

REPORT TO THE SENATE AND HOUSE COMMITTEES ON
EDUCATION OF THE LOUISIANA LEGISLATURE



PREPARED BY THE LEGISLATIVE FISCAL OFFICE

PURSUANT TO SENATE CONCURRENT RESOLUTION NO. 137 OF
THE 2012 REGULAR LEGISLATIVE SESSION

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Requirements of the Resolution

Senate Concurrent Resolution No. 137 of the 2012 Regular Legislative Session urges and requests the Legislative Fiscal Office to study the means and methods used to provide state dollars and other funding for the operation of laboratory schools in LA, including but not limited to issues concerning equity and fairness in funding methods and amounts, and to report study findings and recommendations in writing to the Senate and House Committees on Education.

Overview

University lab schools are located on college and university campuses as a means of providing prospective teachers with on-site experiences. Students of the colleges and universities can observe classroom behavior as part of their coursework while on campus. The Colleges of Education conduct research on the latest educational strategies. The teachers employed at the lab schools participate in a significant number of the professional development offerings through the colleges and universities. Therefore, teachers in the lab schools may be involved with some of the most recent research regarding best teaching practices. Typically, lab schools require higher credentials for prospective teachers, for example, a Masters degree with a few years of experience. While the lab schools were created for the same reasons, the means of funding the schools vary.

Lab Schools

There are 9 lab schools operated throughout Louisiana. Listed below are the schools, the school district in which they are located, and the university that they are associated with:

School District	School	University
East Baton Rouge	University Lab School	LSU
East Baton Rouge	Southern University Lab School	SU
Lincoln	Alma J. Brown Elementary School	GSU
Lincoln	Grambling Middle Magnet School	GSU
Lincoln	Grambling High School	GSU
Lincoln	A. E. Phillips Laboratory School	La. Tech
Natchitoches	NSU Elementary Lab School	NSU
Natchitoches	NSU Middle Lab School	NSU
Tangipahoa	Southeastern LA University Lab School	SLU

University Funding

The Southern Regional Education Board (SREB) has designed institutional categories for colleges and universities that are based upon the number and types of degrees the institution awards, and there is an SREB average funding per category. The universities that operate a lab school fall in one of the five categories as follows: 1) Category 1 – LSU; 2) Category 3 – LA Tech

and SU; 3) Category 4 – Grambling, Northwestern and Southeastern. The Board of Regents adopted a funding formula as a means to provide certain funding to universities and colleges. The formula attempts to provide funding to the universities to bring each closer to the SREB average for each institutional category. As a general rule, category 1 universities are provided more funding per FTE. A university that is provided more funding per FTE based on their institutional category may have access to supplementary funding that an institution of a lower category may not have access to. The funding formula is not the sole method used to provide funding to universities. Funding is also provided to the universities at the discretion of Board of Regents outside of the funding formula.

Per Pupil Funding from MFP and Local Revenues

All university lab schools charge tuition to attend the school, varying from \$500 per year to \$4,300 per year. Thus, the revenue generated from tuition varies greatly between schools. Schools often offer a sliding scale for tuition if more than one sibling attends as well as financial aid for some qualifying families. The tuition is used to fund operations and maintenance of the lab schools.

According to SCR 99 of the 2012 Regular Legislative Session, the State Board of Elementary & Secondary Education is required to allocate from the Minimum Foundation Program (MFP) to LA State University (LSU) and Southern University (SU) an amount per student equal to the amount allocated per student for the average state share of the MFP. For the 2012-2013 school year, both LSU and SU are receiving \$4,326 (state average) per student based upon the 2/1/2012 membership plus an additional amount per pupil to provide for the continuation of prior year teacher pay raises. While the aforementioned universities receive the per pupil state average amount from the MFP, the universities do not receive any local funds generated by the East Baton Rouge Parish School Board. These two schools are thought of as a separate school district in terms of receiving MFP funding. These schools do not receive any reimbursements for any expenses from the local school board.

Alma J. Brown, Grambling State University Middle Magnet School, Grambling State University High School, A.E. Phillips Lab, Northwestern State University Elementary Lab, Northwestern State University Middle Lab and Southeastern University Lab do not receive a direct MFP allocation to their respective university. The local school board receives all MFP funding generated by these students for these schools. The school district in which the lab school is located counts the students enrolled at the lab school in their total student population for purposes of MFP funding. A varying state and local per pupil funding amount is calculated by the MFP formula for each school district. The school district receives an allocation from the state through the MFP for each of the students enrolled in the lab school. The district also generates revenues through local property and sales taxes. The local school board uses a combination of the state MFP funds and the locally generated revenues as sources to fund or reimburse the lab schools for operating expenses.

Chart A, located in the appendix, provides an estimated operating budget for each lab school. The information in this table is self-reported by the individual school boards and/or universities. There is an operating budget listed for each lab school, which may not include certain costs; for example shared costs/services such as transportation and school food. The operating budget is broken out into the following four categories: university funding, school board funding, direct MFP funding, and tuition and other fees. University funding indicates

any monies provided for the lab school from the university's budget. School board funding indicates the funding that the school board provides for reimbursement to the university, direct payment of operations, or additional MFP funding for purposes of equity within the district. These funds are a combination of resources such as state MFP dollars and local revenues generated by the district. Direct MFP funding to the lab school indicates the MFP funding generated by the students at the LSU and SU Lab Schools that is allocated directly to the university through the MFP Budget Letter. Tuition and other fees indicate the funding generated by the tuition charges and any corresponding fees.

Methods of Funding Operations/Operations

The state does not adopt rules or policies specific to the university lab schools as to how they are to be operated. They are to follow the laws of a regular public school, however, the financing of operations is decided between the school board and the university. Each school has a differing agreement between the university and the local school board as to whom will provide funding for certain items. Typically, the Dean of the College of Education is thought of as the superintendent for the school. Both LSU and SU run their lab schools with no input from the school board, nor any financing. The other universities run most of the lab schools with minimal input from the school board for day-to-day operations. However, in the case of the Northwestern lab schools, the principal of these schools primarily reports to the school board rather than the Dean of the College of Education.

The local school districts do not necessarily forward the total amount of revenues generated per student to district schools or lab schools. A school district will reimburse a school for a set number of staff determined by student enrollment of the school; each school district will have a different number established by the school board. A university may choose to employ additional staff with funding generated either by tuition or from the university's budget. The same is for textbooks, supplies, instructional equipment, etc. The school board allows for a certain expenditure amount and the university may use their operating budget to fund additional purchases over this amount. Some schools have an agreement for the school board to provide an equitable share of MFP funding for the lab schools to be consistent with the support given to all other schools in the district, as is the case with the Lincoln Parish School Board and their lab schools. Certain teachers at the lab schools may be a supervising teacher. These teachers work closely with student teachers at the school and with university students working on clinical observations for coursework. The supervising teachers receive a stipend for such work. Depending on the informal agreement between the partners, the stipends are either paid for by the school board or the university.

Capital Outlay

The process for obtaining funding for capital outlay is essentially the same for each lab school. The university lab school building is a state owned building, as it is a university building. To obtain capital outlay funding for the lab school building the school must set priorities, which are then submitted to the respective university and prioritized along with other university projects. The university in turn must send their prioritized list to the university board. The university board will set priorities for projects for all of their universities and then that list is sent to the Board of Regents. From that point the Division of Administration's Office of Facility & Planning Control will analyze projects that may be placed in the Capital Outlay Bill.

Tuition and fees help to cover operating costs of the school and to handle maintenance of the building. However, there may be needs of the school that are greater than what the tuition may support. The school may obtain funding from the university's operating budget to make necessary repairs. Additional operating budget funding may differ by university depending on available funding from each university's operating budget. Each university is funded differently and has contrasting needs. While the process of obtaining funding to maintain lab schools is the same, it is different than a regular public school. The school district maintains their buildings, as they are not state buildings. To maintain their buildings the school district has the opportunity to pass local taxes. *Note:* Some school districts have an agreement to provide additional funding to the lab schools to assist with maintenance and operational expenses; however, the agreements do not provide a specific level of support.

The Office of Facility & Planning Control has assessment data on most of the buildings at the universities. A third party conducted the assessments, and calculated a Facility Condition Index (FCI) for the buildings that it assessed. The index is derived from comparing the cost to repair the building against the replacement costs. Chart B in the appendix provides information on most of the buildings associated with each lab school. Shown in the chart is the year the building was constructed, the number of floors, size of the building, the Facility Condition Index (FCI), and the replacement value. The FCI allows for a comparison of the repair needs of each building. The higher the FCI, the greater the need is of repairs or replacement. *Note:* Where there is a N/A noted in the chart, the Office of Facility & Planning Control did not have the data.

Alternative Options

Should consideration be given to change the method in which the lab schools are funded, a few options are provided. The following alternative options attempt to achieve a greater equality in the funding methods for the lab schools by either providing an equal amount from the state to each school through the MFP, or by providing an amount equal to what the school would receive from the state for their respective school district through the MFP. Due to the fact that the lab schools are part of a university, the total available funding for each lab school will not be equal. The following alternative options are for illustrative purposes, and do not exhaust all potential options for changes in funding the lab schools. Each of the following options would change the amount each lab school receives from the MFP formula and the local school district.

Option 1

Each lab school will report their students separately outside of the total school board enrollment and will be provided the state average per pupil amount generated by the MFP. There will be an additional cost to the state of approximately \$3.7 M.

Set every school up as an individual school district for purposes of MFP funding as LSU and SU lab schools are currently handled. Each university will receive direct MFP funding based on the state average per pupil amount allocated specifically for the lab school. Each school would no longer receive any financial support from the school district in which they are located. This method will allow for equal state funding from the MFP, however, does not take into consideration the funding available from tuition or the university's budget. With this option the lab schools may be required to work out an agreement with their respective school board to

offer transportation. The SU and LSU lab schools do not offer transportation. The table below shows the amount that each lab school would receive from the state through the MFP.

University	Lab School Name	Proposed MFP Allocation from the State (Option 1)
GSU	Alma J. Brown Elementary	\$629,238
	Grambling Middle Magnet School	\$332,237
	Grambling High School	\$719,848
LSU	University Lab School	\$6,707,986
LTU	A.E. Phillips Lab School	\$1,701,458
NSU	NSU Middle Lab School	\$1,469,899
	NSU Elementary Lab School	\$921,204
SLU	SLU Lab School	\$1,127,594
SU	Southern University Lab School	\$1,335,442

Using calculations based on the 2012-2013 MFP, each university would receive \$4,330 per pupil (the MFP state average) plus an additional amount per pupil to provide for the continuation of prior year teacher pay raises. To provide MFP funding in this manner, the formula will slightly change and will result in an increase in cost to the state. In the current MFP formula, LSU and SU students are not counted in the East Baton Rouge Parish enrollment figures for purposes of calculating the MFP. LSU and SU students are counted in a separate table, which generates a cost to the state of approximately \$8 M. The remaining lab schools would be treated the same in this scenario. The cost to provide the MFP state average to each lab school student is \$14.9 M, or an increase of \$6.9 M.

The students enrolled at these lab schools would not be counted in the enrollment figures of the district in which the school resides. In doing this, Lincoln Parish, Natchitoches Parish and Tangipahoa Parish would lose students in the MFP calculations, and lose an associated state MFP dollar amount. East Baton Rouge Parish would slightly increase. The total decrease for the three districts is \$5.8 M; the change for each district is noted in the table below.

District	Current FY 12-13 MFP State Share	Proposed FY 12-13 MFP State Share	Difference
East Baton Rouge Parish	\$183,217,780	\$183,474,225	\$256,445
Lincoln	\$30,900,414	\$27,804,492	(\$3,095,922)
Natchitoches	\$34,692,853	\$32,812,575	(\$1,880,278)
Tangipahoa	\$104,110,634	\$103,227,375	(\$883,259)

Although there is a loss in state MFP funding to three districts noted above, the total cost to provide state funding to the remaining 66 school districts would increase by \$2.6 M. The increase is caused by changes in the relative wealth of each school district. Lincoln,

Natchitoches, and Tangipahoa Parishes all lost students, but kept the same amount of local revenue. Thus, the per pupil share of local revenue increases. According to the MFP formula, this effect caused these districts to appear wealthier and in turn lose state dollars in Level II. Aside from Lincoln, Natchitoches, and Tangipahoa Parishes the cost to provide state funding to the remaining school districts will increase by \$2.6 M. In turn the total cost of the MFP will increase by \$3.7 M ($\$6.9 \text{ M} + \$2.6 \text{ M} - \$5.8 \text{ M} = \3.7 M).

Option 2

Each lab school will report their students separately outside of the total school board enrollment and will be provided the state per pupil amount generated by the MFP for the district in which the school is located. There will be an additional cost to the state of \$2.2 M.

The second option is set up somewhat similar to the first option. Set every school up as an individual school district for purposes of MFP funding as LSU and SU Lab Schools are currently handled. Each university will receive direct MFP funding based on a per pupil amount allocated specifically for the lab school. The state MFP per pupil amount provided for each student in the district in which the school is located would be provided to the university. For example, the state per pupil amount calculated for East Baton Rouge Parish is \$3,392; prior to the additional per pupil amount provided for the continuation of teacher pay raises. This amount would be provided on a per pupil basis for LSU and SU lab school students. Each school would no longer receive any financial support from the school district in which they are located. Like the first scenario, this proposal does not take into consideration the funding available from tuition or the university’s budget. With this option the lab schools may be required to work out an agreement with their respective school board to offer transportation. The SU and LSU lab schools do not offer transportation. The table below shows the amount that each Lab School would receive from the state through the MFP.

University	Lab School Name	MFP Per Pupil Amount	Proposed MFP Allocation from the State (Option 2)
GSU	Alma J. Brown Elementary	\$4,729	\$591,104
	Grambling Middle Magnet School	\$4,729	\$312,103
	Grambling High School	\$4,729	\$719,848
LSU	University Lab School	\$3,998	\$5,433,244
LTU	A.E. Phillips Lab School	\$4,729	\$1,598,345
NSU	NSU Middle Lab School	\$5,438	\$1,587,884
	NSU Elementary Lab School	\$5,438	\$995,147
SLU	SLU Lab School	\$5,484	\$1,228,358
SU	Southern University Lab School	\$4,092	\$1,085,934

To provide MFP funding in this manner, the formula will slightly change and will result in an increased cost to the state. In the current MFP formula, LSU and SU students are not counted in the East Baton Rouge Parish enrollment figures for purposes of calculating the MFP. LSU and

SU students are counted in a separate table, which generates a cost to the state of approximately \$8 M. The remaining lab schools would be treated the same in this scenario. The total cost for each lab school student is \$13.5 M, or an increase of \$5.4 M.

The students enrolled at these lab schools would not be counted in the enrollment figures of the district in which the school resides. In doing this, Lincoln Parish, Natchitoches Parish and Tangipahoa Parish would lose students in the MFP calculations, and lose an associated state MFP dollar amount. East Baton Rouge Parish would slightly increase. The total decrease for the 3 districts is \$5.8 M; the change for each district is noted in the table below.

District	Current FY 12-13 MFP State Share	Proposed FY 12-13 MFP State Share	Difference
East Baton Rouge Parish	\$183,217,780	\$183,474,225	\$256,445
Lincoln	\$30,900,414	\$27,804,492	(\$3,095,922)
Natchitoches	\$34,692,853	\$32,812,575	(\$1,880,278)
Tangipahoa	\$104,110,634	\$103,227,375	(\$883,259)

Even though the amount being provided to each lab school in this alternative differs from the first alternative, there is the same financial impact to each district as in the first alternative because the same number of students is being reduced from each school district as were before.

Although there is a loss in state MFP funding to three districts noted above, the total cost to provide state funding to the remaining 66 school districts would increase by \$2.6 M. The increase is caused by changes in the relative wealth of each school district. Lincoln, Natchitoches, and Tangipahoa Parishes all lost students, but kept the same amount of local revenue. Thus, the per pupil share of local revenue increases. According to the MFP formula, this effect caused these districts to appear wealthier and in turn lose state dollars in Level II. Aside from Lincoln, Natchitoches, and Tangipahoa Parishes the cost to provide state funding to the remaining school districts will increase by \$2.6 M. In turn the total cost of the MFP will increase by \$2.2 M (\$5.4 M + \$2.6 M - \$5.8 M = \$2.2 M).

Option 3

Each lab school will report their students to be included in the local school district enrollment and will be provided the state and local per pupil amount generated by the MFP for the district in which the school is located. There will be a savings to the state of \$3.1 M.

All of the lab school students will be counted in the school district’s total student enrollment counts. Each lab school currently conducts their enrollment count this way except for LSU and SU lab schools. Now these two schools will include their student enrollment counts in the East Baton Rouge Parish count. Each lab school will receive a per pupil state share and a per pupil local share. The state would provide the state share and the local school district will be responsible for the local share. There are certain public schools that are currently receiving funding through the MFP in this manner, such as the Type 2 charter schools. For example, the Type 2 charter schools receive an amount per pupil equal to the state and local MFP share for the district in which the student resides. The local share allocation is “charged to the district”

by reducing the amount the district would receive from their state allocation. If this alternative is chosen, the potential may exist for tuition to be reduced or eliminated from being charge to lab school students. The amount each lab school would receive is noted in the table below.

University	Lab School Name	Proposed MFP Allocation Total (Option 3)	MFP State Allocation	MFP Local Allocation
GSU	Alma J. Brown Elementary	\$1,066,478	\$596,854	\$469,624
	Grambling Middle Magnet	\$563,100	\$315,139	\$247,961
LSU	Grambling High	\$1,220,050	\$682,800	\$537,250
	University Lab	\$11,537,749	\$5,507,989	\$6,029,760
LTU	A.E. Phillips Lab	\$2,883,755	\$1,613,893	\$1,269,862
NSU	NSU Middle Lab	\$2,515,773	\$1,566,277	\$949,496
	NSU Elementary Lab	\$1,576,666	\$981,605	\$595,061
SLU	SLU Lab	\$1,657,277	\$1,225,222	\$432,055
SU	Southern University Lab	\$2,280,782	\$1,100,564	\$1,180,218

It should be noted that choosing this alternative would negatively impact every school district (all 69 districts) by lowering the amount each would receive from the state through the MFP. Aside from the districts with lab schools, the remaining districts would lose a total of \$2.9 M. By including more students in the East Baton Rouge Parish (EBR) school district, the local revenue per pupil amount for EBR went down, which in turn affects the relative wealth of all of the other school districts. This shift causes each district to bear a larger portion of their district's total cost through the MFP. In addition, each school district with lab schools will lose additional state funding (total of \$11.7 M) through the MFP to cover their share of the local per pupil allocation. The amount that would be deducted from each school district's MFP allocation and sent to the lab schools is indicated in the table below.

District	Local Share Allocation Due to Lab Schools
East Baton Rouge Parish	(\$7,209,979)
Lincoln	(\$2,524,697)
Natchitoches	(\$1,544,558)
Tangipahoa	(\$432,056)

The LFO has not assessed how losing state funding through the MFP as a result of this alternative would impact each of the local school districts. However, it is likely that East Baton Rouge, Lincoln, Natchitoches and Tangipahoa Parish school districts would be required to make drastic budget cuts if this alternative is chosen.

APPENDIX

Chart A

Univ	University Laboratory School		Total Number Of Students	Reported Operating Budget	Means of Finance			
	Name	Grades			University Funding	School Board Funding	Direct MFP Funding	Tuition & Other Fees
GSU	Brown	1-6	125	\$763,795	\$220,942	\$491,765	\$0	\$51,088
	Middle	7-9	63	\$431,378	\$186,773	\$219,503	\$0	\$25,102
	High	10-12	156	\$919,847	\$298,155	\$567,439	\$0	\$54,253
LSU	Lab	K-12	1,355	\$10,876,971	\$0	\$0	\$6,703,639	\$4,172,332
LTU	A.E. Phillips	K-8	339	\$1,785,168	\$0	\$1,162,321	\$0	\$622,847
NSU	Elementary	K-5	295	\$1,575,000	\$140,000	\$1,055,484	\$0	\$379,516
	Middle	6-8	175	\$1,286,000	\$40,000	\$991,800	\$0	\$254,200
SLU*	Lab	K-8	227	N/A	N/A	N/A	\$0	N/A
SU	Lab	K-12	315	\$2,953,263	\$791,500	\$0	\$1,478,781	\$682,982

Note: The LFO was unable to obtain complete budget information on the Southeastern Lab School for this table.

Chart B

University	Building	Year Built	Sq. Footage	FCI**	Replacement Value
Grambling	A.J. Brown Elementary	1982	37,984	0.29179	\$5,083,779
	GSU Junior High	1955	14,543	0.51833	\$1,688,151
	GSU High	1965	21,948	0.44533	\$2,554,528
	Cafeteria	1955	7,850	0.71333	\$758,781
	Gym/Band	1955	14,644	0.25633	\$1,741,025
La. Tech	A. E. Phillips	1969	48,300	0.12201	\$6,797,742
	Early Childhood Education Center	1956	1,855	0.31411	\$190,620
LSU	Elementary	1981	42,494	0.20471	\$7,100,322
	Upper Elementary	2006	26,906	N/A	\$4,049,102
	Lower Elementary & Middle Annex	2004	68,908	N/A	\$3,533,583
	High	1951	34,770	0.30466	\$5,801,375
	Cafeteria	1956	24,136	0.42622	\$3,037,516
	Gym	2004	26,753	N/A	\$220,127
	Pennington McKernan Gym	2011	17,220	N/A	\$3,792,578
	Pennington McKernan Gym Tower	2011	323	N/A	\$73,800
	Chiller Building	1964	1,462	0.67614	\$270,017
	Auditorium	1964	12,527	0.9134	\$1,952,709
NSU	Warren Easton Hall (Elementary)	1928	71,347	0.02998	\$12,019,116
	Teacher Education Center*	1968	45,460	0.2648	\$14,117,614
	Warren Easton Gym	1988	5,683	0.21678	\$600,296
SLU	Charles E. Cate Teacher Ed. Center	1972	114,184	0.18815	\$13,208,805
SU	Pre-K and K	1956	19,738	0.21524	\$3,240,979
	Elementary	1956	13,939	0.27849	\$2,280,142
	Middle and High	1956	47,150	0.26968	\$8,107,914
	Cafeteria	1956	21,355	0.38472	\$3,645,085

*The Teacher Education Center is actually 98,189 sq. ft.; only 45,460 sq. ft. is used for the Middle School. The university uses the remainder for the Education Program.

**The FCI is a ratio of the cost to repair the building to the replacement cost of the building.