 to \$9,968 per pupil in FY11. Poor accounting practices that have lingered after Hurricane Katrina make it impossible to determine how much of district funding supports charter schools in New Orleans, so the numbers for the New Orleans districts and charters should not be considered accurate. During the economic downturn, New Orleans district funding declined 18.7 percent, from \$35,262 in FY07 to \$28,680 per pupil in FY11. Funding for the city’s charters rose by 4.0 percent, from \$9,589 in FY07 to \$9,968 in FY11.

Total Funding Less Other

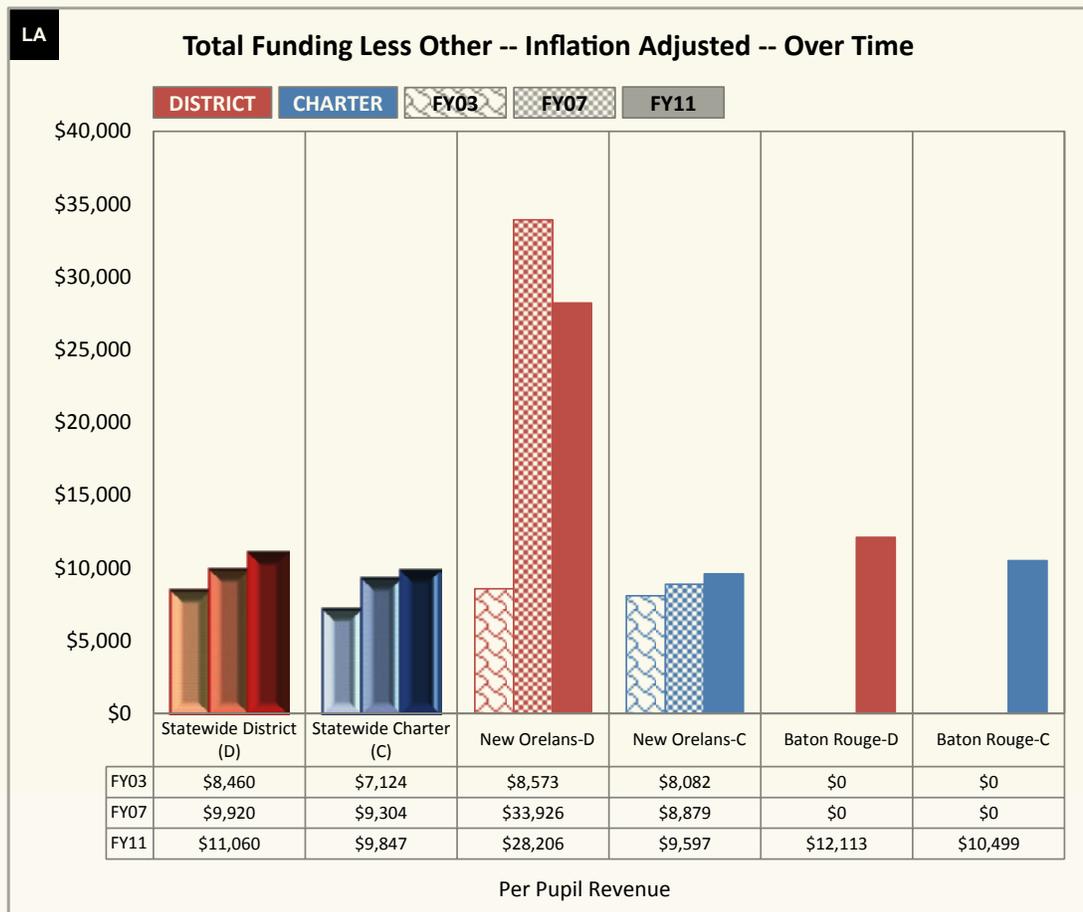
Our study includes total funding whether the funds originate from public or private sources. The “Other” category is comprised primarily of philanthropic dollars, which can play a significant role in the financing of charter schools. Therefore, we have removed Other dollars from this level of analysis to determine if funding from public sources is distributed equitably to districts and to charter schools. Public includes Local, State, Federal, Indeterminate-Public, and where we cannot determine the source, Indeterminate.

Public education funding from Local, State and Federal sources for Louisiana’s school districts rose by \$2,600 per pupil between FY03 and FY11, or 30.7 percent. Public funding for districts statewide increased at a slower pace during the economic downturn, rising from \$9,920 in FY07 to \$11,060 per pupil in FY11, an increase of 11.5 percent. Statewide charter schools also saw an increase in public funding, of \$2,724 per pupil, an increase of 38.2 percent, between FY03 and FY11. Charter schools also received more public funding during the recession but at a slower pace than the state’s districts, with revenue rising \$542 per pupil between FY07 and FY11, or 5.8 percent.

Baton Rouge’s districts received more public funding in FY11 than the state average for districts, recording \$12,113 per pupil compared to the state average of \$11,060 per pupil. The city’s charters received less public funds than the district, \$10,499 per pupil, or 13.3 percent less than the district. Baton Rouge’s charters received more than the statewide average for charters, by \$653 per pupil, however.

New Orleans districts recorded explosive growth in public funding between FY03 and FY11 as a result of Hurricane Katrina, rising 229.0 percent, from \$8,574 in FY03 to \$28,206 in FY11. Public funding during the downturn in the economy declined by 16.9 percent, falling from \$33,926 per pupil to \$28,206 per pupil. Charters in New Orleans

Figure 7



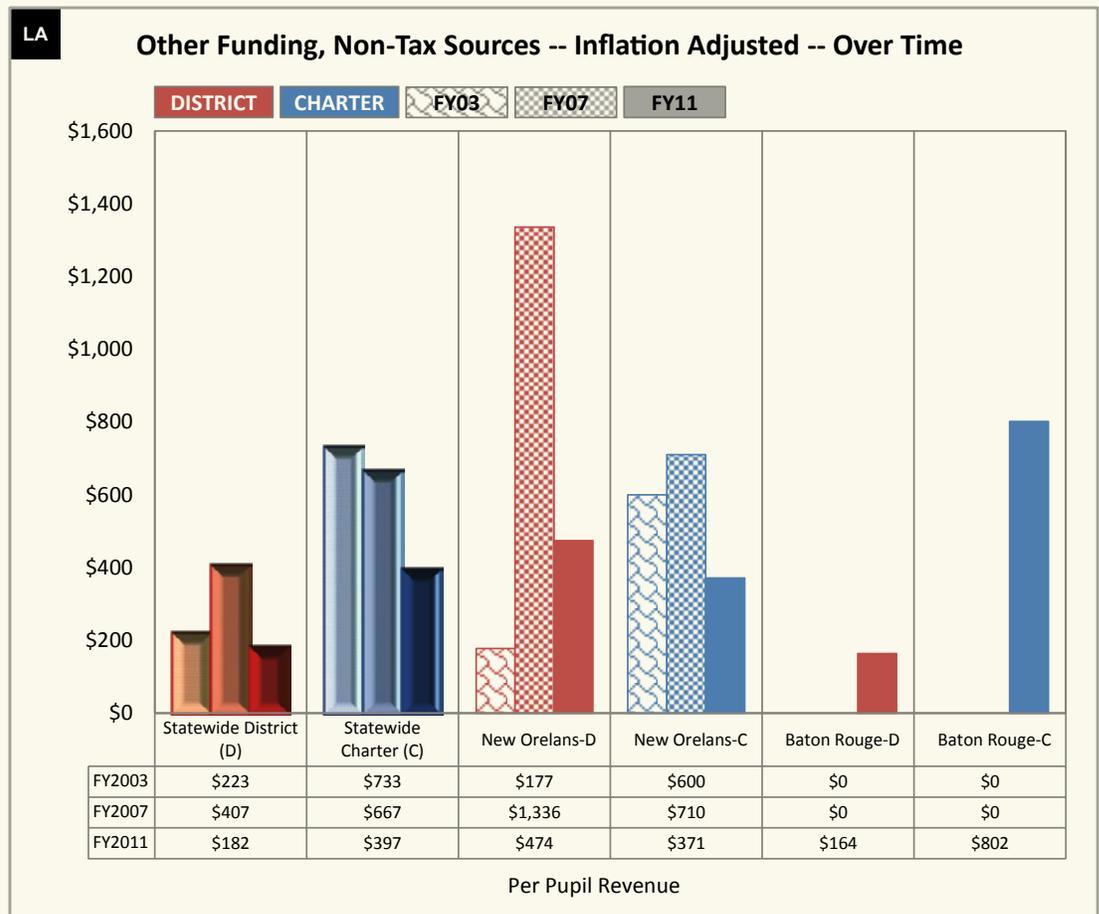
recorded an 18.7 percent increase in funding between FY03 and FY11, rising from \$8,082 per pupil to \$9,597 per pupil. During the recession, public funding for the charters grew by 8.1 percent, or \$718 per pupil.

Other Funding

Other revenue encompasses all forms of revenue not originating from public revenue sources, such as returns on investments, charges for facility rentals, and philanthropy. Of all the sources included in other revenue, philanthropy has often served an important role in charter school financing to narrow the equity gap, and it is the largest source of funding in this category. As seen in Figure 8, revenue from other sources declined since FY03 for charters statewide and in the focus areas, while the New Orleans districts recorded the only increase in Other revenue since FY03.

Statewide, district revenue from Other sources has fallen 18.2 percent between FY03 and FY11, or \$41 per pupil. That decline occurred as a result of the more significant decline in Other funding during the economic downturn, when district Other revenue fell from \$407 per pupil in FY07 to \$182 in FY11, a decline of 55.3 percent. For the state’s charters, Other revenue fell 45.9 percent between FY03 and FY11 with the most serious decline occurring during the downturn in the economy. In FY07, charters statewide recorded \$667 in Other revenue but only \$397 in FY11, a decline of 40.5 percent.

Figure 8



Other revenues for district schools in Baton Rouge recorded \$164 per pupil in FY11, less than the statewide average for districts. Charter schools in that city, however, received \$802 per pupil in Other revenue, far exceeding the average for charters statewide.

Other revenues for both districts and charters in New Orleans declined between FY07 and FY11. Districts in New Orleans recorded an overall increase in Other dollars between FY03 and FY11, \$297 per pupil, or 167.2 percent. During the economic downturn, however, Other funding for New Orleans district schools fell 64.5 percent, falling from \$1,336 per pupil in FY07 to \$474 per pupil in FY11. The charter schools in New Orleans recorded an overall

decline in Other revenues between FY03 and FY11 as Other revenue has declined each year since FY03. During the period, Other revenue declined by \$229 per pupil, or 38.1 percent. During the recession, Other revenue fell dramatically from \$710 per pupil to \$371 per pupil in FY11, a decline of 47.7 percent.

Changes in Funding Results

Figure 9 shows the percentage increase/decrease in funding between FY03 and FY11 by each type of revenue stream. Because of the complications and changes in data availability and reporting quality for many states in this study for charter schools, the data reported in this figure may be somewhat misleading. The large percentile increases in Federal funding represent the attempt by the federal government to compensate for the decline in local and state funding during the downturn in the economy. Louisiana’s charters recorded a 110.0 percent increase in federal funding between FY03 and FY11, while districts in the state recorded a 77.2 percent increase. Louisiana school districts recorded a 22.0 percent increase in state funding from FY03 to FY11, while charter schools received 11.3 percent more in funding. Districts and charter schools recorded gains in local funding as well, 39.4 percent for districts, and 28.4 percent for charters.

Finally, Figure 10 shows changes to the variance in funding between Louisiana’s districts and charter schools for FY03, FY07 and FY11. The variance represents the difference in funding between a district and the charters located within the boundaries of the district. When the percentage nears or is at zero, the district and the charters are being funded equitably. Statewide, the variance has narrowed slightly between districts and charters from 9.5 percent in FY03 to 8.9 percent in FY11. The disparity in New Orleans broadened the most, from 0.8 percent in FY03 to 65.2 percent in FY11. As stated previously, however, the poor quality of district accounting related to support provided to New Orleans charter schools results in an inflated disparity number.

Figure 9

LA Per Pupil Revenue -- Inflation Adjusted -- Over Time						
Percentage Increase / Decrease (black shading)						
From/To:	FY2003 / FY2011	Federal	State	Local	Other	Total
Statewide District (D)		77.2%	11.3%	39.4%	-18.0%	29.5%
Statewide Charter (C)		110.0%	22.0%	28.4%	-45.9%	30.4%
New Orelans-D		763.4%	33.7%	217.0%	167.1%	227.7%
New Orelans-C		63.9%	-8.0%	32.9%	-38.1%	14.8%
Baton Rouge-D		N/A	N/A	N/A	N/A	N/A
Baton Rouge-C		N/A	N/A	N/A	N/A	N/A

Figure 10

LA Disparity as Percent of District -- Over Time			
Negative Disparities Mean Districts Receive More (red text)			
Focus Area	FY2003	FY2007	FY2011
Statewide	-9.5%	-3.5%	-8.9%
New Orelans	-0.8%	-72.8%	-65.2%
Baton Rouge	0.0%	0.0%	-8.0%

Figure 11: Select Enrollment Characteristics⁷

Figure 11 below shows data for both charter and district student enrollments that often result in additional revenue. We include these data, if available, to look at possible differences in the types of students served to discern if high-need student populations may be resulting in higher levels of funding for either charters or district schools.

At the statewide level, more Louisiana district schools were Title I eligible than Louisiana charter schools, 86.8 percent versus 72.2 percent, respectively. However, the differences in the number of free or reduced-price lunch students also indicates a higher percentage of those students attending charter schools, 80.1 percent to 65.4 percent, respectively.

Figure 11

LA Select Enrollment Characteristics									
Student Group >>>	Percentage of Total Enrollment								
	Free & Reduced Lunch			Title I			Special Education		
	Year >>>	FY03	FY07	FY11	FY03	FY07	FY11	FY03	FY07
Statewide District	N/A	61.4%	65.4%	N/A	80.1%	86.8%	N/A	N/A	N/A
Statewide Charter	N/A	68.5%	80.1%	N/A	93.0%	72.2%	N/A	N/A	N/A

State Practice Scorecard

We have assigned ratings to each state based on the quality of the data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 12).

Figure 12

LA Funding Practices Summary									
PURPOSE	GRADE			FUNDING				REF	
	FY2003	FY2007	FY2011	Federal Source	State Source	Local Source	Facilities Source		
<i>This table summarizes answers to key funding mechanism questions in context with a grade based on actual funding results.</i>	C	F	F						
	Grade based on % of Weighted Funding Disparity								
ACCESS TO FUNDING SOURCES									
Do charter schools have access to this funding source according to state statutes?	Y	Y	Y	N					
In practice, do charter schools have at least as much access to this funding source as districts have?	Y	N	N	N					
Do charter school students receive at least 95% as much per pupil in revenue for this source as district students?	Y	N	N	N					
DATA AVAILABILITY									
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for district schools?							Y		
Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for charter schools?							Y		
FUNDING FORMULA									
Are charter schools treated as LEAs for funding purposes?							Y	1	
Does the state provide funding for charter schools and districts based primarily on student enrollment?							Y		

1 The super majority of charter schools in Louisiana have LEA status. The 24 percent of charters authorized by a school district, or a school district combined with the state board of education, however, do not. These charters commonly are referred to as Type I, III and IV charters.

Endnotes

- 1 The Louisiana Department of Education provided the 2010-11 district and charter revenue data used for this study.
- 2 After Hurricane Katrina, public schools in New Orleans did not open until the 2006–07 school year. At that point, the funding streams for the district and the charter schools were highly unusual and not representative of the ongoing funding disparity in the state, particularly due to the funds needed to restore normal school operations. The unusual funding patterns continue to this day, however, mainly due to insufficient record keeping on the part of Orleans Parish Public Schools. We do know that the district provides some services for the charter schools, such as maintenance of school buildings and debt service payments for district property being used by a charter school. However, the district has not adjusted its accounting procedures to record that charter school support. Therefore, the financial data reported to the state cannot be relied upon to provide an accurate portrayal of any funding disparity that may exist between the New Orleans districts and the charter schools located in Orleans Parish. Likewise, the statewide weighted per charter enrollment analysis is not a fair indicator of revenue if districts statewide were to educate these charter school students.
- 3 “Louisiana’s Minimum Foundation Program Formula: Analyzing the Results,” the Scott S. Cowen Institute for Public Education Initiatives at Tulane University, December 2011, 16pp.
- 4 Education Commission of the States. <http://schoolfinancesdav.files.wordpress.com/2013/08/50-state-survey-vol-iirevfinalbu.pdf>, and, “Changes in Indiana School Funding,” Michael, Robert S. et. al, Center for Evaluation & Education Policy, Volume 7, No. 2, Summer 2009.
- 5 Data for FY03 compiled by the authors for the Thomas B. Fordham Institute report, Charter School Funding: Inequity’s Next Frontier, 2005. Data for FY07 compiled by the authors for the Ball State University Report, Charter School Funding: Inequity Persists, 2010.
- 6 Baton Rouge has been included due to the growth of its charter school market. We do not have data for this focus area for FY03 or for FY07.
- 7 National Center for Educational Statistics (NCES). Common Core of Data, Table Generator, FY11: <http://nces.ed.gov/ccd/elsi/>. NCES had no Title I data entered for 21 charter schools or 23.0% of all charter schools. Likewise, the file had no Title I or F&RPL data entered for 10 district schools or 5.0% of all district schools statewide. These schools were omitted from the tally.