

# COWEN INSTITUTE ISSUE BRIEFS

*LEA Status: Why it matters for  
schools returning to local control*

**No.7**

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## Why is LEA status important to school return?

The Recovery School District (RSD) was created by Louisiana legislators in 2003 for the purpose of transforming schools with a history of failure by placing them under state control and oversight. The RSD's scope was expanded in 2005 to allow it to take over the lowest performing schools in Louisiana. This had its most profound impact on New Orleans, which, at the time, was one of the lowest performing school districts in the state. The RSD assumed responsibility for the majority of city schools, leaving only the highest-performing under the local control of the Orleans Parish School Board (OPSB). The RSD subsequently turned over operations of all schools under its purview to independent charter school operators.

According to policy set forth and approved by the Louisiana Board of Elementary and Secondary Education (BESE), charter schools can return to Orleans Parish School Board (OPSB) governance after a minimum of five years with the RSD providing specific performance measures are met.<sup>1</sup> In 2015, the first eligible school decided to return from the RSD to OPSB.

In the 2015-16 school year, all 52 RSD schools in New Orleans operated as Type 5 charter schools, of which 33 were currently eligible to return.<sup>2</sup> So far this year, the charter boards of four schools have agreed to return to the OPSB next year, including KIPP Renaissance High School, Lake Area New Tech High School, Mary D. Coghill Charter School, and Pierre Capdau Charter. Twenty-nine schools chose to delay their return. Due to legislation passed during the 2016 session, school returns will increase over the next two years. Act 91 requires that all RSD schools return to local governance, administration, and jurisdiction by July 1, 2018.

All Type 5 schools operate as their own Local Education Agency (LEA). While it holds special meaning under federal and state policy, LEA is often used as a synonym for a school district. LEAs have the authority to apply for grants and other funds, while a traditional school district allocates these funds to schools. LEAs are also responsible for ensuring compliance with special education requirements. It is important to note that Type 5 charter schools operate as their own LEAs, regardless of their status as a single-site operator or one of many schools that operate as part of a Charter Management Organization (CMO). As schools begin to return to the OPSB, a crucial decision for school leaders and charter boards is whether each school retain its own LEA, or instead join the LEA of OPSB. This brief discusses why this decision is so important, and what financial and operational implications ought to be considered.

## Who must make this choice?

Type 5 charter school governing boards must notify BESE in writing of their intent to return no later than December 1 of the year prior to the proposed transfer, and that notification must include a statement of intent to remain an independent LEA or return as a charter school under the LEA of OPSB. Regardless of that choice, all returning Type 5 schools are converted to Type 3B schools.<sup>3</sup> Act 91 also allows for any other type of charter under OPSB's jurisdiction, and with OPSB's approval, to act as its own LEA for funding purposes or statutory definitions. This new policy allows Type 1 and 3 charter schools the same opportunity for additional autonomy, but the process for these charters to achieve this autonomy has yet to be defined.

## Why does LEA status matter to schools?

Federal and state education policies regulate school districts, not schools, with a few exceptions. Louisiana requires that LEAs submit data to the state at specific intervals throughout the year, maintain compliance with special education regulations, develop a pupil progression plan, create school schedules, and maintain student records. LEAs also receive and redistribute federal, state, and local funds to their local schools. While LEAs have more obligations and responsibilities than schools, they also have greater flexibility to make decisions.

## How will this affect local and state funds to schools?

Local and state funding sources are pooled by the Louisiana Department of Education (LDOE) and allocated to LEAs, where they count for over 80 percent of all school funding in Louisiana. These two sources are combined by the LDOE and distributed through a BESE-approved funding program known as the Minimum Foundation Program (MFP). The MFP is based on projected per pupil needs at each school or district and includes a system of funding tiers, so schools receive extra funds for educating students meeting certain criteria.<sup>4</sup>

The MFP also includes funds from projected local sales and property taxes. The final pool is allocated to LEAs based on their student populations and paid throughout the year. Type 3B schools returning as their own LEA or under OPSB's LEA will receive these funds from OPSB in accordance with OPSB's per pupil allocation rates. Type 3B schools have a special provision in the 2015-16 MFP formula that ensures equity so that each Type 3B charter school in a system will receive a per pupil amount equal to the amount that a Type 5 charter school located in the same parish would have received from the RSD. **A school will receive the same funding amount from the MFP regardless of LEA status.**

# What does this mean for current Type 5 charter schools?

	Type 5 (Current)	Type 3B (As own LEA)	Type 3B (OPSB's LEA)
<b>Local and State Funds (MFP)</b>	The RSD allocates funds to Type 5 charter schools, and collects a two percent administrative fee for authorizer functions split between LDOE (0.25 percent) and RSD (1.75 percent).	Funds are received from LDOE, which are required to match amounts that would have been received as a Type 5 charter school. Fee is split by LDOE (0.25 percent) and OPSB (1.75 percent).	Funds are received from OPSB, and distributed in accordance with the differentiated funding formula approved by BESE. OPSB collects a two percent administrative fee.
<b>Federal Grants</b>	Schools apply for federal funds through the state's electronic grants management system, eGMS.	No change	OPSB applies for funds on behalf of all schools within its LEA, and distributes funds to schools.
<b>Fundraising and Philanthropy</b>	Schools may receive extra funds through fundraisers, donations from business and community organizations, and grants from foundations and private philanthropists.	No change	No change

## How will eligibility and access to consolidated federal funding change?

A variety of state and federal grants are available to LEAs and charter schools operating as their own LEAs through the LDOE's Electronic Grants Management System (eGMS). Eligibility criteria and funding awards vary greatly across programs. Schools returning under OPSB's LEA may lose access to some of these funds, but may also receive an allocation from common funds that flow through the OPSB.<sup>5</sup>

Schools may also benefit from greater eligibility for grants that require larger student populations based on OPSB's greater enrollment numbers. Type 5 charter schools considering a return under OPSB's LEA should carefully weigh the trade-offs as they apply to their unique situation. **Type 5 charter schools returning to OPSB as their own LEA will not experience any change to either eligibility for grants or the grant application process.**



## How will this decision influence school operations?

Returning schools opting to join OPSB's LEA may benefit from greater collective bargaining power over purchasing goods or services. However, they are not required to participate in OPSB's purchasing programs or existing contracts with vendors for services or goods. Schools returning in either capacity will be required to adopt an information system compatible with that of OPSB's for sharing student enrollment information. Schools returning as their own LEA will be required to submit this data to the OPSB and to the LDOE. The OPSB allows for three years of reasonable accommodations in order to ease this transition.

## What else should charter school boards consider?

### *Special Education*

The federal Individuals with Disabilities Education Act (IDEA) requires LEAs to be compliant with special education laws. Type 3B schools serving as their own LEAs will be responsible for compliance with all applicable OPSB and IDEA policies concerning the education of students with disabilities, including Section 504 of the Americans with Disabilities Act (ADA). Schools must also report any informal or formal complaints to OPSB relating to special education if these complaints have been made to any state or federal agency. Schools returning under OPSB's LEA will be eligible to receive assistance from the OPSB regarding compliance.

Compliance with these policies can be a challenge. One potential solution is already possible under current policy: An education service agency could be developed to coordinate service, monitor compliance, and serve as a resource to schools in New Orleans. Other states have implemented such agencies, otherwise known as intermediate LEAs, and Louisiana currently has a Special School District that oversees several specialized schools.

### *Data Management*

Returning as a school site will essentially create a new entity in data systems that schools and districts use to exchange information with the state. This may ease reporting responsibilities for schools currently operating a single site. Yet, because state data systems are designed to protect student-level data, LEA administrators may have access to more data than school-level data managers, meaning some CMO staff will be excluded from accessing important data and records.

### *Other Requirements*

Title 28 of the Louisiana Administrative Code also requires that LEAs perform the following functions:

- Develop a pupil progression plan
- Submit an annual budget to the state superintendent for review
- Implement programming, transportation, and review of annual remedial education opportunities
- Offer at no cost a minimum of 50 hours per subject of summer remediation and retest opportunities in English and math
- Receive and resolve complaints regarding the provision of special education services, and implement a corrective action if required by the state
- Monitor screening, eligibility determinations, and report results for extended school year programs (ESYP)

A charter board operating a single school site may welcome a simplified funding process, a means of sharing the burden of state reporting compliance, and the opportunity to focus on the day-to-day operations of a school. A CMO with multiple sites may face a more complicated decision, where sharing data across schools is a concern, and where staffing and infrastructure may already exist to perform the same functions as that of a traditional school district. **Ultimately, the decision whether to join OPSB's LEA or remain an LEA is a choice between convenience and less, though still considerable, autonomy.**

## Endnotes

1. <http://bese.louisiana.gov/docs/rulemaking-docket/current-policy-129---december-sections-505-1103-1105.pdf>.
2. <http://thelensnola.org/2015/12/18/33-out-of-51-rsd-charters-are-eligible-to-return-to-school-board-oversight/>.
3. A type 3B charter school is a former type 5 charter school transferred from the RSD to the administration and management of the transferring local system pursuant to R.S. 17:10.5, R.S. 17:10.7 and Bulletin 129, §505.
4. Considered at risk (receiving free/reduced lunch or identified as English Language Learners); enrolled in a career & technical education program; receive special education services; designated as Gifted & Talented.
5. Common funds include IDEA – Individuals with Disabilities Act, Title I – Improving the Academic Achievement of the Disadvantaged; Title II – Preparing, Training, and Recruiting High Quality Teachers and Principals; Title III – Language Instruction for Limited English Proficient and Immigrant Students; Title IV – Safe and Drug Free Schools; and Title V – Innovative Education Program Strategies.