



Board of Elementary and Secondary Education (BESE)
Cost/Operation Analysis for FY 2016-2017 and Beyond
(In Response to HCR No. 25 of the 2016 Regular Legislative Session)

MISSION: BESE shall provide leadership and create policies for education that expand opportunities for children, empower families and communities, and advance Louisiana in an increasingly competitive global market.

ROLE AND RESPONSIBILITIES: BESE is the administrative body for all Louisiana public elementary and secondary schools; it also performs certain administrative functions for the state’s non-public elementary and secondary schools. BESE adopts regulations and enacts policies governing the operations of those schools under its jurisdiction, and exercises budgetary oversight of their educational programs and services.

ENACTED COST-SAVINGS AND EFFICIENCIES: Over the years, BESE has taken the following measures to reduce costs and increase efficiencies in its operations. These measures have created a very lean administrative budget for the current year.

- Reduced the number of board meeting schedule overall from 10 to 7 meetings a year. In 2016, the Board also eliminated the April 2016 meeting for FY 2016 only. The reduction in meetings created savings with respect to Board member per diem and operational costs (food, lodging, travel, etc.), as well as in-state travel.
- Eliminated funding for Board member out-of-state travel, annual dues to the National Association of State Boards of Education, and Professional Services.
- Reduced staff by 30% from 17 to 12 total positions or 10 to 6 State General Fund positions.
- Maximized all funding streams to provide for a more efficient alignment to costs.
- Streamlined operations and found ways to leverage technology to continue maximization of resources.
- The BESE agency absorbed the following cuts for FY15-16:

Means of Financing	FY 15-16 EOB	Reductions
SGF-Direct	\$1,024,943	(\$35,701) JBE-16-04 and HB122
SGF- Fees and Self-Gen	\$21,556	\$0
SGF – Stat. Dedication - Louisiana Quality Education Support Fund	\$24,500,000 Majority of this is flow through to districts or other (State agencies \$23,698,953 or 97%)	(\$1,318,250) JBE-1604
SGF – Stat. Dedication Louisiana Charter School Start-Up Loan Fund	\$218,780	(\$13,127) JBE-16-04
TOTAL	\$25,765,279	(\$1,347,078) JBE-16-04 and HB122

ADMINISTRATION PROGRAM REDUCTIONS: State General Fund (Direct) dollars are the primary source of funding for the Board's policymaking, governance, and oversight functions. The only other major funding stream in the Board's budget is the Louisiana Quality Education Support Fund – 8(g). Approximately 95% of the 8(g) appropriation is flow-through funds to local systems and other State agencies. In addition, administrative costs associated with managing the 8(g) program are statutorily limited in nature. Therefore, the BESE agency relies heavily on SGF dollars to carry out basic administrative functions for the agency. It should be noted that historically, less than 5% or **approximately \$1 million** of BESE's budget is derived from the State General Fund, while accounting for the majority of the administrative responsibilities. These expenses cover basic and minimal administrative costs needed to assist the Board in carrying out its constitutionally mandated functions.

The cuts were addressed in the following manner:

- **\$35,701 SGF – Direct Reduction:** This was taken from personnel, as there was a vacancy
- **\$13,127 SGF- Statutory Dedication - Louisiana Charter School Loan Fund Reduction:** In accordance with R.S. 17:4001, the Louisiana Charter School Start-Up Loan Fund provides a source for funding no interest loans not to exceed \$100,000 to Type 1, Type 2, and Type 3 Charter Schools to pay for charter school start-up and early operating expenses. The funds can also be used for funding the administrative and legal cost associated with the charter program. At the time, several loans were outstanding but no new loans were issued during -FY 15-16. The reduction to the fund was sustained through a reduction of \$13,127 from IAT expenses reserved for distribution to the LDOE to provide to the charter schools.

LOUISIANA QUALITY EDUCATION SUPPORT FUND – 8(g) REDUCTIONS: In 1986 Louisiana voters approved a constitutional amendment dedicating the Outer Continental Shelf Lands Act money to improve the quality of education by establishing the Louisiana Education Quality Trust Fund. The interest of the trust fund, the Louisiana Quality Education Support Fund, more commonly known as 8(g), was to be spent for education purposes. The 8(g) funds administered by BESE are utilized for the support and enhancement of elementary and secondary education in all public schools, as well as approved nonpublic systems/schools.

- Many programs funded through 8(g) provide salaries and benefits for teachers who provide services for prekindergarten, elementary and secondary students. Funds are also used by the Louisiana Department of Education to fund various statewide education initiatives.
- Funds are distributed on a reimbursement basis and a significant reduction of funds would negatively affect live programs for which the Board has made a commitment to a district, charter school, nonpublic school or state agency to fund the operation of a year-long program.
- **\$1,318,250 SGF – Statutory Dedication - 8(g) Reduction:**
 - In order to have the least amount impact on the administration of live programs the 8(g) reduction was addressed by the following:
 - **\$405,127 was derived from unallocated Block program funds.** 153 agencies submitted proposals totaling \$10,944,349 or 96% of the \$11,349,476 that was allocated for Block programs. These agencies were currently running live programs for FY 15-16. Approximately 188 agencies (mainly non-public and charter schools) declined participation in the 8(g) program for FY 15-16. These agencies accounted for \$405,127 or 4% of unallocated Block program funding. These funds were not used for the FY 15-16 fiscal year. Typically, the funds would roll over for use in the next fiscal year but were then used to address part of the 8(g) reduction.
 - **\$913,123 was derived from unexpended flow-through funds.** On average, approximately 4% of flow through funds (allocated and distributed directly to schools/state agencies) is left unexpended at the end of the fiscal year. Funds are distributed to agencies on a reimbursement basis based on an approved grant award. Budgets are submitted at the beginning of the fiscal year; however, changes in

personnel, differences in initial quotes for goods and services, and other unexpected factors may cause an agency to request less than the full allocation amount. These unexpended funds are rolled over for use in the next fiscal year. However, due to budget reductions, \$913,123 was taken from funds that were expected to be unexpended at the end of the year.

CONTINUED EFFICIENCIES: The BESE agency will continue to operate within the efficiencies enacted during the past several years, as well as strive to identify new practices to implement as each year progresses.