



BGR Outlook on Jefferson

July 2001

Jefferson Parish Public School System Performance and Financial Review

The Jefferson Parish Public School System (JPPSS) has struggled through four consecutive years of operating deficits. Looming ahead is the potential loss of 10% of the system's revenue when a 1/2 cent sales tax expires in 2002. Another revenue loss might occur when a 6.26 mill property tax expires at the end of 2003. The system's enrollment is steadily declining. This trend has done little to reduce costs, but has eroded state Minimum Foundation Program funding, which is tied in a large measure to enrollment. While it struggles financially, JPPSS faces a continuing statewide demand for educational accountability, and an evolving student population that makes accountability more challenging.

In 1998, at the urging of business leaders, a diverse group of JPPSS stakeholders began developing a strategic redesign plan for the system. The planning process involved educators, administrators, parents, school board members, students, concerned citizens, and representatives of the business community. The ambitious educational agenda they laid out carries an estimated \$30 million initial price tag and over \$45 million annually in recurring costs (compared to JPPSS' annual operating budget of about \$348 million). The plan represents a significant consensus about

the need to improve the public school system, but a consensus on how to fund the improvements was not addressed in the plan.

As they grapple with these challenges, Jefferson Parish citizens may logically ask how their school system is doing, where it is going, and how can it be financed. This report provides basic information about these issues.

Metro Area Comparisons

One way to assess JPPSS' status is to compare it to its metropolitan area neighbors: Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, and St. Tammany Parishes.

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Jefferson and its seven nearby parishes comprise the New Orleans Metropolitan Statistical Area (MSA), a unit of analysis officially recognized by the federal government, and widely used by state and local agencies for planning purposes.

Although JPPSS is more comparable in size to the East Baton Rouge Parish system than it is to the other districts in the New Orleans MSA, MSA comparisons remain useful because they apply to the same market area in which JPPSS must compete to hire teachers and (in the long run) to attract students. Nonetheless, data for East Baton Rouge is provided where appropriate as a frame of reference. Also, Southern Regional Education Board (SREB) and national data are presented for select indicators as additional benchmarks against which to evaluate JPPSS. (The SREB states are Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.)

Unless otherwise noted, the comparative data presented in this section is for the 1999-00 school year, which is generally the most recent period for which comprehensive comparative data is available¹. Because the data analyzed for this report comes from several sources which themselves are based on data submitted by individual school districts, differences in definitions, data gathering techniques, and reporting erode the precision of the data. While every effort has been made to insure that the data presented here are comparable, the reader should be aware that minor differences among school districts or SREB totals for any particular indicator may be the result of vagaries in the underlying data rather than real differences among the districts.

Enrollment

Jefferson Parish has the second largest public school system enrollment² in the MSA, well behind that of Orleans Parish, but significantly larger than that of St. Tammany. See Table 1. Orleans, Jefferson, and St. Tammany Parishes account for the overwhelming proportion of the public school enrollment, comprising 83% of the MSA's public school enrollment. Not only do these parishes dominate the MSA; the three parishes constitute a large portion (22%) of the state's total public school student body.

**Table 1
Public School Enrollment
(1999-00)**

Jefferson	51,837
Orleans	80,531
Plaquemines	4,983
St. Bernard	8,691
St. Charles	9,946
St. James	4,385
St. John	6,564
St. Tammany	32,261
New Orleans MSA	199,198
East Baton Rouge	55,660
Louisiana	750,982

Source: Louisiana Department of Education, 151st Annual Financial and Statistical Report, 1999-00 (Bulletin 1472).

Economic Status

While Jefferson Parish enjoys the highest per capita income in the state, its public schools do not reflect this prosperity, as measured by the high proportion of students in the free and reduced lunch program. Table 2 documents these contrasts. Almost 68% of its student body participate in the subsidized lunch program. This participation rate significantly exceeds the state

**Table 2
Comparison of Income (1999) and
Subsidized Lunch Participation (1999-00)**

	Per Capita Income	% on Subsidized Lunch Program
Jefferson	\$ 27,100	67.74%
Orleans	\$ 26,551	75.68%
Plaquemines	\$ 21,686	59.60%
St. Bernard	\$ 21,239	49.32%
St. Charles	\$ 24,407	41.97%
St. James	\$ 20,497	68.64%
St. John	\$ 20,631	74.04%
St. Tammany	\$ 26,245	28.04%
New Orleans MSA	\$ 25,960	62.29%
East Baton Rouge Louisiana	\$ 26,604 \$ 22,839	60.94% 58.36%

Sources: Per capita income from U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data. Subsidized lunch participation from Louisiana Department of Education, Office of School and Community Support, Division of Nutrition Assistance. BGR calculations.

average of 58%, is well above the MSA average of 62%, and is higher than the percentage for the comparably sized East Baton Rouge Parish.

This anomaly is apparently explained by the heavy enrollment in the parish's private and parochial schools, which attract more students than in any other parish in Louisiana. In the 1999-00 school year, enrollment in non-public schools in Jefferson Parish was 26,467. Orleans was second in the state at 24,483, followed by East Baton Rouge Parish with 20,679 non-public students.

The raw numbers tell only part of the story. On a proportional basis, non-public students in Jefferson Parish account for 34% of the parish's combined public and non-public student membership. The comparable figures are only 23% for Orleans and 27% for East Baton Rouge Parish.

Spending Patterns

From an overall standpoint, the way JPPSS spends its \$300-plus million budget is not unusual. While total per pupil spending exceeds the MSA and state averages, three other districts in the MSA spend more per pupil. When spending is measured for the regular instruction program only (excluding the exceptional program), JPPSS spends slightly below the state average and less than all of the MSA districts except St. Bernard. JPPSS total per pupil spending is \$159 above the MSA average, but if exceptional education spending is excluded from the averages, per pupil spending is \$136 below the MSA average.

The average salary for JPPSS teachers in 1998-99 and 1999-00 exceeded the state

average, but lagged behind the MSA norm, and was well below the SREB average. Table 3 shows the 1999-00 average teacher salary for the MSA but does not include the most recent \$2,060 pay raise for certified teachers.

JPPSS falls roughly in line with the teacher/student ratios observed across the MSA, is only slightly below the state average, and is slightly above the national average. Table 3 summarizes this largely "normal" status.

Although it appears roughly average when judged by overall measures, JPPSS stands out at the detailed level on the several indicators shown in Table 4. It has a high proportion of its student body (21%) in the exceptional student program. (The exceptional student program encompasses gifted and talented students, as well as those customarily referred to as "special education".) Only St. John the Baptist and St. Tammany Parishes have a higher portion of their enrollment in exceptional programs, but each of these spends significantly less per student than does Jefferson.

**Table 3
Summary of Resources, 1999-00**

	<u>Per Student Spending</u>			Teachers Per 100 Students
	Regular Instruction Only	Including Exceptional Education	Average Teacher Salary ³	
Jefferson	\$ 4,905	\$ 6,104	\$ 34,108	6.55
Orleans	\$ 4,920	\$ 5,594	\$ 34,906	6.18
Plaquemines	\$ 5,437	\$ 6,041	\$ 31,763	6.64
St. Bernard	\$ 4,878	\$ 5,672	\$ 31,334	7.03
St. Charles	\$ 6,510	\$ 7,410	\$ 35,723	7.67
St. James	\$ 5,919	\$ 6,524	\$ 35,403	6.36
St. John	\$ 5,151	\$ 6,139	\$ 32,302	7.05
St. Tammany	\$ 4,948	\$ 6,058	\$ 34,909	6.88
New Orleans MSA	\$ 5,041	\$ 5,945	\$ 34,417	6.55
East Baton Rouge	\$ 5,544	\$ 6,405	\$ 34,206	6.78
Louisiana	\$ 4,945	\$ 5,719	\$ 33,109	6.64
SREB	Unavailable	\$ 6,054 (est.)	\$ 36,845 (est.)	6.45
United States	Unavailable	\$ 6,811 (est.)	\$ 41,575 (est.)	6.20

Source: Louisiana Department of Education, 151st Annual Financial and Statistical Report, 1999-00 (Bulletin 1472); Southern Regional Education Board, Teacher Salaries and Education Quality - a Vital Link (2000); U.S. Dept of Education, National Center for Education Statistics, Digest of Education Statistics 2000; BGR calculations. Per student spending is based on current expenditures divided by fall enrollment (measured on October 1 in Louisiana). Estimates by U.S. Dept. of Education.

system in the state on exceptional education programs in absolute dollar terms, exceeding even Orleans Parish, which is far larger than JPPSS. For the 1999-00 school year, JPPSS current expenditure for exceptional education was over \$62 million, compared with \$54 million in Orleans Parish.

Jefferson has more educational/technical specialists than any MSA parish when measured on

(St. Tammany's high participation rate in exceptional education is driven by a large proportion of gifted students.

In the St. Tammany exceptional education program, 26% of the students are in the "gifted" category, compared with 18% in Jefferson, and less than 3% in St. John.)

In addition to having a high proportion of exceptional education students, JPPSS spends more per student enrolled in the program than any of its metropolitan neighbors, and significantly more than the statewide average.⁴ Because of the combination of these factors, Jefferson spends more than any other school

an absolute basis (1,603 specialists) or on a per student basis. (Educational/technical specialists

**Table 4
Exceptional Student Program Indicators
(1999-00)**

	Number of Exceptional Students	Percent of District Enrollment	Program Spending Per Exceptional Student
Jefferson	10,685	21%	\$ 5,816
Orleans	11,339	14%	\$ 4,783
Plaquemines	693	14%	\$ 4,343
St. Bernard	1,594	18%	\$ 4,328
St. Charles	1,609	16%	\$ 5,559
St. James	569	13%	\$ 4,664
St. John	1,445	22%	\$ 4,477
St. Tammany	7,775	24%	\$ 4,604
New Orleans MSA	35,709	18%	\$ 5,045
East Baton Rouge	8,136	15%	\$ 5,894
Louisiana	123,867	16%	\$ 4,691

Source: Louisiana Department of Education, 151st Annual Financial and Statistical Report, 1999-00 (Bulletin 1472); BGR calculations. Exceptional program spending represents the separately identified costs for that program only, and does not include the cost of regular instruction.

include instructional specialists, pupil support staff, special education therapists, teacher aides, and health services personnel.) Its ratio of 3.09 staff per 100 students in total enrollment is significantly more than the state average, the MSA average and more than the staffing ratio in East Baton Rouge Parish.

Support Staff

Although its support staffing at 3.84 workers per 100 students exceeds the MSA average of 3.62, its ratio is slightly lower than the state average (3.88), and is lower than three other MSA parishes. See Table 5. (Support staffing includes office and clerical workers, maintenance staff, student transportation employees, cafeteria staff, and the like.) JPPSS support staffing is significantly lower when compared to East Baton Rouge.

Jefferson	3.84
Orleans	3.41
Plaquemines	4.56
St. Bernard	2.88
St. Charles	4.26
St. James	5.22
St. John	3.56
St. Tammany	3.42
New Orleans MSA	3.62
East Baton Rouge	4.04
Louisiana	3.88

Source: Louisiana Department of Education, 151st Annual Financial and Statistical Report, 1999-00 (Bulletin 1472); BGR calculations.

Local Funding Sources

Like virtually all school districts, JPPSS is funded from a combination of sources. Local funds make up approximately 52.5% of JPPSS' revenue; state

(39.6%) and federal funds (7.9%) make up the balance.⁵ This report focuses on the local component of funding, which comes predominately from sales taxes. (See also *BGR Outlook on Jefferson, The Jefferson Parish School Board's Budget*, October 1999.)

Sales tax rates dedicated to education are fairly consistent throughout the MSA. All school districts have a 2% rate, except Orleans Parish, where the rate is 1.5%.

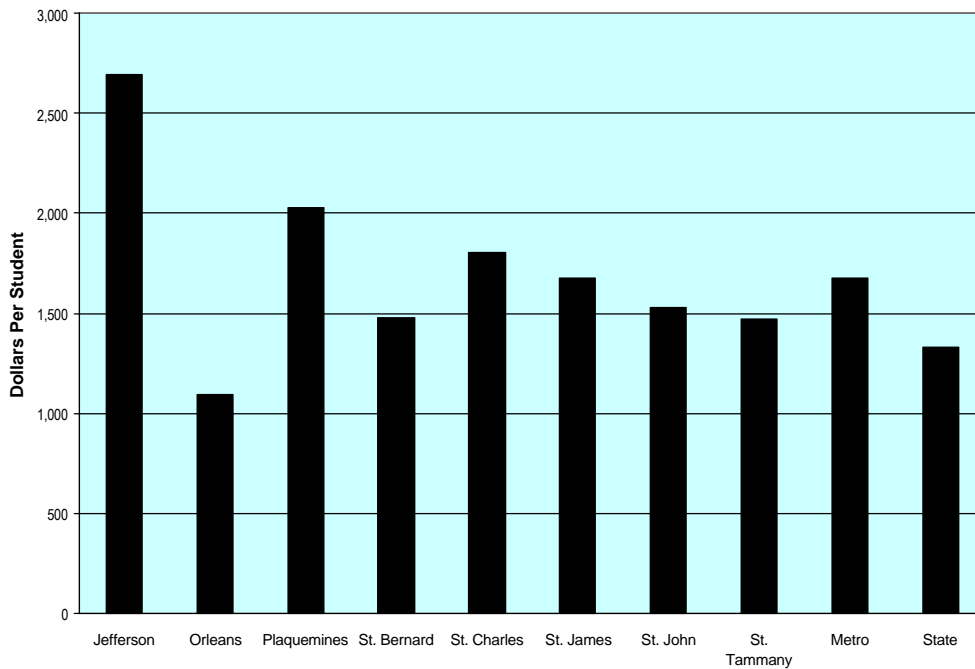
Despite having similar tax rates, the districts vary widely in how much revenue per student the sales tax generates. See Figure A. Jefferson has more than twice the per student sales tax revenue than Orleans, and it significantly exceeds the per student sales tax revenue of the rest of the MSA. This superior revenue position has a downside: given the sensitivity of sales tax collections to business cycles, a sudden drop in consumer spending would have an immediate impact on JPPSS' revenue that would be more severe than in the surrounding parishes, which depend more on property taxes. In fact, a 3% downturn in sales tax collections (which occurred between 1996 and 1997) could wipe out the entire general fund balance of JPPSS in three years.

Jefferson Parish has the lowest property tax millage for schools in the MSA. Its 12.44 mill levy for 2000 is dwarfed by St. Tammany's 87.10, and by the MSA average of 44.52 mills. See Table 6.

Educational Performance

To gauge the performance of JPPSS' students relative to other districts, this report considers School Performance Scores and the Graduate Exit Examination results. All school districts in the state have been evaluated using these measures as mandated by the Louisiana Department of Education.

**Figure A
Per Student Sales Tax
Revenue, FY 2000**



Source: Louisiana Department of Education 151st Annual Financial and Statistical Report; 1999-2000 (Bulletin 1472); BGR calculations.

dropout data are available); and dropouts (0% generally, 5% with available grades 7-8 dropout data).

Based on the numerical scores, performance labels were assigned on an individual school basis for 1998-99 by the state Department of Education.⁶ Table 7 summarizes these performance ratings by school district. Even though performance scores are calculated annually, the performance rating labels are revised only every two years. Therefore, the

As of this writing, School Performance Scores (SPS) are assigned only to schools with Kindergarten through 8th Grades, and therefore the focus is on the earlier years. The SPS is a numerical score calculated separately for each school site based on four weighted components: LEAP-21 tests (60% weight); Iowa tests (30%); attendance (10% generally, 5% when grades 7-8

ratings in Table 7 do not yet incorporate performance score improvements that some schools achieved in 1999-00 and 2000-01.

Fifty-eight percent of JPPSS schools are in the “Academically Below Average” category, which places JPPSS’ performance about on par with the MSA norm. On the positive side, none of JPPSS’ schools was rated as “Academically Unacceptable.”

Turning from the performance rating labels to the actual scores, Table 8 summarizes two years of available data. (The scores include the second round of LEAP-21 tests administered in the spring of 2000.) JPPSS’ average SPS of 70.9 for the 1999-00 school year puts JPPSS in fifth place in the MSA, the same ranking as in the prior year. The system’s scores improved between the 1998-99 and the 1999-00 school years, as did the average for the state and every school district in the MSA.

**Table 6
School Millage Rates
(2000)**

Jefferson	12.44
Orleans	53.05
Plaquemines	16.10
St. Bernard	48.25
St. Charles	55.09
St. James	38.06
St. John	46.10
St. Tammany	87.10
New Orleans MSA	44.52

Source: Telephone survey of school officials in each parish.

**Table 7
School Performance Ratings
(1998 - 00)**

	Number of Schools in Performance Category						Total Schools
	Academic Excellence	Academic Distinction	Academic Achievement	Academically Above Average	Academically Below Average	Academically Unacceptable	
Jefferson	0 (0%)	0 (0%)	0 (0%)	30 (42%)	42 (58%)	0 (0%)	72 (100%)
Orleans	0 (0%)	1 (1%)	5 (5%)	5 (5%)	41 (41%)	48 (48%)	100 (100%)
Plaquemines	0 (0%)	0 (0%)	0 (0%)	3 (50%)	3 (50%)	0 (0%)	6 (100%)
St. Bernard	0 (0%)	0 (0%)	0 (0%)	4 (40%)	6 (60%)	0 (0%)	10 (100%)
St. Charles	0 (0%)	0 (0%)	8 (47%)	6 (35%)	3 (18%)	0 (0%)	17 (100%)
St. James	0 (0%)	0 (0%)	0 (0%)	3 (3%)	7 (70%)	0 (0%)	10 (100%)
St. John	0 (0%)	0 (0%)	0 (0%)	2 (22%)	7 (78%)	0 (0%)	9 (100%)
St. Tammany	0 (0%)	3 (8%)	12 (30%)	23 (58%)	2 (5%)	0 (0%)	40 (100%)
New Orleans MSA	0 (0%)	4 (2%)	25 (9%)	76 (29%)	111 (42%)	48 (18%)	264 (100%)
Louisiana	1 (0%)	15 (1%)	94 (8%)	521 (44%)	487 (42%)	53 (5%)	1,171 (100%)

Source: Louisiana Department of Education, School Accountability Results, 1998-1999 and 1999-2000 School Years, October 18, 2000; BGR calculations.

The Graduate Exit Examination (GEE), administered at the high school level, tests language arts, mathematics, writing and comprehension, science, and social studies. Figure B presents the combined average pass rates for these five subjects for each MSA parish. With an average pass rate of 81%, JPPSS falls short of the state average of 83%, but exceeds the 78% MSA average. When compared to its suburban counterparts, Jefferson Parish has a lower GEE pass rate than any other parish except St. John the Baptist.

Trends In the Jefferson Parish School System

Thus far, this report has presented district-to-district comparisons. It now shifts perspective to examine how JPPSS has changed over time to highlight the trends that influence JPPSS.

Demographics Trends

The 2000 U.S. Census Bureau population figure for Jefferson Parish puts its total population at 455,466, slightly up from 448,306 in 1990 and only 874 more than 454,592 in 1980.

While parish population has roughly stabilized, school enrollment has declined significantly for two decades. See Figure C.

**Table 8
Average District School Performance Scores**

	1998-99	1999-00	Percent Improvement
Jefferson	65.1	70.9	9.0%
Orleans	38.4	44.7	16.5%
Plaquemines	74.0	83.0	12.2%
St. Bernard	65.9	79.3	20.3%
St. Charles	94.7	97.9	3.4%
St. James	62.0	69.1	11.5%
St. John	57.1	65.1	14.1%
St. Tammany	95.4	100.5	5.3%
New Orleans MSA	61.3	67.5	10.2%
Louisiana	70.3	76.0	8.1%

Note: Scores are on a point scale and in Louisiana ranged from 35.0 to 161.5 in FY 2000. Source: Louisiana Department of Education, School Accountability Results, 1998-1999 and 1999-2000 School Years, October 18, 2000; BGR calculations.

Average daily enrollment fell by 19% between 1980 and 2000 (from 62,415 to 50,670).⁷ JPPSS anticipates that the decline will continue in the foreseeable future.

This decline cannot be entirely explained by non-public schools siphoning off students from the public schools. Although non-public enrollment increased by 1,046 from 1990-91 to 1999-00 (from

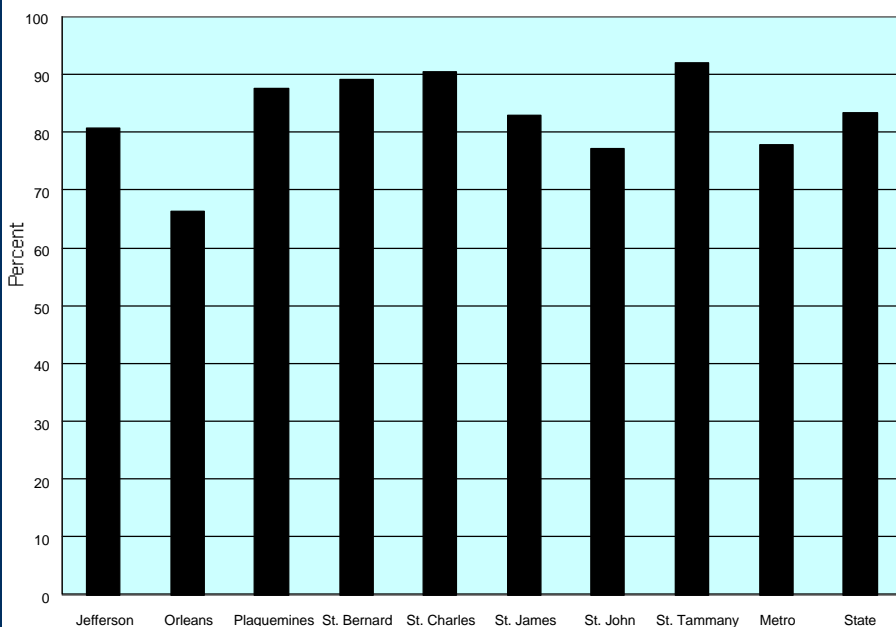
25,179 to 26,225), JPPSS enrollment decreased by 7,301 over the same period. The school age population of Jefferson Parish (age 5-19) has decreased by 2.9% since 1990 (from 99,775 to 96,904). At the same time, the public schools' "market share" of this declining student population has been shrinking. In 1990-91, JPPSS accounted for 69.7% of the total Jefferson Parish student population. By 1999-00, this figure was down to 65.9%.

Changes in Composition of Student Body

Declining enrollment is only part of the JPPSS story. The composition of the student body has been changing as well. The most notable component of that change is in the exceptional student program (composed of students commonly considered "special ed" by virtue of learning disabilities, as well as gifted and talented students). Table 9 demonstrates how the exceptional student program is growing, both

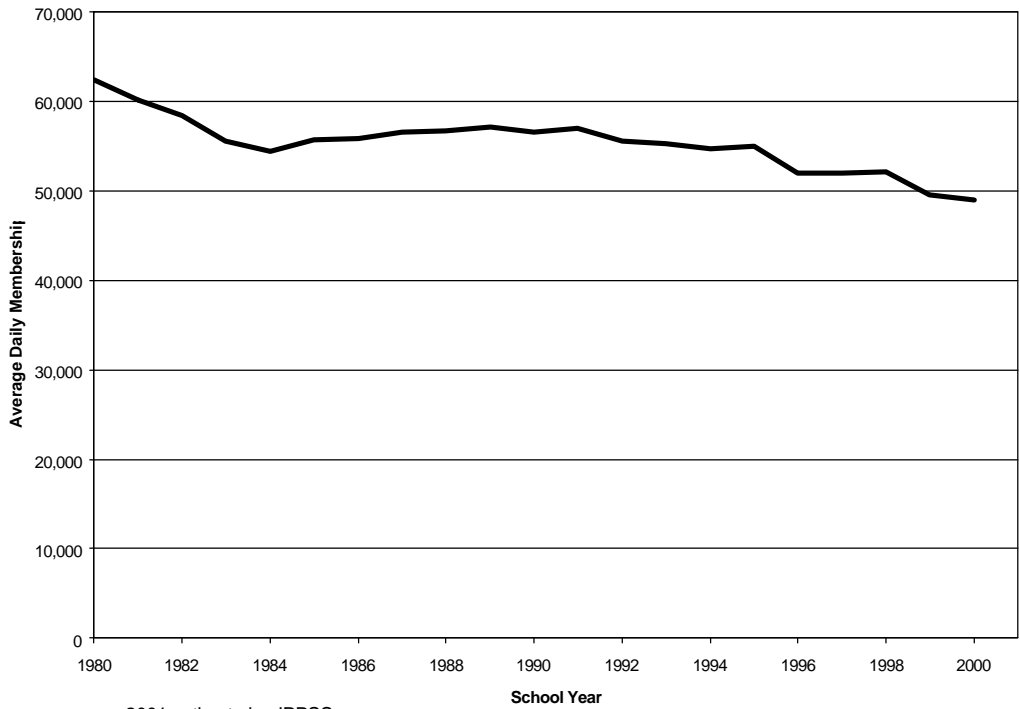
in absolute terms and as a proportion of the system's enrollment. The growth has been consistent, and exceeds the statewide growth rate. Moreover, JPPSS special education growth departs from the trend of program enrollment statewide, which has remained steady in the 15% to 16% range. At 21% for 1999-00, JPPSS exceeds the state's proportion of exceptional program students by a considerable margin.

**Figure B
GEE Pass Rates (Spring 2000)**



Source: Louisiana Department of Education and BGR calculations

**Figure C
JPPSS Enrollment Trend**



2001 estimate by JPPSS.
Source: JPPSS Comprehensive Annual Financial Report FY2000.

underlying demographic changes in Jefferson Parish may be generating more students needing exceptional education services.

Which of these explanations (or some combination) is correct cannot be gleaned directly from the statistics BGR analyzed. But it is clear that the growth in the exceptional student program is one of the reasons that the system's enrollment decline has not translated into cost savings.

There are several possible explanations for this growth. JPPSS may be identifying exceptional students more aggressively than its neighbors; it may be "attracting" such students from other parishes because of the services it offers; heavy enrollment of regular-instruction students in parochial and private schools may be resulting in a disproportionate number of exceptional students in the public school system; or the

Exceptional education is expensive. JPPSS' average total cost per special education student in 1999-00 was about \$10,700, (including the cost of the regular instructional program and additional exceptional education services). By comparison, the regular education program in JPPSS for 1999-00 costs about \$4,900 per student.⁸

**Table 9
Exceptional Student Enrollment**

Jefferson Parish	1995-96	1996-97	1997-98	1998-99	1999-00
Special Education	7,418	7,603	7,689	7,934	8,058
Gifted	1,922	1,918	1,944	1,948	1,958
Talented	206	334	453	599	669
Total	9,546	9,855	10,086	10,481	10,685
Proportion of Total Enrollment:					
Jefferson Parish	17%	18%	19%	20%	21%
New Orleans MSA	16%	16%	17%	17%	18%
Louisiana	15%	15%	16%	16%	16%

Source: Louisiana Department of Education, multiple issues of Annual Financial and Statistical Report (Bulletin 1472); BGR calculations for proportion of total enrollment, using October 1 total enrollment data.

Admittedly, this comparison is oversimplified; a number of factors influence the ultimate cost of educating a student, and per student costs are only crude measures. However, the comparison demonstrates in general terms how the potential cost savings from declining enrollment can be easily wiped out by the growth in JPPSS' education program.

JPPSS does not have a choice about delivering special education services. If a student satisfies special education criteria, federal law requires the system to provide services. This federal mandate comes with federal funding for only about 8% of JPPSS program costs.⁹

JPPSS cannot turn to the state for financial relief in the exceptional education arena. The number of special education students is a factor in the state's Minimum Foundation Program (MFP) allocation formula, but JPPSS is in a peculiar situation: it already receives more MFP funding than it would get under a strict application of the formula. This status is protected by a "hold harmless" provision of a 1992 statute. The statute allows JPPSS to retain its historical higher per-student MFP funding, but it does not allow JPPSS to enjoy an increase as the exceptional education component of the student population grows. Moreover, the "hold harmless" statute only protects the per-student funding amount. It does not protect JPPSS' total MFP allotment, which declines along with JPPSS' shrinking enrollment.

But for the "hold harmless" provisions, JPPSS' MFP funding for 2000-01 would have been about \$26 million less than it received.¹⁰ JPPSS would fare poorly under the MFP formula because it levies a millage lower than most school systems. The low tax rate works its way into the formula through the "local wealth factor" that measures a district's property and sales tax capacity. The formula rewards districts whose taxing effort is high relative to their capacity. Jefferson Parish ranks 5th (out of 66) statewide in tax capacity, but 46th in tax effort.¹¹ This differential would be a major drag on JPPSS' funding from the MFP.

Expenditures

In inflation-adjusted terms, the Jefferson Parish Public School System's expenditures have grown from 1995 -96 to 2000. When measured on a per-student basis, expenditures have grown every year since 1997, but during three of those years, total expenditures declined. The Louisiana school districts' average expenditures has grown each year.

JPPSS spending increase seems driven to a large extent by three years of state-mandated teacher pay increases, and by Louisiana's emphasis on educational reform and accountability. With the combination of these spending pressures and declining enrollment, the growth rate of JPPSS per student expenditures would be expected to be exceptionally high, but that has not been the case.

Table 10
Per Student Expenditures
(Inflation Adjusted, 2000 \$)

	1995-96	1996-97	1997-98	1998-99	1999-00	4-Year Growth
Jefferson Parish	\$ 5,393	\$ 5,387	\$ 5,761	\$ 6,035	\$ 6,104	13.18%
Louisiana	\$ 4,699	\$ 4,911	\$ 5,261	\$ 5,554	\$ 5,719	21.71%

Source: Louisiana Department of Education, multiple issues of Annual Financial and Statistical Report (Bulletin 1472); inflation adjustment calculated by BGR using GDP price deflator data from the Budget of the United States, Fiscal Year 2001.

See Table 10. While inflation adjusted per student spending on a statewide basis grew 21.71% between the 1995-96 and the 1999-00 school years, the comparable figure in Jefferson Parish was only 13.18%.

JPPSS has decreased spending in non-instructional support services slightly, to around 18.40% of current expenditures. This is a decline from 1995-96 when non-instructional support expenditures were 19.50% of current expenditures. JPPSS is currently below the 19.19% MSA average, and only slightly higher than the 1999-00 state average of 18.25% for non-instructional support expenditures.

Impending Changes in Revenue Sources

JPPSS is funded at the local level by eight distinct property tax and sales tax levies. Table 11 depicts these revenue sources, along with their expiration dates. A 1/2% sales tax, that accounts for almost 10% of JPPSS revenue, expires at the end of 2002. A 6.26 mill property tax expires at the end of 2003.

A special election is scheduled for July 21, 2001 to authorize renewal of the expiring 1/2% sales

tax for another ten years beginning January 1, 2003. Table 11 shows the importance of this tax that is projected to provide \$35.3 million in revenue for JPPSS.

Renewal of the sales tax is not the only option available; property tax would also be an option at least theoretically. As a practical matter, however, using property tax to offset the expiring sales tax would be politically difficult. At current assessment levels, and factoring in the generous Louisiana homestead exemption, 18.94 additional mills would be required. This represents a 160% increase in the school system's current property tax levy.

Commercial and industrial property owners would be most affected by such an increase. In Jefferson Parish, they pay approximately 75% of all property tax. This disproportionate share

Table 11
JPPSS Local Tax Sources, 2000-01

Tax Description	Rate	Projected Gross Revenue	Expiration
Property Taxes			
Maintenance and Operation	6.26 mills	\$11.0 million	12/31/03
Maintenance and Operation	3.58 mills	\$6.3 million	12/31/07
Constitutionally Authorized	2.60 mills	\$4.6 million	Permanent
Sales Taxes			
Teachers' Salaries and Operating Expenses (approved 5/3/66)	1/2 %	\$ 35.3 million	Permanent
Debt Service, Capital Improvements, and Operating Expenses (approved 10/5/54 and 1/12/71)	1/2 %	\$ 35.3 million	Permanent
Capital Improvements and Related Maintenance and Operating Expenses (approved 6/28/80)	1/4 %	\$ 17.7 million	Permanent
Employee Salary Increase and Fringe Benefits (approved 6/28/80)	1/4 %	\$ 17.7 million	Permanent
Employee Salary Increase, Guidance Programs, Debt Service, and Construction and Maintenance Expenses (approved 10/3/92)	1/2 %	\$ 35.3 million	12/31/02

Sources: Jefferson Parish Public Schools, 2000 Comprehensive Annual Financial Report; Jefferson Parish Assessor, Grand Recapitulation of Assessment Roll, 2000; Projected revenue based on JPPSS Proposed General Operations Fund Budget, FY 2000/2001; BGR calculation of projected revenue.

results from the combined effects of the homestead exemption and the higher assessment ratio for non-residential improvements (15% of fair market value rather than 10% for land and residential improvements).

If Jefferson Parish were to finance its schools with a property tax to which the homestead exemption (and the less costly industrial tax exemption) did not apply, its millage rates could be significantly lowered. BGR calculated the “break even” millage rates if homestead and industrial tax exemptions were subject to school tax levies. The results are significant:

Current JPPSS millage	12.44
Millage if homestead exempt property were also taxed	8.87
Millage if homestead exempt property and manufacturing exemptions were also taxed	8.49

The current property tax for schools could drop into the single-digit range if the exemptions did not apply. There is another notable point evident in the figures presented above: the effect of the industrial exemption is minor in Jefferson Parish when compared to the impact of the homestead exemption.

There would be another effect of changing the homestead exemption for school taxes: a given property tax rate would produce more revenue. Should JPPSS ever shift from its high reliance on sales tax to more dependence on property tax, the millage increase could be less extreme. Millage rates under different scenarios that would offset the 1/2 cent sales tax expiring in 2002 would be as follows :¹²

Additional millage required to offset 1/2 cent sales tax, under current law	18.94
Additional millage if homestead exempt property were also taxed	13.50
Additional millage if homestead exempt property and manufacturing exemptions were taxed	12.93

The homestead exemption and assessment ratios are constitutionally protected. Jefferson Parish voters themselves have no direct control over them. It would require a constitutional amendment approved on a statewide basis to change them.

There is precedent for taxing homestead exempt property for specific purposes. In 1990, voters statewide approved a constitutional amendment allowing the City of New Orleans to levy property tax for police and fire protection applicable to all property, including that covered by the homestead exemption. Further, municipal property taxes apply to homestead exempt property throughout the state (except in New Orleans). These examples illustrate that taxation of homestead exempt property is not the far-fetched concept that the politically charged rhetoric may suggest.

Conclusion

JPPSS continues to be a shrinking school system whose students have increasingly demanding educational needs. The characteristics of JPPSS stand in stark contrast to those of Jefferson Parish overall. While the parish as a whole remains largely affluent, its public school population is not. JPPSS is evolving into more of an urban school system with an increasing number of special education and other exceptional students, and a substantial proportion of low-income students.

In some ways, the changes in Jefferson Parish mirror the experience of Orleans Parish a generation ago. At that time, Jefferson Parish was the demographic destination of flight from the city to the suburbs. Today, the changes in JPPSS indicate that Jefferson Parish is becoming the source of suburban flight to more remote suburbs. This trend was highlighted in a September 1999 report authored by David Rusk, one of the nation's most noted urban experts. His analysis of Jefferson Parish was stark:

“Today’s winners become tomorrow’s losers.”
That’s the Iron Law of Urban Sprawl.

For decades Jefferson Parish was the big winner in the sprawl game. Now, in the 1990s, “tomorrow” has arrived. . . .

In 1970, average household income in Jefferson Parish as a whole was 21 percent above the regional average. By 1980, the parishwide average had slipped to 13 percent above the regional average; by 1990, it had slid further to only 6 percent above the regional average. . . .

There are many reasons why household incomes in Jefferson Parish, an older suburb, are declining relative to the rest of the metro area. One is the natural aging of the community. Many Jefferson residents have reached retirement years, living on lower incomes than in previous decades. Formerly owner-

occupied homes became rental properties. And many new households moving into Jefferson Parish are lower on the income scale than households in earlier decades.

JPPSS is simultaneously confronted with fundamental budget problems and inexorable demographic changes that impose growing demands on its educational resources. Despite this, JPPSS appears to be making educational progress in the lower grades, as measured by the School Performance Scores assigned by the state. Further, the system is managing to focus a modestly increasing share of its resources on instruction.

When JPPSS is compared to other schools in the MSA and to statewide averages, there are no obvious “quick fixes” to reduce its spending. Savings are likely to come only through the cumulative effect of long term, persistent efforts to improve productivity and performance.

The only area that stands out as particularly different from the norm (and therefore a target for budget cutting) is the exceptional student/special education program. JPPSS is so different from the rest of the MSA and from the rest of the state in its spending on exceptional education that it merits special attention by school officials.

Cutting costs in exceptional education would not be easy. The identified component of the student population with exceptional needs has been growing, and JPPSS cannot simply roll back the numbers at will. Exceptional education programs are also highly regulated, often emotionally charged, and prone to litigation brought by those entitled to services under federal law. At best, JPPSS can attempt to control cost growth in this area.

Because two significant JPPSS tax sources will expire in the next few years, voters in Jefferson Parish face several near-term decision points about school funding. BGR neither endorses a non-homestead exempt school property tax, nor takes a position on renewing the existing half-cent sales tax expiring in 2002. There is no “best” solution for funding Jefferson Parish schools at this point. But the public will have to decide either to continue the status quo or to consider alternatives.

What clearly emerges from the data is that the system will have to work hard simply to stay within its existing revenue stream. It has little flexibility to move forward with educational initiatives that require significant funding without corresponding cuts in existing expenditures.

Endnotes

1. The Louisiana Department of Education publishes its Annual Financial and Statistical Report in May of the following year. Therefore, the most recent data used in this report comes from the 1999-2000 151st Annual Financial and Statistical Report. The Jefferson Parish School Board publishes its Comprehensive Annual Financial Report (CAFR) in October of the following fiscal year. The most recent data available for this report comes from the CAFR for the Fiscal Year 2000.
2. Unless otherwise noted, the enrollment presented in this report is the October 1 count as reported by the schools through the Student Information System (SIS). This count was used to be consistent with the SREB data and with per-student spending calculations. This October 1 count used by the Louisiana Department of Education in its Annual Financial and Statistical Report differs slightly from the MFP adjusted October 1 count.
3. The average teacher salary figures can be highly variable; averages will be affected by the disparity between the salaries of teachers who retire and those of their replacements. In 1998-99 the Louisiana Department of Education reported an average teacher salary of \$38,167 for Orleans Parish compared to \$34,906 for 1999-00.
4. The program spending per exceptional student data presented in Table 4 is not the total cost of educating an exceptional student; it reflects only the exceptional education program costs that are over and above the standard curriculum costs. The overall per student spending in Table 3 includes these exceptional education costs averaged over the entire enrollment.
5. BGR calculations using data from Jefferson Parish Public Schools, 2000 CAFR, p. 9.
6. See www.doe.state.la.us for more information.
7. Enrollment decline data presented in Figure C and its accompanying discussion are daily enrollment, averaged over the entire school year, a measure technically called “Average Daily Membership” in the Annual Financial Statistical Report. This differs from the October 1 data used elsewhere in this report and used by the state to allocate Minimum Foundation Program funds. Statewide, Average Daily Membership typically runs 98 to 99% of the October 1 enrollment.
8. BGR calculations based on 1999-00 data from Louisiana Department of Education, 151st Annual Financial and Statistical Report, 1999-00 (Bulletin 1472).
9. Federal exceptional education program support comes from Individuals with Disabilities Education Act of 1990 (IDEA), Part B funding. These funds in 1999-00 totaled \$4,739,897. Jefferson Parish Public Schools, 2000 CAFR,

pp. 46-47. This is about 8% of the over \$60 million annually that JPPSS spends on exceptional education programs.

10. For 2000-01, a strict application of the MFP formula would have allotted about \$93 million to JPPSS. However, the “hold harmless” provision preserved JPPSS’ higher \$119 million allocation. Louisiana State Department of Education, Circular 1063, MFP Budget Letter (2000-2001), January 31, 2001.

11. 2000-2001 Minimum Foundation Program data, Louisiana Department of Education, Circular 1063, MFP Budget Letter (2000-2001), January 31, 2001.

12. BGR calculations are based on assessed value. Millages would be slightly higher to account for revenue loss due to delinquent tax payment and the Sheriff’s tax collection fee.

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Jefferson Parish Public School System: Performance and Financial Review

Quick View

- ◆ Jefferson Parish Public School System's enrollment has declined 19% since 1980.
- ◆ While Jefferson Parish has the highest per capita income in the state, the JPPSS has a greater percentage of students in poverty (measured by participation in the subsidized lunch program) than both the Metropolitan Statistical Area and the state averages.
- ◆ More Jefferson Parish students are enrolled in non-public schools than in any other parish in Louisiana.
- ◆ JPPSS exceeds both the MSA and state in the proportion of students in the exceptional education program and the amount it spends per pupil enrolled in this program.
- ◆ The average total cost per special education student in 1999-00 was about \$10,700, compared to \$4,900 for students in the regular education program.
- ◆ While the JPPSS sales tax rate dedicated to education is the same as that of most parishes in the MSA, the revenue is significantly higher.
- ◆ The ½ cent sales tax that expires at the end of 2002 accounts for almost 10% of JPPSS revenue.
- ◆ JPPSS has the lowest property tax millage for schools in the MSA.