

Summary of Work and Conclusions Related to Advocacy for a Differentiated Funding Formula based on Student Need in the Minimum Foundation Program (MFP)

January 2018

In October 2016, the Council passed a motion to begin work on developing a differentiated funding formula based on student need in the Minimum Foundation Program for the Council's 2018 Advocacy Agenda. This motion was the result of a recommendation made to the Executive Committee by Jamie Wong, LDOE Special Education Director.

Equitable funding for schools was not among the multiple items brought forth by LaCAN Leaders and FHF Directors at the LaCAN 2018 Legislative Kickoff for the Council to consider as a 2018 legislative advocacy agenda item. Council staff included equitable funding as an option to the LaCAN Leadership group; however, there were no votes to include equitable funding to schools on the 2018 Legislative Agenda by LaCAN Leaders and FHF Directors. Due to the lack of prioritization by stakeholders equitable funding to schools was not presented to the Council for consideration on its 2018 Legislative Advocacy Agenda. Below is a brief synopsis detailing the history and rationale for why equitable funding through a differentiated funding formula is not considered a priority by stakeholders.

Brief History of Council Advocacy Efforts and Outcomes Related to an Equitable Funding Formula

Council advocacy efforts related to funding distributions resulted from an initial goal of ensuring students with disabilities had access to school choice options. According to a 2012 report by the U.S. Government Accountability Office, "charter schools enrolled a lower percentage of students with disabilities than traditional public schools."¹ This enrollment gap of students with disabilities has persisted for over two decades. The Council researched incentives for these practices and outcomes and discovered 1) school scores were influenced by types of students enrolled in a school and 2) funding distributions by LDOE to charter schools were not using weighted student characteristics as indicated in Louisiana's Minimum Foundation Program (MFP). The result of funding distributions was resulting in nearly every Type 2 (BESE authorized) charter school receiving excessive funds relative to the needs of the students enrolled. For one charter schools the excess funds of the state share of funds alone exceeded \$535,000, or over \$750 for every student enrolled.

The Council successfully advocated for legislative changes to clarify using student weighted counts in distributing funding and require charter schools to serve a fair share

¹ U.S. Government Accountability Office Report: Charter Schools: Additional Federal Attention Needed to Help Protect Access for Students with Disabilities. GAO-12-543: Published June 7, 2012.
<https://www.gao.gov/products/GAO-12-543>

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of students with disabilities.² Implementation for equitable funding to schools according to the funding formula in the Minimum Foundation Program (MFP) has been another matter. Following Act 467 of 2015, LDOE only based the state share of MFP funding, not the local share, provided to charter schools on weighted student counts. The local share of funding to charter schools continues to use an actual student count.

Furthermore, LDOE does not enforce the requirement for charter schools to serve their fair share of students with disabilities. Multiple advocacy attempts requesting BESE and LDOE to hold charter schools accountable to serve their fair share of students with disabilities have been ignored. At the December 11th, 2017 BESE Committee meeting Superintendent White indicated the law did not specify consequences for violating this provision of the law so the LDOE did not enforce it. Instead BESE voted to follow LDOE's recommendations in approving extensions to contracts of charter schools in violation of this provision.³ In October of 2017 the Louisiana Legislative Auditor released a report indicating LDOE's monitoring process for charter schools "weighted critical and non-critical violations equally, making a charter school with critical violations likely to be rated the same as schools with non-critical violations..." and LDOE staff "failed to monitor two provisions of charter school law related to enrollment of at-risk students."⁴

Through Act 467 of 2015 a more differentiated funding formula was established through statute for schools in Orleans Parish. However, LDOE was using a differentiated funding model in the Recovery School District in Orleans prior to the passage of Act 467 of 2015.⁵ Only a subset of the differentiated funding formula adopted by the Recovery School District is available publicly.⁶

² [Act 467 of 2015](#):

1. Clarified in [La. R.S. 17:3995](#) for the per pupil amount provided to charter schools shall be determined by the allocation of weights in the MFP formula.
2. Established a process for allowing a local school board (Orleans) to determine funding allocations to charter schools within Orleans based on student characteristics or needs determined by BESE.
3. Established a clear requirement for charter schools to serve a fair share of students with disabilities, equal to not less than 85% of the average percentage of students enrolled in the local public school.

³ December 11th, 2017 meeting of BESE's School Innovation and Turnaround Committee (video is not available)

⁴ Department of Education's Monitoring Process for Charter Schools Could be Improved. Louisiana Legislative Auditor report October 9, 2017. https://app.la.state.la.us/LLApress.nsf/vwPRsWeb/Department_of_Education_s_Monitoring_Process_for_Charter_Schools_Could_Be_ImprovedKROY-ARVQ9T.html

⁵ RSD Memo dated March 25, 2015 Subject: Differentiated Funding for Special Education Students (RSD Orleans) March 2015 MFP Payment Schedule <https://www.louisianabelieves.com/docs/default-source/links-for-newsletters/rsd-budget-memo-3-25-15.pdf?sfvrsn=2>

⁶ Presentation of the Recovery School District new Differentiated Funding Model Framework to the Louisiana Board of Elementary and Secondary Education March 19, 2014. [https://www.boarddocs.com/la/bese/Board.nsf/files/9GYV3P60E8E0/\\$file/RSD_COW_5-2_Differentiated_Funding_Formula_RSD_March2014.pdf](https://www.boarddocs.com/la/bese/Board.nsf/files/9GYV3P60E8E0/$file/RSD_COW_5-2_Differentiated_Funding_Formula_RSD_March2014.pdf)

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A school was cited for altering minutes on student IEPs in 2014-2015 to receive increased funding.⁷ Reports of funding levels to schools in the Recovery School District failed to reflect the amounts schools received based on the use of this differentiated funding formula.⁸

The differentiated funding formula established in Orleans has five tiers of special education weights along with other weighted factors. Funding levels range from \$7,495 for an elementary student without any add-on characteristics to \$30,355 for a high school student with specific special education classifications and 1,261+ minutes of special education service indicated in their Individualized Education Program.^{9,10} While the differentiated funding model may provide funding more closely aligned with student needs there have been multiple areas of concern which have yet to be addressed:

1. Since LDOE used a differentiated funding model prior to passage of Act 467 of 2015 it is unclear why LDOE staff have asked the Council to advocate for a differentiated school funding formula through the MFP.
2. Much of the funding variability in the established differentiated funding formula is based on a student's classification and number of minutes in a student's IEP. There is no indication LDOE monitors these indicators to ensure schools are not padding these numbers for profit.
3. It is not clear what purpose or overall goal is being sought by merely pursuing a differentiated funding formula. The Council's main purpose in delving into funding initially was to ensure students with disabilities would be served by schools created through the current education reforms. LDOE is not enforcing the main requirement for charter schools to serve a fair share of students with disabilities. Most charter schools are in violation of meeting the requirements to serve a fair share of students with disabilities.¹¹ Charter schools have repeatedly made it clear they feel empowered to select the students they want to enroll.^{12,13}

⁷ LDOE letter and report 1/29/16 to ReNew Charter School

<https://deutsch29.files.wordpress.com/2016/01/scitech-report-supporting-docs-1-29-15-media.pdf>

⁸ 2013-2014 Circular No. 1153 – MFP Budget Letter (excel file) see Tables 5B!_RSD_Orleans & Table 5B2_RSD_LA
[http://www.louisianabelieves.com/docs/minimum-foundation-program/2013-14-circular-no-1153---mfp-budget-letter-\(xls\).xlsx?sfvrsn=2](http://www.louisianabelieves.com/docs/minimum-foundation-program/2013-14-circular-no-1153---mfp-budget-letter-(xls).xlsx?sfvrsn=2)

⁹ In Orleans school money plan, gifted students' loss is disabled students' gain. The Times Picayune February 24, 2016 http://www.nola.com/education/index.ssf/2016/02/new_orleans_school_money.html

¹⁰ Fraud in testing, special education found at ReNEW charter school. The Times Picayune. January 29, 2016
http://www.nola.com/education/index.ssf/2016/01/renew_charter_fraud_report.html

¹¹ 2015-16 Report to the House and Senate Committees on Education of the Louisiana Legislature and Board of Elementary and Secondary Education; School Performance according to requirements under R.S. 17:3991 and BESE Bulletin 126, Chapter 27, Section 2713.
[https://www.boarddocs.com/la/bese/Board.nsf/files/AK8TJ462CF48/\\$file/SIT_2.3.%20Charter%20At-Risk%20Report_distributed_3.7.17.pdf](https://www.boarddocs.com/la/bese/Board.nsf/files/AK8TJ462CF48/$file/SIT_2.3.%20Charter%20At-Risk%20Report_distributed_3.7.17.pdf)

¹² How 3 top New Orleans public schools keep students out. The Times Picayune. May 26, 2016
http://www.nola.com/education/index.ssf/2016/05/exclusive_public_schools_nola.html

¹³ N.O. school leaders admit, in a study, to using selective enrollment practices. Kari Dequine Hardin, The Louisiana Weekly. April 13, 2015. <http://www.louisianaweekly.com/n-o-school-leaders-admit-in-a-study-to-using-selective-enrollment-practices/>

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4. Data are not available on funding levels being provided to schools in Orleans based on the differentiated funding formula. Lacking this data makes it difficult, if not impossible, to discern any connection between funding levels and special education factors (i.e., enrollment counts, services, and outcomes). Although the Council was successful with advocating for LDOE to be required by law¹⁴ to report any weighted student counts generated by student need characteristics as provided in the minimum foundation program formula, calculations of the amounts of minimum foundation program funding allocated to each city, parish, or other local public school board through the minimum foundation program; however, LDOE does not report these details for charter schools in Orleans parish.
5. Information from any analysis of actual costs for serving students used to derive the differentiated funding formula in Orleans Parish has never been released publicly. The differentiated funding formula seems to be based on agreements by charter school operators rather than associated with actual cost calculations. In 2013 the MFP Task Force passed a recommendation by Chairman and BESE member, Jay Guillot for, “a study be undertaken, led, and/or supported by financial and policy experts to restructure the MFP for greater clarity, accountability, efficiency and effectiveness.” LDOE/BESE did not pursue a study of this magnitude due to excessive costs.

Conclusion:

The Council's Advocacy Agenda is driven with the goal of achieving a consumer-driven, consumer directed system. Stakeholders considered equitable funding and expressed a desire to focus their advocacy energies on addressing other issues that impact their children with disabilities. LaCAN members have not expressed interest in advocating for a differentiated funding formula in 2018.

¹⁴ Act 485 of 2016 <http://www.legis.la.gov/legis/ViewDocument.aspx?d=1011798>