REPORT TO THE HOUSE COMMITTEE ON EDUCATION OF THE LOUISIANA LEGISLATURE

PREPARED BY THE LEGISLATIVE FISCAL OFFICE

PURSUANT TO HOUSE RESOLUTION NO. 133
OF THE 2005 REGULAR LEGISLATIVE SESSION

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Requirements of the Resolution

House Resolution No. 133 of the 2005 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 Louisiana, 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 House Committee 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. The information in this report related to the funding of the lab schools was from the 2004-2005 school year.

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	LSU Lab School	LSU
East Baton Rouge	Southern University Lab School	SU
Lincoln	A. J. Brown Elementary School	GSU
Lincoln	Grambling State University Middle School	GSU
Lincoln	Grambling State University 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 – Louisiana 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 $4,500 per year. Thus, the revenue generated from tuition varies greatly between schools. Often schools 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 R.S. 17:350.21, the State Board of Elementary and Secondary Education is required to allocate annually from the Minimum Foundation Program (MFP) to Louisiana State University (LSU) and Southern University (SU) an amount per student equal to the amount allocated per student to the East Baton Rouge Parish School Board based upon the school's preceding year's October 1st membership. However, the resolution, which provides for the MFP formula requires an allocation from the MFP to LSU and SU an amount per student equal to the amount allocated per student for the average state share of the MFP. For the 2004-2005 school year, both LSU and SU received $3,689 per student based upon the October 1, 2003 membership. 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.

A.J. Brown, Grambling State University Middle School, Grambling State University High School, A.E. Phillips, 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 a state per pupil amount for each of the students enrolled in the lab school from the MFP. 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 reimburse the lab schools for any operating expenses. The local school districts do not necessarily forward the total amount of revenues generated per student to the lab schools. The lab schools are reimbursed for certain expenditures. The school board may not forward the total amount of revenues generated per student to other non-lab schools in their district, either.

Chart A, located in the appendix, provides certain financial information relative to each lab school. The information provided for this chart was obtained from the local school district, the university and the individual lab school. There is an operating budget for each lab school, which does not include costs for transportation or specific programs, for example, remediation or tutoring for the Louisiana Educational Assessment Program (LEAP) test. The operating budget is broken out by percentages for certain categories. University funding indicates any monies provided for the lab school from the university's budget. 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. School board MFP and local share indicates the funding that the school board provides for reimbursement to the university or direct payment of operations. These funds are a combination of state MFP dollars and local revenues generated by the district. Tuition and other fees indicate the funding generated by the tuition charges and any corresponding fees. The lab school operating budget per student column calculates the total proposed operating budget divided by the number of students as of October 1, 2004.

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 informal 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 Natchitoches lab schools, the principal of these schools reports to the school board rather than the Dean of the College of Education.

A school district will reimburse a university for a set number of staff; each school district will have a different number established by the school board. The local school board may hire the teachers at one school, while the university may hire

the teachers at another school. For example, the school board hires the teachers at the Northwestern Lab Schools and Southeastern Lab School. La. Tech hires the teachers at A.E. Phillips. 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. 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. The stipends are either paid for the school board or the university depending on the informal agreement between the partners.

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 Facility and 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.

The Facility and Planning Control Office has an assessment of all of the buildings at the universities. A third party produced the assessments, and each building was given a Facility Condition Index. 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.

Accountability

Chart C in the appendix provides the growth label and performance label assigned to each school. The chart also indicates whether the school is in academic assistance or not. Demographics for each school were also included related to the percentage of students that are minority, or on free or reduced lunch. Southeastern Lab School and the Northwestern Elementary and Middle Lab School's school performance scores are included in the Tangipahoa Parish and Natchitoches Parish district performance scores. All other lab schools do not report their school performance scores to be included with the district.

Alternative Options

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. Each of the following options would change the amount each lab school receives from the MFP formula and the local school district, which in all three scenarios resulted in an increased cost to the state.

1) Each lab school will be provided the state average per pupil amount generated by the MFP. There will be an additional cost to the state of $2.2 million.

   Set every school up as an individual LEA 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 would allow for equal state funding from the MFP, however, does not take into consideration the funding available from tuition or the university's budget. The university would also be responsible for either providing transportation or the school may choose not to offer transportation.

   Using calculations based on the 2004-2005 MFP, each university would receive $3,693 per pupil. 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 $4,961,705. The remaining lab schools would be treated the same in this scenario. The cost to provide $3,693 to each lab school student is $10,192,690, or an increase of $5,230,975.

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 will not change, as currently the lab schools students are not counted in their enrollment figures. The total decrease for the three districts is $6,040,616; the amount lost for each district is noted in the table below.

	Current 04-05 MFP State Share	Proposed 04-05 MFP State Share	Difference	Decrease in State Share per Pupil	Increase in Local Share Per Pupil
Lincoln	$24,232,617	$21,531,726	($2,700,891)	$39	$331
Natchitoches	$25,793,197	$23,677,406	($2,115,791)	$13	$158
Tangipahoa	$73,472,400	$72,248,466	($1,223,934)	$6	$22

Although there is a loss in state MFP funding to the three districts noted above, the total cost to provide state funding to the remaining sixty-five school districts would increase by $3,044,026. 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; the amounts are shown in the table above. According to the MFP formula, this effect caused these districts to appear wealthier and in turn lose state dollars in Level II. While these three districts lost funding in Level II of the formula, every other district received more state dollars. Aside from Lincoln, Natchitoches, and Tangipahoa Parishes the cost to provide state funding to the remaining school districts will increase by $3,044,026. In turn the total cost of the MFP will increase by $2,234,385 ($5,230,975 + $3,044,026 - $6,040,616 = $2,234,385).

In this scenario LSU and SU would receive funding in the same manner as they currently do, therefore, there would be no changes to their funding levels. The per pupil funding currently provided to the Grambling Lab Schools, the Louisiana Tech Lab School and the Southeastern Lab School from their respective school boards is less than the state average MFP funding per student. The Northwestern Lab Schools receive more per student from the Natchitoches Parish School Board than the average state MFP funding per student. The figures for each school are listed in the table below.

University	University Laboratory School	Average State MFP Funding per Pupil	MFP & Local Share per Student Allocated by School District	Difference
GSU	**Brown**	$3,693	$2,186	$1,507
GSU	**Middle**	$3,693	$2,272	$1,421
GSU	**High**	$3,693	$2,646	$1,047
LTU	**Phillips**	$3,693	$2,374	$1,319
NSU	**Elementary**	$3,693	$4,780	($1,087)
NSU	**Middle**	$3,693	$4,473	($780)
SLU	**Lab**	$3,693	$3,500	$193

To provide funding to the lab schools in this manner will increase the cost to the state by $2.2 million. Three school districts will lose state MFP funding, while the other sixty-five will receive more. LSU and SU Lab Schools will receive the same funding. However, five of the seven lab schools will increase their funding per student.

2) Each lab school 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 $1.1 million.

The second option is set up somewhat similar to the first option. Set every school up as an individual LEA 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 $2,713. 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. The university would also be responsible for either providing transportation or the school may choose not to offer transportation.

Using calculations from the 2004-2005 MFP, each university would receive a per pupil amount listed in the table below in the column labeled local district state MFP share.

University	University Laboratory School	State MFP Share for the Local District	MFP & Local Share per Student Allocated by School District	Difference
GSU	**Brown**	$3,681	$2,186	$1,495
GSU	**Middle**	$3,681	$2,272	$1,409
GSU	**High**	$3,681	$2,646	$1,035
LSU	**Lab**	$2,713	$3,689	($976)
LTU	**Phillips**	$3,681	$2,374	$1,307
NSU	**Elementary**	$3,894	$4,780	($886)
NSU	**Middle**	$3,894	$4,473	($579)
SLU	**Lab**	$4,029	$3,500	$529
SU	**Lab**	$2,713	$3,689	($976)

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 $4,961,705. The remaining lab schools would be treated the same in this scenario. The total cost for each lab school student is $9,072,489, or an increase of $4,110,784.

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 will not change, as currently the lab school students are not counted in their enrollment figures. The total decrease is $6,040,616; the amount lost for each district is noted in the table below.

	Current 04-05 MFP State Share	Proposed 04-05 MFP State Share	Difference	Decrease in State Share per Pupil	Increase in Local Share Per Pupil
Lincoln	$24,232,617	$21,531,726	($2,700,891)	$39	$331
Natchitoches	$25,793,197	$23,677,406	($2,115,791)	$13	$158
Tangipahoa	$73,472,400	$72,248,466	($1,223,934)	$6	$22

Although there is a loss in state MFP funding to the three districts noted above, the total cost to provide state funding to the remaining sixty-five school districts would increase by $3,044,026. 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; the amounts are shown in the table above. According to the MFP formula, this effect caused these districts to appear wealthier and in turn lose state dollars in Level II. While these three districts lost funding in Level II of the formula, every other district received more state dollars. Aside from Lincoln, Natchitoches, and Tangipahoa Parishes the cost to provide state funding to the remaining school districts will increase by $3,044,026. In turn the total cost of the MFP will increase by $1,114,194 ($4,110,784 + $3,044,026 - $6,040,616 = $1,114,194).

In this scenario the LSU, SU, and Natchitoches Lab Schools would receive a lower funding amount per pupil that what they are currently provided. The difference between the proposed local district state share and their current allocation is noted in the first table in the second alternative option. The per pupil funding currently provided to the Grambling Lab Schools, the Louisiana Tech Lab School and the Southeastern Lab School from their respective school boards is less than the proposed state MFP funding per student, therefore, they will receive an increase in funding.

To provide funding to the lab schools in this manner will increase the cost to the state by $1.1 million. Three school districts will lose state MFP funding, while the other sixty-five will receive more. While the total increase in cost to the state is less in option two rather than option one, four out of nine lab schools will receive a decrease in MFP funding.

3) Each lab school 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 an additional cost to the state of $11.2 million.

According to the State of Florida, the lab schools that are operated by their universities do not charge tuition. However, the state does provide state and local funding through their funding formula. In Louisiana, the Type 2 charter schools are funded in this manner. Type 2 Charter Schools receive an amount per pupil equal to the state and local MFP share for the district in which the school is located. The third option is to fund our lab schools in a similar manner as our Type 2 Charter Schools. In doing so the universities will no longer charge tuition to attend the schools.

Using the 2004-2005 MFP formula, the state's obligation to the MFP will decrease by $7,958,295. However, the state appropriation for all of the lab schools would cost $19,158,114. The additional cost to the state would be $11,199,819.

The cost of the MFP will decrease, as the lab school students will no longer be counted in the formula in a separate table or in the district calculations. The effects to the relative wealth factor of all of the districts are the same in this option as the previous two options. Lincoln Parish, Natchitoches Parish and Tangipahoa Parishes will lose $6,040,616 as noted above, while the remaining sixty-five districts will generate an additional cost of $3,044,026. There is an additional decrease in cost to the MFP when the

students at the LSU and SU Lab Schools are no longer included in the MFP. The combination of these situations causes a decrease in cost to the MFP of $7,958,295.

The $19.2 million cost to fund each lab school could be appropriated in the Department of Education's Subgrantee Assistance Agency similar to the Type 2 Charter Schools. The proposed appropriation amount for each school is more than the current operating budget for each school, as noted in the chart below. However, costs for transportation are not included in the figures for the operating budget. In this scenario the university would still be responsible for maintaining the school building.

University	University Laboratory School	Proposed Per Pupil State Appropriation	Lab School Operating Budget Per Student
GSU	**Brown**	$6,924	$3,526
GSU	**Middle**	$6,924	$4,286
GSU	**High**	$6,924	$6,784
LSU	**Lab**	$6,858	$5,972
LTU	**Phillips**	$6,924	$3,744
NSU	**Elementary**	$5,900	$5,624
NSU	**Middle**	$5,900	$5,263
SLU	**Lab**	$5,512	$4,545
SU	**Lab**	$6,858	$5,384

APPENDIX

Chart A

School Year 2004-2005 Proposed Operating Budget

	University Laboratory School		Total Number of	Total Proposed	Means of Finance				
Univ	Name	Grades	Students	Operating Budget	University Funding	Direct MFP Funding to the Lab School	School Board MFP & Local Share	Tuition & Other Fees	Lab School Operating Budget per Student
GSU	**Brown**	K-5	222	$ 782,668	23%	0%	62%	15%	$3,526
	Middle	6-8	108	$ 462,915	36%	0%	53%	11%	$4,286
	High	9-12	160	$ 1,085,510	54%	0%	39%	7%	$6,784
LSU	**Lab**	K-12	951	$ 5,678,967	2%	56%	0%	42%	$5,972
LTU	**Phillips**	K-8	267	$ 999,590	0%	0%	63%	37%	$3,744
NSU	**Lab**	PK, K-5	321	$ 1,805,152	0%	0%	85%	15%	$5,624
NSU	**Lab**	6-8	200	$ 1,052,559	0%	0%	85%	15%	$5,263
SLU	**Lab**	K-8	224	$ 1,018,084	3%	0%	77%	20%	$4,545
SU	**Lab**	PK, K-12	450	$ 2,422,937	22%	69%	0%	9%	$5,384

Chart B

University	Building	Year Built	Sq. Footage	Floors	FCI	Replacement Value
Grambling	A.J. Brown	1982	37,984	2	0.2501	$4,292,192
	GSU Middle	1955	14,543	1	0.4471	$1,429,286
	GSU High	1965	21,948	1	0.3967	$2,150,026
	Cafeteria	1955	7,850	1	0.6320	$636,086
	Gym/Band	1955	7,913	1	0.2354	$1,465,425
La. Tech	A.E. Phillips	1969	48,300	1	0.1097	$5,725,965
LSU	Elementary	1981	42,494	2	0.1331	$5,974,231
	High	1951	34,770	2	0.2649	$4,888,314
	Gym/Cafeteria	1956	24,136	1	0.3734	$2,533,073
	Chiller Building	1964	1,462	1	0.5663	$227,794
	Auditorium	1964	12,527	1	0.8684	$1,635,149
NSU	Warren Easton Gym	1988	5,683	1	0.1692	$502,718
	Warren Easton Hall	1928	71,347	3	0.0265	$10,030,675
	Teacher Education Center	1968	98,189	2	0.1968	$11,978,076
	Warren Easton Mechanical Building	1988	2,700	1	0.2484	$941,058
SLU	Cate Teacher Ed. Center	1972	114,184	2	0.1567	$11,120,380
SU	SU Elementary	1956	19,738	1	0.1643	$2,723,647
	SU Middle	1956	13,939	1	0.2179	$1,923,443
	SU High	1956	47,150	2	0.2030	$6,816,004
	Cafeteria	1956	21,355	1	0.3013	$3,064,015
	Auditorium/Gym	1938	14,854	2	0.3384	$1,558,927

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

Chart C

2004-2005 School Year

Univ	Lab School Name	Grades	Number of Students	Percentage of Students Minority	Free Lunch	Reduced Lunch	Accountability Results 2004-2005 Growth Label	Performance Label	Academic Assistance/School Improvement
GSU	**Brown**	K-5	222	100%	72%	13%	No Label Assigned	Three Stars ***	AA
	Middle	6-8	108	100%	42%	11%	School in Decline	Two Stars **	AA
	High	9-12	160	100%	42%	9%	School in Decline	One Star *	AA
LSU	**Lab**	K-12	951	19%	2%	1%	No Label Assigned	Five Stars *****	Not in AA/SI
LTU	**Phillips**	K-8	267	13%	0%	0%	Exemplary Academic Growth	Four Stars ****	Not in AA/SI
NSU	**Elem**	PK, K-5	321	31%	20%	4%	Recognized Academic Growth	Three Stars ***	Not in AA/SI
	Middle	6-8	200	42%	20%	7%	Recognized Academic Growth	Three Stars ***	Not in AA/SI
SLU	**Lab**	K-8	224	34%	19%	9%	No Label Assigned	Four Stars ****	Not in AA/SI
SU	**Lab**	PK-12	450	100%	44%	21%	School in Decline	Two Stars **	AA

State Avg Minority	51.35
State Avg Free Lunch	53.05
State Avg Reduced Lunch	8.01
State Avg At-Risk	61.05

Performance Label	**School Performance Score**
Academically Unacceptable	Below 45.0
Academic Warning	45.0 - 59.9
*	60.0 - 79.9
**	80.0 - 99.9
***	100.0 - 119.9
****	120.0 - 139.9
*****	140.0 and above