LOUISIANA

Overall Market Rating: Fair

Market Overview:

Louisiana is a market that allows for both the expansion of existing private school choice programs and growth of new operators to the market. The political climate in Louisiana has been very hospitable to school choice and education reform, which has resulted in a regulatory and oversight structure that is manageable, but not ideal.

Louisiana is more accessible to schools expanding existing programs, but new schools can open and participate in all programs in the first year, at this time. If the current practice of full voucher program participation for new schools (given a 2-year runway) were altered, this would significantly hinder new school start-up; operators need to be aware of this and other potential risks.

Student eligibility and recruitment will require operators to think strategically about how and where they open schools. All programs are income-limited, and additional restrictions related to public school performance, switcher status, and special needs exist in each program.

The most notable legislative change in recent years was a conversion of the existing tuition rebate program to a more traditional tax credit program. This change has little impact on schools or students, but created a larger donor pool for the program and could increase available resources. Recent IRS guidance, however, will make the continued operation of the program difficult to administer without some adjustments to the IRS rules. After a solid start to the year, Louisiana CPAs stopped recommending donations to the program early in 2018 due to the anticipated IRS rules. Local advocates are concerned that the current proposed IRS rules could eventually sink the program.

Private schools that participate in publicly funded programs do not enjoy complete regulatory freedom, as they do in Florida and Arizona. There are instructional, operational, and public accountability mandates that apply. In particular, new schools must thoroughly understand the measures and sanctions of Louisiana’s statewide school accountability system, as they are subject to both immediately.

Louisiana, especially in Baton Rouge, leads most markets as it relates to coordinated ecosystem supports and community and funder alignment to support the growth of private schools. There are well developed organizations that support all forms of parent choice, and New Schools for Baton Rouge has clearly indicated a willingness to include private schools in its portfolio of quality education options. While this coordination

SEPTEMBER 2018

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continues in both regions, there remain gaps and challenges for new charter and private operators, including limited facilities access and philanthropic challenges.

Finally, the political environment in Louisiana continues to shift, and remains unpredictable for private school choice expansion. Governor Bel-Edwards has two years left in his term, and while he made some efforts to curtail or roll back voucher eligibility, those attempts have been soundly defeated by the Republican Legislature. These issues may be revisited in the 2019 legislative session.

**Summary Statement**: Louisiana should be considered a market for school expansion and network growth, but some challenges exist, and operators will need to be prepared for some challenges. For an operator that is risk adverse, or could be significantly negatively impacted by changes in the funding, policy, or political climate, it is not the ideal market.

**Demographic Analysis:**

**Enrollment Figures by Sector**

<table>
<thead>
<tr>
<th>Louisiana (15-16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Public School Enrollment (including Charter Schools)</td>
</tr>
<tr>
<td>K-12 Private School Enrollment</td>
</tr>
<tr>
<td>Charter School Enrollment</td>
</tr>
</tbody>
</table>

**Eligibility by Program (numbers may be duplicative)**

<table>
<thead>
<tr>
<th>Program</th>
<th>% Eligible Students</th>
<th>Current Enrollment (2017-18)</th>
<th>Eligibility Requirements</th>
</tr>
</thead>
</table>
| Choice Scholarship| 30 percent of students eligible statewide | 6,909                      | • Must be at or below 250% of Federal Poverty Line (FPL) AND any one of the following:  
  o Be entering Kindergarten  
  o Attend a C, D, F or T school |
| Students with Exceptionalities | 6 percent of students eligible in the applicable parishes | 391 | • Students with an IEP for one of 7 specific exceptionalities, but not Gifted and Talented  
• Eligible to attend public schools  
• Reside in a Parish with more than 190,000 residents |
|---|---|---|---|
| Tax Credit Scholarship | 47 percent of families with children income-eligible statewide | 2,018 | • Income at or below 250% of FPL  
• Entering Kindergarten  
• Attended a public school the year previous  
• Received a Scholarship or Choice Scholarship the previous year |

**Funding:**

*Note: New funding data will not be available until later this year.*

**Assessment:** Acceptable, may fluctuate in the short term.

**Assets:**

- Funding in the Choice Scholarship and Tuition Deduction Programs is adequate.
- Funding levels are tied to traditional school funding, and therefore will increase along with general school funds.
- Payments are made directly to the schools in clear, quarterly installments.
- Special education funds follow the student in the Choice Scholarship Program.
- There is also a general tuition tax deduction for all parents who pay private school tuition. While it does not impact schools directly, it may increase tuition paying parent interest in new private schools.

**Challenges:**

- Funding has been consistent, but the local politics are changing and more attention and energy is being paid to keeping local school districts whole.
Choice Scholarship Program

<table>
<thead>
<tr>
<th>Maximum</th>
<th>Average</th>
<th>Cap</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>An amount equal to the per-pupil allotment that would have been made to the local district including all formula considerations.</td>
<td>Program Average including SPED: $5,869 (16-17) ($4,113 – East Baton Rouge &amp; $4,832 – Orleans, before SPED funding)</td>
<td>~$40M</td>
<td>- LA Department of Education DOE confirms eligibility and makes payments to schools. - Payments are made in 4 installments over the course of the academic year (Sept., Dec., Feb., May).</td>
</tr>
</tbody>
</table>

**Trend:** Funding should be as stable as per pupil funding in traditional schools, however, political and budget challenges in Louisiana have stagnated funding and the $40M cap has not been increased in 2-3 years. If there is not growth in the cap it will continue to inhibit enrollment and voucher amounts in the program.

Students with Exceptionalities

<table>
<thead>
<tr>
<th>Maximum</th>
<th>Average</th>
<th>Cap</th>
<th>Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lesser of 50% of the per-pupil available to the student in their traditional district or private school tuition.</td>
<td>$2,264 (15-16)</td>
<td>None</td>
<td>-</td>
</tr>
</tbody>
</table>

**Trend:** Appropriation and funding levels remain constant over time. Student enrollment continues to grow.

Tax Credit Scholarship

<table>
<thead>
<tr>
<th>Maximum</th>
<th>Average</th>
<th>Cap</th>
<th>Disbursement</th>
</tr>
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<tbody>
<tr>
<td>K-8 Students up to 80% of the per pupil average from the previous year 9-12 Students up to 90% of the per pupil from the previous year</td>
<td>$4,241 per student (15-16)</td>
<td>None</td>
<td>Scholarship Organizations (3) receive funds, and disburse to schools on behalf of students. Quarterly payments</td>
</tr>
</tbody>
</table>

**Trend:** The conversion to a more traditional scholarship program should make this more appealing to donors, creating a larger pool of resources to meet demand, but recent proposed IRS rules may make administration of the program difficult in the long term.
Policy & Regulatory Environment:
Assessment: Manageable for some operators.

Assets:
- Board of Elementary and Secondary Education (BESE), the regulator and approver of non-public school options, is currently reform friendly.
- The private school approval document is straightforward and similar to a scaled back charter application; for existing Louisiana schools, it must be submitted by April of the prior school year and is approved by BESE in June.
- There is a pathway for new entrants, although the statute limits the number of scholarship students a school can accept in its first two years of operation to 20%. There is currently a loophole that allows school to seek approval to open two years in advance of their actual school start date which allows them to avoid the two-year limitation.

Considerations:
- Schools must test and participate fully in the statewide accountability system, and can be sanctioned before their fifth year of operation.
- Schools must offer a 180-day instructional calendar.
- There are minimum teacher qualification requirements that include certification, content expertise, semester hours, and/or PRAXIS scores.
- School in the Choice Program must account for all Choice funds separately and in separate accounts, and will be audited for compliance with program requirements. The DOE can ask the school to return funds if it determines they were spent outside program guidelines.
- Schools that receive tuition deduction scholarship funds in excess of $50,000 are also subject to expanded financial reporting requirements and, in some cases, must offer a surety bond equal to the sum of the funds.

Summary: The statutes and regulations that guide private school operation in Louisiana’s choice programs are significant and need to be carefully considered. There are significant entry requirements; schools need to submit their intent to participate materials a minimum of 6 months in advance (existing schools) and maximum of 30 months in advance (new schools).

Schools will have to credential their teachers, and pay attention to particular curricular and school operations content. The accountability system is also a consideration. Schools can be barred from accepting new scholarship students or have their scholarship withheld in as early as their fourth year.
**Human Capital:**

**Assessment:** Manageable.

**Assets:**
- There is an active conversation around talent development and recruitment in New Orleans and South Louisiana.
- TFA has hundreds of alumni in the state. Some are actively engaged with schools of all sectors.
- Organizations like New Schools for Baton Rouge regularly engage private schools in the partnership work to expand the talent pipelines in their regions.

**Considerations:**
- Educators will have to acquire the appropriate full or provisional credential to teach in choice participating programs.

**Summary:** While every market will list human capital as a significant challenge, there are many comprehensive conversations around talent cultivation in Louisiana, and unlike other markets, private schools are actively included in some of those discussions. There is significant TFA corps and alumni presence, and at least one of the local harbormaster organizations include private school development in their work to build out adequate talent pipelines. However, the credentialing requirement must be noted by operators seeking regulatory freedom in the private sector.

**Local Champions & Climate:**

**Assessment:** Declining and unpredictable.

**Assets:**
- Coordinated advocacy, including civic, political, and grassroots leadership.
- Multiple regional and state organizations (American Federation for Children, New Schools for Baton Rouge) focused on shared objectives, with clear role and responsibilities.
- Proven ability to mobilize parents and supporters.

**Considerations:**
- The political climate around school choice has shifted dramatically in recent years, with the election of a new governor and several new members of the BESE. While BESE remains favorable to private school choice, the future is more unclear than it was.
- Fiscal constraints are likely to impact all schools at some point and the private school choice programs are the most vulnerable. Legislation was already introduced to defund private school choice programs. The legislature has not advanced this proposal to date.

**Summary:** While there are still strong advocacy, civic, and political leaders in support of private school choice options, the changing politics of Louisiana make it difficult to assess
this climate definitively. It is still unclear whether or not the environment will become more persistently challenging to private school operators.

**Facilities:**

**Assessment:** Needs improvement.

**Assets:**
- Financial and philanthropic interest in funding school growth exists. Some local organizations are aligning funders to support private school facility needs in the same way they support charters.
- Private school facility needs are understood and anticipated in some regions (i.e., Baton Rouge).

**Considerations:**
- No provision to make surplus facilities available to private schools.
- There is not adequate capital support for facilities in either the charter or private school market at this time.
- Private facilities initiatives are progressing slowly and with little demonstrable success.

**Summary:** There is a more deliberate conversation happening around school facilities in Louisiana than in some other markets, but there is still not a clear path forward to respond to private school facility needs. Local philanthropic initiatives are being contemplated to address these challenges, but as of now, none have provided a viable private school facilities option.