

# **NEW ORLEANS PUBLIC SCHOOLS FUNDING**

**ORLEANS PARISH SCHOOL BOARD AND CITY  
OF NEW ORLEANS**

**ECONOMIC ADVISORY SERVICES**

**Informational Report  
December 17, 2025**

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December 17, 2025

The Honorable J. Cameron Henry, Jr.,  
President of the Senate  
The Honorable Phillip R. DeVillier,  
Speaker of the House of Representatives

Dear Senator Henry and Representative DeVillier:

This informational report provides the results of our review of the funding for New Orleans Public Schools for fiscal year 2025. This report is intended to provide timely information related to an area of interest to the legislature or based on a legislative request. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the Orleans Parish School Board and the City of New Orleans for their assistance during this review.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA  
Legislative Auditor

MJW/aa

OPSB





# Louisiana Legislative Auditor

Michael J. “Mike” Waguespack, CPA



## New Orleans Public School Funding

*Orleans Parish School Board and City of New Orleans*

December 2025

Audit Control # 42250002

## Introduction

This report provides the results of our review of the funding for New Orleans Public Schools (NOLA-PS) for the 2024 and 2025 fiscal years (FYs). We reviewed NOLA-PS funding in response to a legislative request that asked us to review the revenue forecasting error made public by NOLA-PS in October 2024. During FY 2025, the school system had to resolve a revenue shortfall that would have required a \$41 million reduction in school funding. This revenue shortfall occurred because FY 2024 actual revenue was less than the forecast NOLA-PS developed in March 2024, when the FY 2025 budget was being developed. NOLA-PS is required by state law<sup>1</sup> to distribute local tax revenue to charter schools based primarily on the amount it received during the preceding year. Exhibit 1 shows a timeline of events.

**Governance.** NOLA-PS, the parish school board system for Orleans Parish, has a decentralized structure that is unique among parish and city school systems in Louisiana. As of FY 2025, NOLA-PS had 67 schools, consisting of one directly-run school<sup>2</sup> and 66 charters, the latter of which were overseen by 30 charter management organizations (CMOs).<sup>3</sup> CMOs are non-profit corporations that have their own governing boards and are legally separate entities from OPSB.

NOLA-PS is unique among Louisiana parish and city school systems because of its decentralized governance model consisting almost entirely of charter schools. The system operates on a three-tier structure:

- I. Orleans Parish School Board (OPSB) – Comprised of seven elected officials who set policy and approve the annual budget.
- II. Central Office – Comprised of centralized staff who carry out OPSB policies, monitor and ensure schools meet high standards, and provide support services for systemwide efforts (i.e., early childhood learning, childhood nutrition, special education, etc.).
- III. Schools – Operated by organizations that may run one school or a network of schools throughout the city.

<sup>1</sup> R.S. 17:3995.

<sup>2</sup> The Leah Chase School is the one direct-run school in the NOLA-PS system. It first opened during FY 2025.

<sup>3</sup> Besides the 67 schools overseen by the OPSB, NOLA-PS also had six Type II charter schools, which are authorized by the State Board of Elementary and Secondary Education, and the New Orleans Center for Creative Arts, which was created by the Legislature. These seven schools may enroll students from any parish, and NOLA-PS contributes funds to these schools for the students who enroll from Orleans Parish; however, NOLA-PS and OPSB have no oversight authority over these schools.

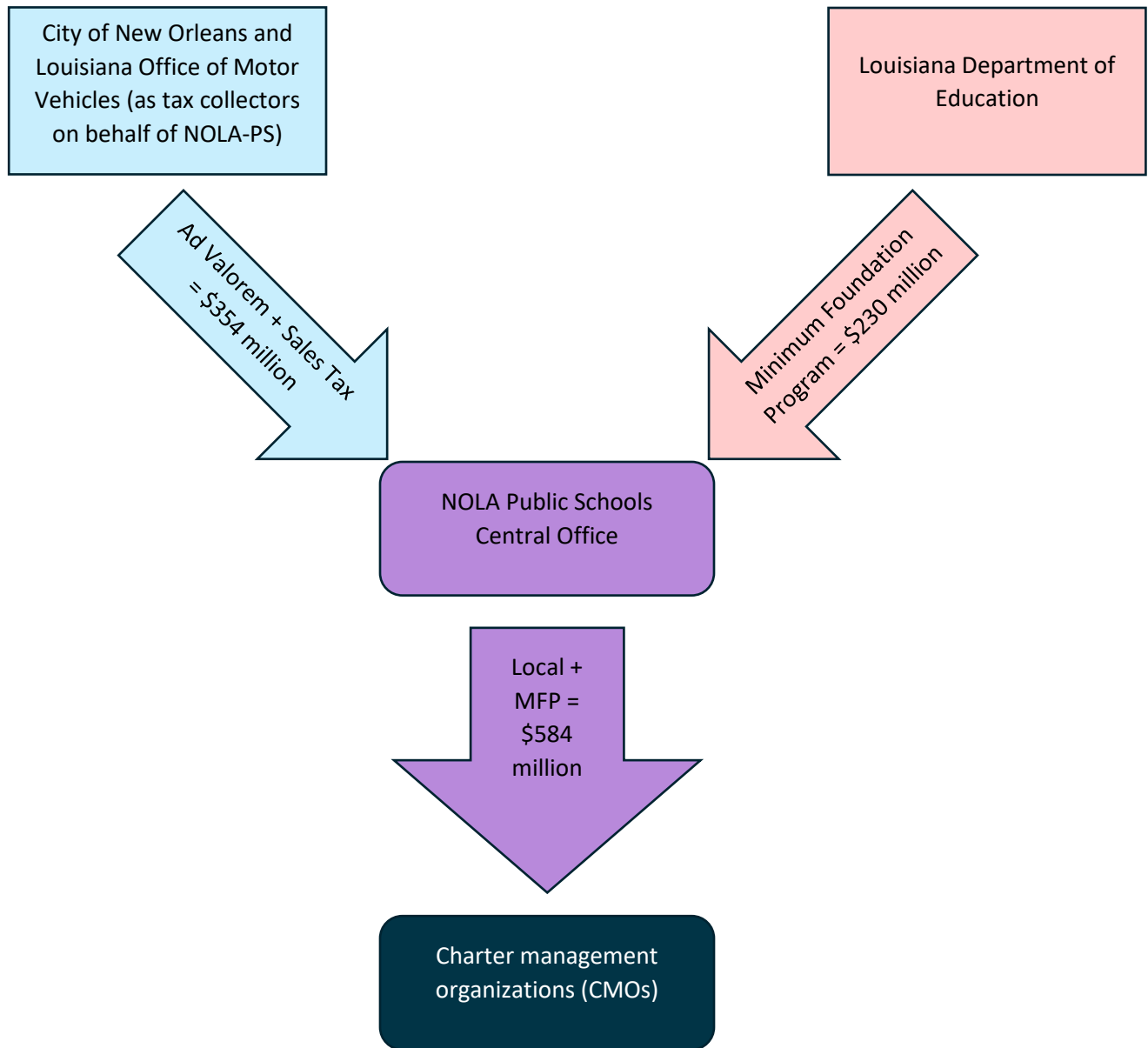
<b>Exhibit 1 Timeline of Events</b>	
<b>Date</b>	<b>Event</b>
March 1, 2024	NOLA-PS provided schools with FY24 local revenue estimates for FY25 budgeting purposes.
June 6, 2024	OPSB approved, adopted, and finalized the General Fund and Special Revenue Fund Budgets for FY 2025.
July 1, 2024	Positional leadership changes occurred in the Finance Division, which included the transition of the School Finance Officer, Comptroller, and Financial Accountability Director.
September 30, 2024	Stuart Gay resigned as CFO.
October 1, 2024	Nyesha Veal was named Interim CFO.
October 8, 2024	NOLA-PS identified a revenue shortfall for FY 2024 relative to forecasts that were provided to schools, which led to a funding gap of \$40.8 million for the 2024-2025 school year. (Factors noted: low collection rates; misclassification of funds; economic downturn; inaccurate projections; and communication gaps)
October 22, 2024	After identifying the discrepancy, school finance leaders and charter management organizations were notified.
November 14, 2024	Dr. Avis Williams resigned as Superintendent, which became effective December 1, 2024.
November 14, 2024	Dr. Fateama Fulmore was named Interim Superintendent.
November 18, 2024	OPSB and the City of New Orleans announced the settlement of a lawsuit, first filed in 2019, over tax collection fees. OPSB waived prior claims in exchange for the City offering a \$20 million lump-sum payment and cessation of the future deduction of collection fees from OPSB, plus other dedications.
November 21, 2024	Nyesha Veal was appointed as CFO.
November 26, 2024	The City of New Orleans' Mayor signed a budget amendment providing the additional expenditures for the OPSB deal.
December 2, 2024	Dr. Fulmore began serving as Interim Superintendent.
January 31, 2025	The City Attorney for the City of New Orleans informed OPSB that the City would not move forward with the settlement agreement.
March 18, 2025	OPSB passed a \$25 million resolution to mitigate the over-projection in the District Level Funding Allocation (DLFA) by implementing a comprehensive funding plan proposed by Interim Superintendent Dr. Fulmore. The OPSB authorized a one-time allocation of \$18 million from the General Fund Balance's system-wide reserves and \$7 million from the Operating Budget.
April 2, 2025	Dr. Fulmore was named the new permanent Superintendent, effective April 17, 2025
June 5, 2025	OPSB passed a \$12.5 million resolution to mitigate the remaining over-projection in the DLFA for FY 2024. Of this amount, \$10 million was allocated on a per-pupil basis to all schools, and the remaining \$2.5 million is reserved for schools that demonstrate an adverse impact from the revenue shortfall during FY 2024.
November 2025	OPSB's lawsuit against the City of New Orleans is ongoing and remains in active litigation.
<b>Source:</b> Prepared by legislative auditor's staff and confirmed by NOLA-PS.	

**Funding.** The NOLA-PS system is funded through a combination of local, state, and federal revenue sources. Local revenues include ad valorem taxes and millages, sales taxes, investment income, district authorizer fees, and other miscellaneous sources like private philanthropy. State revenues primarily include Minimum Foundation Program (MFP)<sup>4</sup> funding and state revenue sharing. Additional funding is provided through federal grants. Generally, state and local funds flow to the CMOs through the NOLA-PS Central Office. NOLA-PS levies sales and ad valorem taxes, which are collected on its behalf by the City of New Orleans (CNO). In addition, motor vehicle sales taxes are collected by the Louisiana Office of Motor Vehicles (OMV). CNO and OMV collect these taxes and remit them to NOLA-PS. Exhibit 2 illustrates the flow of funds from taxes and state education funding to the NOLA-PS Central Office and, from there, to the schools.

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<sup>4</sup> The MFP, established under La. Const. Art. VIII §13, is the primary form of state funding for K-12 education.

**Exhibit 2**  
**Major Sources of State and Local Funding for NOLA-PS**  
**FY 2024**



**Note:** Only includes the portions of local and state funds that are allocated through the DLFA.

**Source:** Prepared by legislative auditor's staff using information from NOLA-PS, CMO-submitted financial statement audits, and unaudited information from LaGov.

**Budgeting.**<sup>5</sup> The budget process outlined in the FY 2025 Budget Presentation involved a structured timeline with multiple phases. The budget process began in January 2024 with establishing the financial statement presentation of the general fund and reviewing the year-to-date actuals to prepare

<sup>5</sup> Budget documentation can be viewed here: <https://nolapublicschools.com/community/financials>



budget amendments. February and March involved internal planning and budget development, which included developing the budget model and finalizing various items such as departmental budgets, fund allocation methodologies, Single Point of Accountability, and portfolio planning. April through May included special revenue budget actions, public hearings, and adoptions of the General Fund and Special Revenue Fund Budget Proposal. The FY 2025 budget was adopted by the OPSB at its June 6, 2024, meeting.

To conduct this review, we interviewed officials from CNO's and NOLA-PS's finance and accounting staffs, reviewed budget documents, reviewed annual financial reports, and analyzed sales tax and ad valorem tax data. In addition, we reviewed the NOLA-PS School Finance Guidebook, which provides a summary of how public funds received by OPSB/NOLA-PS are allocated to schools or expended on their behalf. The objective of this review was:

**To assess the Orleans Parish School Board's budget for FY 2025 and the causes and consequences of deficits that were identified in October 2024.**

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. Appendix A contains responses from the Orleans Parish School Board/NOLA-PS and the City of New Orleans. Appendix B contains detailed statistics on ad valorem tax collections and billings.

Informational reports are intended to provide more timely information than standards-based performance audits. While these informational reports do not follow *Government Auditing Standards*, we conduct quality assurance activities to ensure the information presented is accurate. We incorporated feedback from the Orleans Parish School Board/NOLA-PS and the City of New Orleans throughout this informational report.

## Objective: To assess the Orleans Parish School Board's budget for FY 2025 and the causes and consequences of deficits that were identified in October 2024

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Overall, we found the following:

- **In October 2024, NOLA-PS determined that it had ended FY 2024 with \$28 million (6.4%) less in ad valorem and sales taxes than it had originally forecast.** NOLA-PS had forecast that it would receive \$441 million in ad valorem and sales taxes, but actual revenues were only \$413 million. Key factors that contributed to the shortfall include overly-optimistic forecasts of ad valorem tax and sales tax collections, an economic downturn in Orleans Parish in FY 2024, and OPSB's delay in adopting its ad valorem tax millages.
- **By default, NOLA-PS's funding formula would have required it to reduce funding for public schools in FY 2025 by \$41 million based on state and local revenue shortfalls, but instead it pulled \$35 million from its fund balance and other budget line items, so schools were ultimately provided with \$611 million (99.0%) of the \$617 million in the initial forecast.** Although NOLA-PS had initially hoped to use a settlement payment from CNO to fund some of these lost revenues, negotiations fell through, no payment occurred in FY 2025, and the underlying lawsuit remains pending.
- **Total NOLA-PS funding per pupil faces uncertainty as COVID-era federal grants have expired that provided \$1,764 in funding per pupil in FY 2024.** The deadline to obligate and expend these COVID-related federal grants occurred in FY 2025. Total funding per pupil, adjusted for inflation, reached an all-time high in FY 2022. NOLA-PS saw its district performance scores improve during these years and ranked sixth in the state for academic progress in FY 2024.

This information is discussed in more detail in the sections below.

**In October 2024, NOLA-PS determined that it had ended FY 2024 with \$28 million (6.4%) less in ad valorem and sales taxes than it had originally forecast.**

NOLA-PS adopted its FY 2025 budget on June 6, 2024, shortly before the start of the year on July 1.<sup>6</sup> NOLA-PS's forecast for FY 2025 was based on projections that sales and ad valorem taxes would grow by a combined 12.6% in FY 2024 relative to FY 2023. These two revenue sources accounted for 91.3% of NOLA-PS's local revenue in FY 2024. In actuality, revenue from these two sources only grew by 5.4% in FY 2024. When FY 2024 ended the year with less revenue than forecast, this impacted NOLA-PS in two ways. First, NOLA-PS had a smaller surplus (specifically, "deferred revenue") from FY 2024 to distribute to CMOs in FY 2025. Second, the shortfall effectively required NOLA-PS to reduce the amount it planned to allocate to CMOs from current revenues during FY 2025.<sup>7</sup>

**NOLA-PS's FY 2024 tax revenues were \$28 million (6.4%) less than forecast.** Ad valorem tax accounted for \$16 million of this shortfall, and sales tax accounted for the remaining \$12 million. Many factors can impact ad valorem and sales tax collections, but we identified three key factors that likely contributed to actual revenue collections being less than forecast in FY 2024. Negative economic trends in Orleans Parish's economy as a whole were a factor outside NOLA-PS's control. The remaining two factors were avoidable. One was expectations for ad valorem tax and sales tax for FY 2024 that were optimistic in light of available data. The other was OPSB's delay in adopting its millages for tax year (TY) 2024. Exhibit 3 shows forecast sales and ad valorem tax revenues for FY 2024 that were sent to CMOs in March 2024, along with the actual year-end values.

<b>Exhibit 3</b> <b>March 2024 Forecast and Year-End Actual Tax Revenues</b> <b>FY 2024</b>			
<b>Line Item</b>	<b>Ad Valorem Tax</b>	<b>Sales Tax</b>	<b>Total Tax</b>
Forecast in March 2024	\$252.4 million	\$188.5 million	\$440.9 million
Year-End Actual	\$236.5 million	\$176.2 million	\$412.7 million
Over (Under) Forecast	(\$15.9 million)	(\$12.3 million)	(\$28.2 million)
Percent Over (Under) Forecast	(6.3%)	(6.5%)	(6.4%)
<b>Source:</b> Prepared by legislative auditor's staff using information from NOLA-PS.			

<sup>6</sup> R.S. 17:88 requires school boards to adopt a budget prior to September 15. In general, local governments other than school boards are required to adopt a budget prior to the start of their fiscal year pursuant to R.S. 39:1309(A), but school boards have a later deadline.

<sup>7</sup> The mechanics of NOLA-PS's funding formula for CMOs are explained in greater detail in the next section.

**As much as \$15 million of the shortfall (55%) was likely unavoidable because NOLA-PS's tax revenues were disappointingly low in FY 2024 relative to data available when the forecast was made; however, the remaining \$13 million (45%) of the shortfall likely could have been avoided by using more neutral assumptions and adopting millages timely.**

Two factors within NOLA-PS's control likely could have reduced the size of the revenue shortfall: using less optimistic assumptions and adopting its millages sooner. Forecasts are always prone to error, but forecasts can be designed to be optimistic, pessimistic, or neutral, depending upon the circumstances. NOLA-PS's forecast effectively made optimistic assumptions about how much tax revenue it would receive in FY 2024 in light of available data and historical averages. Furthermore, NOLA-PS delayed adopting its millages for the TY 2024 assessment cycle, which compressed the collections process and likely had a negative impact on ad valorem tax collections. Exhibit 4 summarizes how each of these factors contributed to the shortfall. As seen in the exhibit, \$11 million (38%) of the revenue shortfall could be attributed to the optimistic assumptions, and \$2 million (7%) to the delayed millage vote, for a total of \$13 million (45%) caused by factors within NOLA-PS's control. The remaining \$15 million (55%) was likely a result of poor economic conditions or other factors outside NOLA-PS's control.

<b>Exhibit 4</b> <b>Factors Impacting NOLA-PS Revenue Shortfall</b> <b>FY 2024 (Amounts in Millions)</b>			
Scenario	Ad Valorem	Sales	Total
Starting Point: March 2024 forecast	\$252.4	\$188.5	\$440.9
<i>Less: Effect of optimistic assumptions</i>	<b>-\$3.3</b>	<b>-\$7.5</b>	<b>-\$10.8</b>
Equals: Mid-range forecast	\$249.1	\$181.0	\$430.1
<i>Less: Estimated revenue losses due to delayed vote on millages</i>	<b>-\$1.8</b>	\$0.0	<b>-\$1.8</b>
Equals: Mid-range forecast, after avoidable revenue losses	\$247.3	\$181.0	\$428.3
<i>Less: Lost revenue due to economic and other factors</i>	<b>-\$10.8</b>	<b>-\$4.8</b>	<b>-\$15.6</b>
Equals: Actual revenues	\$236.5	\$176.2	\$412.7
<b>Source:</b> Prepared by legislative auditor's staff using information from NOLA-PS, the Louisiana Tax Commission, CNO, and Orleans Parish Assessor's Office.			

**Several economic indicators suggest that Orleans Parish experienced an economic downturn between FYs 2023 and 2024, which would tend to negatively impact tax collection rates.** Specifically, there were unfavorable trends in population, employment, unemployment, and home values between FYs 2023 and 2024. In addition, homeownership costs increased, driven by rising interest and property insurance rates, and these costs accounted for a higher percentage of median household income in FY 2024. Exhibit 5 shows these economic statistics.

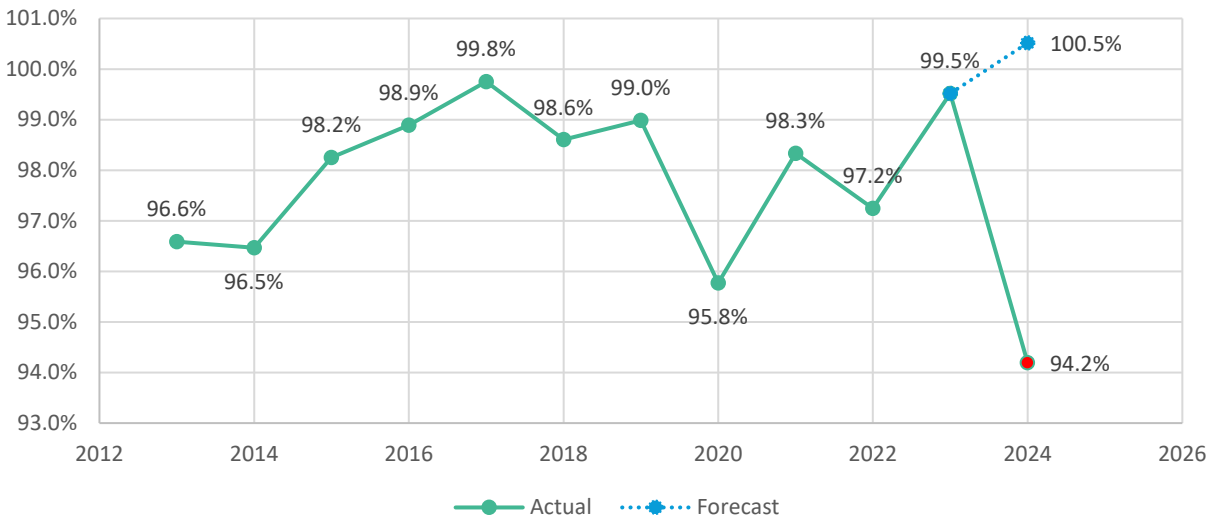
<b>Exhibit 5</b> <b>Economic Indicators for Orleans Parish</b> <b>Fiscal Years 2023 and 2024</b>			
<b>Indicator</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Percent Change</b>
Population	365,170	362,700	-0.7%
Employed Persons	170,059	168,511	-0.9%
Unemployment Rate	4.11%	4.66%	13.4%
All-Transactions House-Price Index	247.83	243.75	-1.6%
Homeownership costs as % of Median Household Income	55.7%	57.0%	2.3%
<b>Source:</b> Prepared by legislative auditor's staff using information from the U.S. Bureau of Labor Statistics and Housing Finance Agency, accessed via Federal Reserve Economic Data (FRED), Federal Reserve Bank of St. Louis, as well as the Federal Reserve Bank of Atlanta's Home Ownership Affordability Monitor (HOAM) data.			

**The ad valorem tax collections-billings ratio and sales tax growth rates in NOLA-PS's FY 2024 revenue forecast were optimistic relative to historical data.** The ad valorem tax collections-billings ratio<sup>8</sup> and the year-over-year growth rate for sales tax are two important metrics available for forecasting each revenue stream, and both were incorporated, directly or indirectly, in NOLA-PS's forecasts for FY 2024. NOLA-PS's ad valorem tax collections in FY 2024 amounted to 94.2% of the amount initially billed for TY 2024, and it saw its sales tax revenue decrease by 0.1% in the second half of FY 2024.<sup>9</sup> These were the worst ad valorem tax collections-billings ratio and the worst sales tax growth rate (aside from FY 2020) in any year since at least FY 2013. Exhibits 6 and 7 show each of these values for fiscal years 2013 through 2024. If the forecast had been adjusted to assume that ad valorem tax collections-billings ratios and sales tax growth rates would equal their pre-COVID averages of 98.2% and 5.1%, respectively, this would have reduced the forecast (and the resulting shortfall) by \$11 million. However, NOLA-PS effectively forecast that ad valorem tax revenues would be equal to 100.5% of the amount billed, and that sales tax revenue would grow 13.3% in the second half of FY 2024. This ad valorem collection rate would have been the highest since at least FY 2013, and the anticipated level of sales tax growth would have been higher than in the second half of any year since at least FY 2013 (excluding the FY 2021 and 2022 COVID recovery period). Thus, NOLA-PS was forecasting a best-case scenario, but the outcome turned out to be the worst-case scenario.

<sup>8</sup> We focus on the ad valorem tax collections-billings ratio because it relates the outcome most important to NOLA-PS (ad valorem tax revenue on a fiscal year basis) to a data point available to them in March when they need to prepare their budget (ad valorem tax billings for the current tax year). Furthermore, this mirrors the process that NOLA-PS used to forecast ad valorem tax revenues for FY 2024. Ad valorem tax revenue includes taxes and interest received for all tax years collected during a fiscal year. In contrast, ad valorem tax collection rates, measuring taxpayer compliance in the aggregate, show the amounts collected during a tax year, as of a given fiscal year, excluding interest. Further details on these calculations are provided in Appendix B.

<sup>9</sup> Ad valorem tax billings may decrease after the bills are initially mailed because of change orders, e.g., resulting from appeals or granting of homestead exemptions. Because bills are typically mailed in late December, the amount initially billed can serve as a consistent reference point for NOLA-PS budget preparation in the following March.

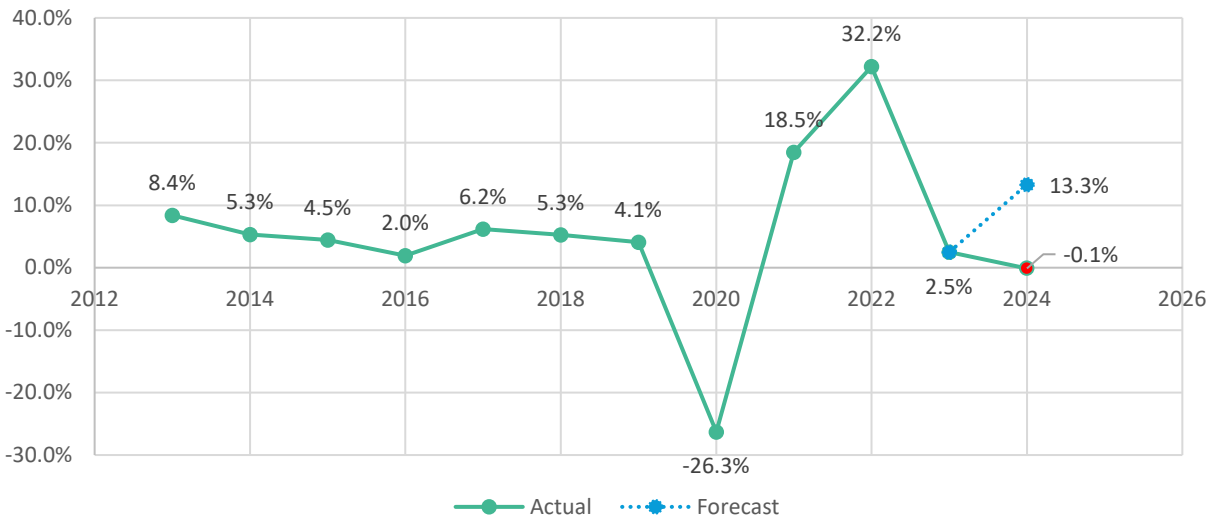
**Exhibit 6**  
**Ad Valorem Tax Collections-Billings Ratio**  
**Fiscal Years 2013 through 2024**



**Note:** The collections-billings ratio shows collections for the given fiscal year, divided by the amount initially billed for the corresponding tax year. For example, OPSB received \$213,912,055 in ad valorem tax revenues in FY 2023, and the amount billed for TY 2023 was \$214,949,279, giving a collections-billings ratio of 99.5%. The source data for this chart are provided in Appendix B, Exhibit B.1.

**Source:** Prepared by legislative auditor's staff using information from NOLA-PS, City of New Orleans, Orleans Parish Assessor's Office, and Louisiana Tax Commission (LTC).

**Exhibit 7**  
**Sales Tax Growth Rates, January to June, Year-Over-Year**  
**Fiscal Years 2013 through 2024**



**Note:** Each percentage represents the growth rate of sales taxes for January to June of the fiscal year indicated, relative to sales taxes for the preceding January to June period.

**Source:** Prepared by legislative auditor's staff using information from NOLA-PS and City of New Orleans.

**OPSB anticipated that ad valorem revenues in FY 2024 would equal 100.5% of the amount initially billed for TY 2024, more than the 98.2% average collections-billings ratio prior to COVID, and the actual 94.2% ratio for FY 2024.** The pre-COVID average (FY 2013-2019) collections-billings ratio was 98.2%, and post-COVID (FY 2020-2023) it was 97.7%. Billings typically decrease over the course of the assessment cycle because of appeals, corrections, and other situations that result in a change order. For example, NOLA-PS's TY 2024 taxes billed decreased from \$251.1 million in November 2023 to \$249.4 million in CNO's computer system as of April 2025. Because NOLA-PS has to develop its forecast before it knows the cumulative effect of all change orders on the amount billed, it may be necessary to account for the impact of change orders in the forecast. The amount of school taxes per the LTC Annual Report,<sup>10</sup> adjusted for phase-ins,<sup>11</sup> can serve as a useful historical reference for the amount to be billed at the start of the collection cycle, which can then be compared to actual revenues collected during the fiscal year. The resulting ratio of actual revenues to initial billings would account for the historical average impacts from change orders and delinquent collections. The collections-billings ratios shown in Exhibit 6 are calculated in this manner. If we had used the final amount billed net of change orders as the denominator, the collections-billings ratio would appear to be higher. For example, NOLA-PS reported \$213.9 million in ad valorem tax revenue in FY 2023. This would equate to a collections-billings ratio of 100.2% if the denominator reflects the \$213.5 million in billings for TY 2023 net of all change orders through April 2025.<sup>12</sup> However, the ratio falls to 99.5% if the denominator is the \$214.9 million in billings when the tax rolls were certified by the Orleans Parish Board of Review in October of 2022. In obtaining data and developing its forecasting methodology, an ad valorem taxing body should be cognizant of this distinction and its potential impact on the accuracy of its forecast.

CNO officials have stated that collection rates were low during the TY 2024 assessment cycle particularly because of low compliance for business personal property and penalty assessments imposed by the Assessor on businesses that do not submit annual forms. Regardless of whether the cause was change orders, lack of compliance, or inflated assessments, it is impossible for NOLA-PS to anticipate every situation that could negatively impact collections. It is, on the other hand, feasible for NOLA-PS to develop its ad valorem tax forecast in reference to available billing data and average historical collection rates. Had NOLA-PS built its forecast around a more typical collection rate of 98.2%, its revenue shortfall would have decreased in magnitude by \$3.3 million.

**OPSB delayed adopting its millages for TY 2024, which shortened the collections window during FY 2024 and may have reduced NOLA-PS's**

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<sup>10</sup> The denominator is the amount of school taxes levied from the LTC Annual Report, minus Act 718 phase-ins. According to LTC, the LTC Annual report is a snapshot of the tax roll provided by assessors in November of each year following certification by the parish boards of review. It does not account for change orders.

<sup>11</sup> We adjusted the LTC Annual Report figure for TY 2024 to account for \$2.6 million in Act 718 phase-ins, a form of tax relief for homeowners whose assessments increase more than 50% as a result of a quadrennial reappraisal, required by La. Const. Art. VII § 18(F).

<sup>12</sup> Ad valorem tax collections may exceed billings as a result of prior-year taxes and interest.



**collections for FY 2024 by \$1.8 million.** Because TY 2024 was a reappraisal year, the Louisiana Constitution required OPSB to adjust its millages to offset growth in real property values since the last reappraisal in TY 2020.<sup>13</sup> This meant that OPSB had to decrease its ad valorem tax rates from 45.31 mills to 39.82 mills, which is known as a “roll back.”<sup>14</sup> However, after rolling back, OPSB had the option to undertake a “roll forward,” in which the millages would be increased to the 45.31 mills that were levied in TY 2023 prior to the reappraisal. OPSB voted on its roll back and roll forward on January 18, 2024. This delayed the mailing of tax bills, which occurred in late January of 2024, instead of the usual mid-to-late December of the preceding calendar year.

According to NOLA-PS officials, this delay was necessary because the board needed guidance from the Louisiana Department of Education on how the increased assessed values would impact the amount of MFP funding available for the NOLA-PS system. An increase in assessed values does tend to decrease the amount that a school district receives in state MFP funding, although this effect has a two-year time lag. MFP funding for FY 2025 was based on assessed values in effect during FY 2023.<sup>15</sup> In the 2016 and 2020 reappraisal cycles, OPSB adopted its millages during the preceding November.<sup>16</sup> Furthermore, any decision OPSB made regarding its TY 2024 millages would not prevent it from decreasing or increasing its millages for the next year if needed, so long as it followed proper procedures and did not exceed 45.31 mills.<sup>17</sup>

The delay in sending out tax bills likely contributed negatively to the collection rate for FY 2024. During FY 2023, CNO collected an additional 0.7% of taxes billed during its fourth month of collection efforts (June). If this percentage is multiplied by the amount billed for TY 2024, this would amount to \$1.8 million in FY 2024. Exhibit 8 shows the cumulative ad valorem tax collection rates by month and tax year.

<b>Exhibit 8</b> <b>Cumulative Ad Valorem Tax Collection Rates by Month and Tax Year</b> <b>Tax Years 2023 through 2024</b>							
<b>Tax Year</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>December</b>
2023	38.4%	83.4%	89.0%	90.6%	91.7%	92.4%	94.8%
2024	0.1%	34.5%	81.8%	87.5%	89.5%	90.4%	93.7%
<b>Source:</b> Prepared by legislative auditor's staff using tax billing data from the City of New Orleans.							

<sup>13</sup> La. Const. Art. VII § 23.

<sup>14</sup> A mill indicates a tax rate of one dollar per thousand dollars of assessed value.

<sup>15</sup> Orleans Parish collects property taxes approximately one year in advance relative to the rest of the state, so Orleans Parish's MFP for FY 2025 was based on TY 2023. However, the MFP budget letter refers to assessed values for TY 2022, reflecting the tax year convention used in the other 63 parishes of the state.

<sup>16</sup> Although the four neighboring school boards of Jefferson, Plaquemines, St. Bernard, and St. Tammany went through their TY 2024 reappraisal 11 months after Orleans, they adopted their millages in July or September of 2024.

<sup>17</sup> The millages in effect during the tax year prior to reappraisal will become the new prior-year maximum millage rates. See [Tax Review FAQs](#), revised 08/2025, question 29.



**Sales taxes also underperformed relative to their forecast because NOLA-PS sent CMOs a forecast that was overly optimistic, expecting sales taxes to grow 6% in FY 2024 relative to FY 2023, even though sales taxes for the first half of FY 2024 were 1.7% less than during the same period in the prior year.** As of March 2024, when the FY 2025 forecast was being distributed to CMOs, NOLA-PS was aware that sales taxes in the first six months of FY 2024 were 1.7% less than during the first six months of the prior fiscal year.<sup>18</sup> However, NOLA-PS's forecast provided to CMOs anticipated that FY 2024 would end the year with 6% growth relative to FY 2023 for the full fiscal year. According to an annotation in NOLA-PS's budget development spreadsheet, the 1.7% decrease for the first half of the year did not account for Mardi Gras and festivals. Instead, a year-over-year growth rate of 6% was used, which was based on the average growth rate of sales tax for the previous four years.

The 6% assumed growth rate was an optimistic assumption, given the negative year-over-year performance of sales tax in the first half of FY 2024. It should be noted that Mardi Gras, Jazz Fest, and the French Quarter Festival occurred in FY 2023, so for FY 2024 sales tax to end 6% higher than in FY 2023, the economic impact of these events would have to be significantly larger in 2024 than in 2023.<sup>19</sup> Numerically, to make up for the 1.7% decrease in the first half of FY 2024 and end the year with 6% growth, NOLA-PS would have needed the second half of FY 2024 to see 13.3% growth over the same period in FY 2023. NOLA-PS's pre-COVID average sales tax growth rate for the second half of its fiscal year is only 5.1%, and as it turned out, the actual growth rate was -0.1%. As seen previously in Exhibit 7, while high growth rates (exceeding 13%) did occur in the second halves of FYs 2021 and 2022, this growth had moderated to a more normal pace by FY 2023. By FY 2023, NOLA-PS's sales taxes had exceeded their pre-COVID level, in both nominal and inflation-adjusted terms.<sup>20</sup> Exhibit 9 below shows how the use of optimistic assumptions, instead of more neutral ones, caused the revenue shortfall to grow by \$7.5 million, from \$4.8 million to \$12.3 million.

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<sup>18</sup> NOLA-PS received six months' worth of sales tax payments by February 22, 2024, before NOLA-PS provided its forecasts to the CMOs in March 2024.

<sup>19</sup> Essence Festival for 2024 was held July 4 through 7, 2024, meaning that taxes for this event would not be recognized by NOLA-PS until FY 2025. These dates had been announced in December 2023. The Southern Decadence festival customarily occurs during the first half of NOLA-PS's fiscal year.

<sup>20</sup> NOLA-PS's sales tax revenue for FY 2019 was \$148 million, or \$175 million after adjusting for inflation to FY 2023 dollars using the Consumer Price Index. Both were less than the \$178 million in actual sales tax revenue for FY 2023.

<b>Exhibit 9</b> <b>Sales Tax Forecast Versus Actual</b> <b>FY 2023 and 2024</b>				
Line Item	Amount	July-December	January-June	Fiscal Year Total
FY 2023 - Actual	Revenue	\$86.9	\$90.9	\$177.8
FY 2024 - NOLA-PS Forecast	Revenue	\$85.5	\$103.0	\$188.5
	% Growth	-1.7%	13.3%	6.0%
FY 2024 - Neutral Forecast	Revenue	\$85.5	\$95.5	\$181.0
	% Growth	-1.7%	5.1%	1.8%
FY 2024 - Actual	Revenue	\$85.5	\$90.7	\$176.2
	% Growth	-1.7%	-0.1%	-0.9%
FY 2024 - Forecast error	Due to optimism	\$0.0	-\$7.5	-\$7.5
	Other causes	\$0.0	-\$4.8	-\$4.8
	Total	\$0.0	-\$12.3	-\$12.3
<b>Note:</b> Dollar amounts shown in millions. <b>Source:</b> Prepared by legislative auditor's staff using information from NOLA-PS and CNO.				

**NOLA-PS's FY 2024 revenue shortfall would have been larger if CNO had not corrected a \$3.9 million underpayment to NOLA-PS for ad valorem taxes collected in March 2024.** Specifically, in May 2024, CNO made two payments to NOLA-PS for the ad valorem taxes it received in the first half of March 2024. However, ad valorem taxes for March 5, 8, and 13 were erroneously not included in these payments. NOLA-PS's external auditors identified this during their audit of its financial statements for FY 2024. As a result, CNO made an additional payment of \$3.9 million on November 26, 2024. NOLA-PS ultimately recognized these revenues as occurring in FY 2024. If the error had not been identified, NOLA-PS's revenue shortfall would have been \$32.0 million, instead of \$28.1 million. Based on our review of accounting data provided by CNO and NOLA-PS, we were able to verify that all ad valorem and sales tax disbursements made by CNO were recognized as receipts by NOLA-PS for FY 2024.<sup>21</sup>

**While collection and assessment fees did cost NOLA-PS \$12.2 million in FY 2024, they did not contribute to NOLA-PS's FY 2024 revenue shortfall, nor did they necessitate funding cuts in FY 2025.** Although NOLA-PS's ad valorem and sales taxes generated a combined \$412.7 million in revenue, NOLA-PS only received \$400.5 million in cash deposits from CNO for these taxes for FY 2024. The remaining \$12.2 million was deducted by CNO as fees, including

<sup>21</sup> We also tested a sample of tax payments received by CNO between July 3 and 14, 2023 and obtained support from CNO showing that NOLA-PS's calculated share of all tax and interest payments posted during these days was distributed to NOLA-PS, net of the 2% CNO collection fee.

\$7.2 million that CNO retained as collection fees<sup>22</sup> and a \$5 million fee that CNO remitted to the Orleans Parish Assessor's Office as an assessment fee.<sup>23</sup> These fees did not contribute to the revenue shortfall for FY 2024 because, from an accounting standpoint, they are expenses, not reductions to revenues. Furthermore, NOLA-PS budgeted for \$15.2 million for collection and assessment fees in the materials it sent to CMOs in March 2024. Indeed, the actual fees were \$3 million less than budgeted for, mostly because NOLA-PS budgeted for a deduction of \$2.6 million for the pension accumulation fund as provided in R.S. 11:82, but this deduction did not occur in FY 2024.<sup>24</sup> Because these expenses came in \$3 million less than budgeted for FY 2024, they actually lessened the magnitude of spending cuts that NOLA-PS had to implement in FY 2025. Exhibit 10 provides further detail on forecast and actual revenue amounts and fee deductions, by tax type.

<b>Exhibit 10</b> <b>Fees Deducted from NOLA-PS's Taxes</b> <b>FY 2024</b>			
<b>Item</b>	<b>Forecast</b>	<b>Actual</b>	<b>Actual Minus Forecast</b>
Ad Valorem Tax	\$252.4	\$236.5	-\$15.9
City Collection Fee	4.7	4.7	0.0
Assessor Fee	5.1	5.0	-0.1
Pension Contributions	2.6	0.0	-2.6
Net Ad Valorem Tax	240.0	226.8	-13.2
Sales Tax	188.5	176.2	-12.3
City Collection Fee*	2.8	2.5	-0.3
Net Sales Tax	185.7	173.7	-12.0
Total Taxes	\$440.9	\$412.7	-\$28.2
Total Fees	\$15.2	\$12.2	-\$3.0
Total Net Taxes	\$425.7	\$400.5	-\$25.2
* The sales tax collection fee of 1.6% only applies to NOLA-PS's sales taxes that are collected by CNO, which does not include consumer use tax or state motor vehicle sales tax. <b>Source:</b> Prepared by legislative auditor's staff using information from NOLA-PS and CNO.			

<sup>22</sup> CNO charged a 2% fee on ad valorem taxes it collected on NOLA-PS's behalf, pursuant to R.S. 47:1997.1. Separately, CNO charged a 1.6% fee on sales taxes it collected on NOLA-PS's behalf, pursuant to an August 1982 agreement between CNO and OPSB. However, due to ongoing litigation, CNO stopped assessing these fees in August 2025, pursuant to City Ordinance No. 30291. These fees are separate from a 1% collection fee and 0.3% Uniform Local Sales Tax Board fee (amounting to a combined \$118,022 for FY 2024) that was deducted from NOLA-PS's motor vehicle sales tax, pursuant to R.S. 47:303(B)(3)(b)(ii)(aa) and R.S. 47:337.102(I). CNO does not collect NOLA-PS's motor vehicle sales tax, and it does not collect a fee on it.

<sup>23</sup> The Orleans Parish Assessor's Office receives a fee of 2% of taxes levied, pursuant to R.S. 47:1925.8.

<sup>24</sup> CNO deducted this contribution from NOLA-PS's ad valorem tax in FY 2023, but not in FY 2024. As a result of recent litigation, CNO did not deduct it from NOLA-PS's funds. Initially, CNO withheld the pension contribution from NOLA-PS's FY 2024 ad valorem taxes; however, CNO rectified the error and paid NOLA-PS back the funds that it erroneously withheld before the end of FY 2024.

If NOLA-PS had not been required to pay collection and assessment fees in FY 2024, it still would have had a revenue shortfall because, as noted previously, collection and assessment fees do not impact revenues. Maintaining the fees should not have required NOLA-PS to cut spending in FY 2024 or FY 2025 because they did not increase and were foreseeable at the time that NOLA-PS communicated its budget to CMOs in March 2024. If the fees had been eliminated prior to March 2024, NOLA-PS would have built its budget around the assumption that it would have more money to spend on other line items, and it would have been required to distribute the additional funds to CMOs as part of its funding formula.<sup>25</sup> When actual revenues for FY 2024 turned out to be less than forecast, NOLA-PS still would have been required to reduce spending. If the collection fees had been eliminated after NOLA-PS prepared and adopted its budget for FY 2025, this would have reduced the budget deficit for FY 2025, but only because the fee elimination would have been an unanticipated windfall.

**CNO and NOLA-PS should work together to strengthen communication surrounding ad valorem and sales tax collections.** Because CNO is NOLA-PS's tax collector, NOLA-PS is dependent upon CNO for information on tax collections. CNO, in turn, has the ability, and in some cases a statutory obligation, to provide tax data to NOLA-PS. State law requires CNO to keep a detailed record of all ad valorem tax payments, which is subject to public inspection at all times.<sup>26</sup> In addition, the Orleans Parish Assessor is required to provide the assessment roll to CNO in an electronic, machine-readable format.<sup>27</sup> Ad valorem taxes and assessment rolls are not confidential under state law.<sup>28</sup> While sales tax returns and line items thereon are confidential, state law allows for the publication of aggregate statistics for classes of returns.<sup>29</sup> For example, the Jefferson Parish Sheriff's Office provides a 10-year tabulation of taxable sales, by industry category.<sup>30</sup> Although CNO may incur costs to generate reports, these costs could be considered as part of ongoing negotiations with NOLA-PS regarding collection fees.

However, NOLA-PS is responsible for how it uses the information that CNO provides. As noted in its annual financial statements, NOLA-PS is fiscally independent, which means that it "may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt." As noted by the Government Finance Officers Association, forecasting is an integral part of the budgeting process.<sup>31</sup> Therefore, NOLA-PS's fiscal independence means that it is responsible for forecasting its own revenues. This includes developing a forecasting methodology,

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<sup>25</sup> R.S. 17:3995(A)(1)(b)(i) requires the amounts distributed by NOLA-PS to CMOs to include sales and use taxes and ad valorem taxes, less any tax collection fees paid by the school district.

<sup>26</sup> R.S. 47:2058.

<sup>27</sup> R.S. 47:1993(A)(2).

<sup>28</sup> R.S. 47:1508(A)(1).

<sup>29</sup> R.S. 47:1508(B)(2). Any sales tax statistics published must be so classified as to prevent the identification of any return or report and the items thereof.

<sup>30</sup> Annual Comprehensive Financial Report, FY 2024, Table 11, p. 168. URL:

<https://lla.la.gov/go.nsf/get?OpenAgent&arkkey=72240869APPP-DFCLEB>

<sup>31</sup> "Financial Forecasting in the Budget Preparation Process," Government Finance Officers Association, approved February 28, 2024. URL: <https://www.gfoa.org/materials/financial-forecasting-in-the-budget-preparation-process>

assessing the reliability and appropriateness of external data sources before incorporating them into its forecast, and acquiring and maintaining sufficient expertise through training, hiring, or contracting the personnel who will prepare the forecast. In addition, NOLA-PS may need to be proactive in requesting data.

Although NOLA-PS could have had a more neutral (and more accurate) forecast by using information that was publicly available or that CNO did indeed provide, additional information could still be helpful to improve forecasting accuracy. For example, a low compliance rate for real property in one tax year can lead to a spike in late payments in the following year. This would require a tabulation of collections by tax year, information that CNO does not currently publish in a format that conforms to NOLA-PS's June 30 fiscal year-end. Both CNO and NOLA-PS officials noted that the current litigation between the entities has forced both sides to be cautious in their interactions, stifling efforts to collaborate. For these reasons, we recommend better communication and data sharing between CNO and NOLA-PS.

**Recommendation 1:** CNO and NOLA-PS should work together to strengthen communication surrounding ad valorem and sales tax collections.

**Summary of Management's Response:** NOLA-PS and CNO agreed with this recommendation (see Appendix A).

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**By default, NOLA-PS's funding formula would have required it to reduce funding for public schools in FY 2025 by \$41 million based on state and local revenue shortfalls, but instead it pulled \$35 million from its fund balance and other budget line items, so schools were ultimately provided with \$611 million (99.0%) of the \$617 million in the initial forecast.**

In the decentralized NOLA-PS system, CMOs' primary sources of funds are state and local revenues, which the NOLA-PS central office allocates based on the District Level Funding Allocation (DLFA). The DLFA primarily consists of OPSB's ad valorem and sales taxes,<sup>32</sup> as well as state MFP funds, which NOLA-PS reallocates to the CMOs that are part of the NOLA-PS system based on a weighted headcount of students enrolled at each school. NOLA-PS uses weights to provide extra funds to schools for students who may require additional services, such as English learners, students who were previously expelled or incarcerated, or students in special education programs. Of the total \$41 million in spending reductions, the ad valorem tax and sales tax shortfalls described in the previous section accounted for \$39 million, while the remaining \$2 million was due to a reduction in state MFP funding.

The **Minimum Foundation Program (MFP)** is a state-level funding formula established to calculate the cost of providing a minimum standard of education to every student in Louisiana's public elementary and secondary schools. This calculation is used to help distribute state funds to parish, city, and other local school systems.

The **District Level Funding Allocation (DLFA)** is the primary source of public funds for the schools in the NOLA-PS system. NOLA-PS uses the DLFA to distribute state and local education funds to the charters.

**By default, NOLA-PS's funding formula would have required it to reduce spending by \$41 million in FY 2025 relative to the budget documents provided to CMOs in March 2024, mostly because FY 2024 ad valorem and sales tax collections were less than forecast.** The \$28 million shortfall in ad valorem and sales tax collections for FY 2024 created a \$39 million decrease in local funding in the DLFA for FY 2025 because of how the DLFA is structured in state law. The remaining \$2 million in funding cuts occurred because state MFP was less than initially forecast.

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<sup>32</sup> Per R.S. 17:3995(A)(1)(b)(i), the other local revenue source allocated through the DLFA is real estate income from sixteenth section lands owned by OPSB, but this income is typically less than \$10,000 per year. Sixteenth section lands are those set aside to fund public schools under the Land Ordinance of 1785 and subsequent acts.



Per NOLA-PS policy and state law,<sup>33</sup> NOLA-PS has two major sources of local funding that it provides to CMOs: base local revenue and deferred revenue. Both are based on local revenue received during the prior fiscal year. Base local revenue is the prior fiscal year's gross local revenue received, net of certain system-wide expenses.<sup>34</sup> In the context of NOLA-PS funding, state law<sup>35</sup> defines deferred revenue as the difference between base local revenue that was collected and what was actually paid through the DLFA during the prior year<sup>36</sup>. This means that effectively, prior-year local revenue is included twice in the DLFA formula. For example, during FY 2025, the amount that NOLA-PS distributed to schools through the DLFA was equal to FY 2024 base local revenues plus FY 2024 deferred revenues. Deferred revenues were equal to FY 2024 base local revenues minus FY 2024 actual base local funding distributed through the DLFA.<sup>37</sup> In this formula, FY 2024 base local revenues are included twice, once directly and once as a component of the deferred revenue calculation. As a result, a \$1 decrease in prior-year base local revenue requires more than \$1 in spending cuts for the current year. The design of this formula enables NOLA-PS to maintain a consistent level of funding within a fiscal year, with the drawback that it amplifies the swings in funding between fiscal years. Exhibit 11 illustrates how the drop in FY 2024 ad valorem and sales tax revenues had a double impact on the amount of funds available for distribution in FY 2025.

**Deferred revenue** is a funding mechanism that trues up the amount that NOLA-PS pays to schools based on the amount of revenue it actually received in the prior year.

For example, in FY 2024, NOLA-PS paid schools \$314.7 million, based on base local revenue from FY 2023.

Since actual FY 2024 base local revenue for OPSB's CMOs was \$332.5 million, this meant that NOLA-PS essentially underpaid schools by \$17.8 million in FY 2024. This type of underpayment was not an error. This type of over- or underpayment exists by design, and the deferred revenue mechanism exists to correct for it.

As a result, NOLA-PS was required to distribute this \$17.8 million in deferred revenue to schools in FY 2025.

<sup>33</sup> R.S. 17:3995(A)(1)(b) and R.S. 17:10.7.1(E)(9).

<sup>34</sup> The system-wide expenses that are deducted from gross revenues include collection fees, assessment fees, school facilities preservation, legacy costs, the system-wide needs program, election fees, and payments for other schools such as state-authorized Type II charters and Office of Juvenile Justice schools.

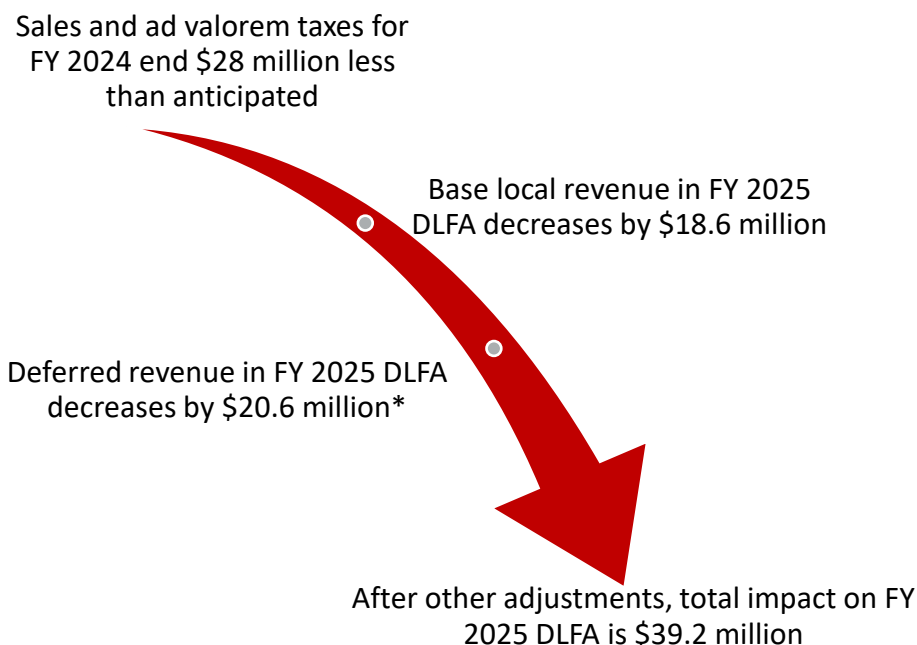
<sup>35</sup> R.S. 17:10.7.1(E)(9).

<sup>36</sup> Amounts paid through the DLFA during the prior year would have been based on actual revenue collections from the year before that.

<sup>37</sup> FY 2024 actual base local funding distributed through the DLFA was, in turn, based on FY 2023 actual base local revenues.

### Exhibit 11

#### Magnified Impact of Prior-Year Revenues on NOLA-PS Funding FY 2025



\* When NOLA-PS prepared its FY 2025 budget in March of 2024, it estimated FY 2024 revenue would be much higher, resulting in an estimated \$38.4 million in deferred revenue to be distributed in FY 2025. When FY 2024 actual revenue was less than expected, it caused a \$20.6 million reduction to the deferred revenue.

**Source:** Prepared by legislative auditor's staff using information from NOLA-PS.

In the budget forecasts provided to CMOs in March 2024, NOLA-PS planned to pay \$14,856 per unweighted pupil to its schools, equating to \$617 million for the entire year, based on the initial forecast. NOLA-PS allocated this \$617 million in funding to CMOs based on pupil counts, except for certain components of the MFP<sup>38</sup> that were allocated directly to CMOs on the same basis that the MFP uses. Exhibit 12 shows pupil counts, the per-pupil amounts for fiscal years 2024 and 2025, and the total amounts allocated to schools from state MFP and local revenues.

<sup>38</sup> These were Level 3 continuation of prior-year pay raises and Level 4 funding for specific services, such as foreign language teachers or career and technical courses.



<b>Exhibit 12</b> <b>Orleans Parish State MFP and Local Revenues Per Pupil</b> <b>FY 2024 and 2025</b>				
Description	FY 2024	FY 2025		
		Initial	Mid-year, with revenue shortfalls	Year-end, with additional funding
Unweighted Pupil Count	42,180	41,537	42,324	42,324
Weighted Pupil Count	52,780	51,978	53,945	53,945
Funding Per Unweighted Pupil	\$13,845	\$14,856	\$13,600	\$14,427
Funding Per Weighted Pupil	\$11,064	\$11,872	\$10,670	\$11,319
Total Funding to CMOs	\$584 M	\$617 M	\$576 M	\$611 M
<b>Source:</b> Prepared by legislative auditor's staff using information from NOLA-PS.				

**NOLA-PS only had to reduce school funding by \$6.5 million instead of \$41.5 million because it absorbed \$35 million (84.4%) of the shortfall in the DLFA by using unassigned fund balance and reallocating funds from its operating budget.** Although NOLA-PS had initially hoped to use a settlement payment from CNO to fund some of these lost revenues, negotiations fell through, no payment occurred in FY 2025, and the underlying lawsuit remains pending. Instead, OPSB approved the use of \$28 million in fund balance and voted not to require schools to repay the \$28 million, which would otherwise have been required by OPSB policy.<sup>39</sup> With an additional \$7 million in operating budget adjustments, these measures offset \$35 million of the funding shortfall, leaving only \$6.5 million in cuts that schools had to absorb in the form of funding reductions.

Exhibit 13 below shows the sources of funding that were included in the DLFA for FY 2025, and how the funding amounts changed from the amount initially communicated to CMOs in March 2024 to the preliminary year-end results. As seen in the exhibit, state MFP funds ended the year only \$2.3 million less than anticipated, accounting for 5.5% of the \$41.5 million potential shortfall. Current revenues and deferred revenues accounted for the remaining \$39.2 million (94.5%). According to NOLA-PS officials, the use of \$28 million in fund balance still left the system with a \$61,905,000 emergency reserve and \$7,595,000 in unassigned fund balance.

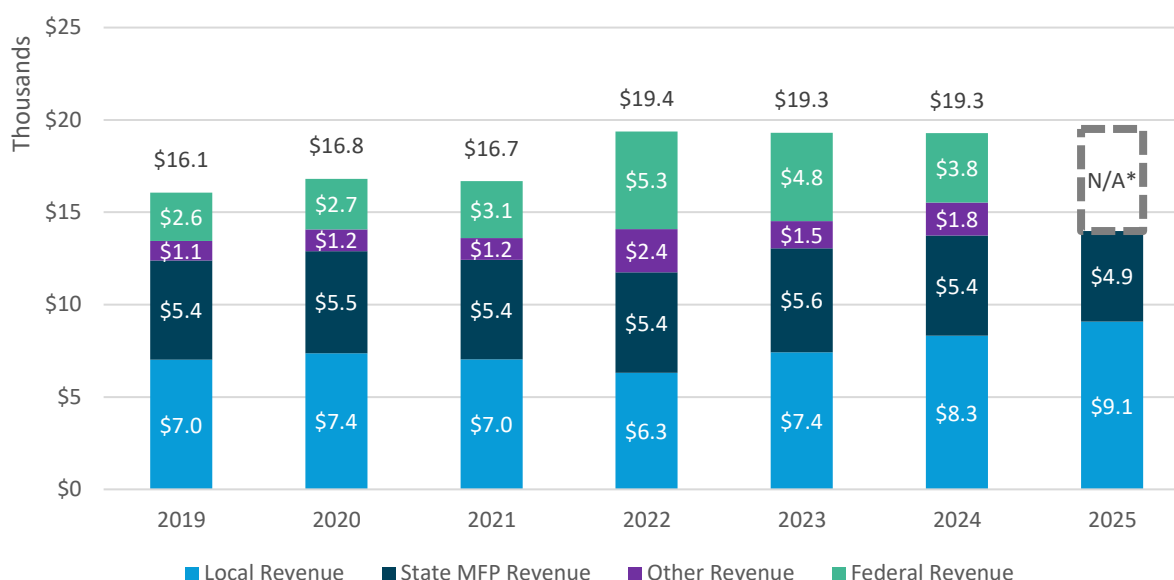
<sup>39</sup> These allocations, and the concurrent waivers of OPSB Policy DC, occurred at the March 20 and June 5 OPSB board business meetings in 2025. Policy DC ordinarily requires the use of fund balance to be fully replenished via a "fund balance reserve recovery surcharge" withheld from funds that would otherwise be paid to the schools over a five-year period, but OPSB waived this requirement. Although R.S. 17:10.7.1(E)(9) and OPSB Policy DCBC allow NOLA-PS to carry-forward negative deferred revenues rather than making immediate cuts to the DLFA, negative deferred revenues were not an issue in FY 2025. The issue in FY 2025 was that deferred revenues were positive but smaller than anticipated when the budget was originally communicated to CMOs in March 2024.

<b>Exhibit 13</b> <b>Initial and Year-End DLFA for NOLA-PS</b> <b>FY 2025</b>			
Category	Initial Forecast	Preliminary Year-End Results	Change from Initial to Year-End
<b>State funds (MFP)</b>			
Levels 1, 2, and 3	\$196.7	\$193.5	-\$3.2
Level 4, annual and monthly	30.5	30.5	0.0
State cost allocation for type II's	-7.2	-8.0	-0.8
Audit and mid-year adjustments	-2.4	-0.7	1.7
State funds (MFP) subtotal	217.6	215.3	-2.3
<b>Local funding</b>			
Base local revenue (ad valorem, sales)	361.0	342.4	-18.6
Deferred revenue	38.4	17.8	-20.6
Local funding subtotal	399.4	360.2	-39.2
<b>Other funding</b>			
Board-approved use of unassigned fund balance for DLFA	0.0	28.0	28.0
Board-approved transfer from operating budget to DLFA	0.0	7.0	7.0
Other funding subtotal	0.0	35.0	35.0
<b>Total state MFP and local funding</b>	<b>\$617.0</b>	<b>\$610.5</b>	<b>-\$6.5</b>
<b>Note:</b> Amounts in millions of dollars. Amounts shown include the amounts provided to OPSB-chartered CMOs as well as the directly-run Leah Chase School. <b>Source:</b> Prepared by legislative auditor's staff using information from NOLA-PS and the Louisiana Department of Education.			

## Total NOLA-PS funding per pupil faces uncertainty as COVID-era federal grants have expired that provided \$1,764 in funding per pupil in FY 2024.

Since FY 2019, schools in the NOLA-PS system have seen revenue growth as well as cost increases from inflation and other expenses in the years following the COVID-19 pandemic. Between FY 2019 and 2024, inflation-adjusted<sup>40</sup> revenue per pupil increased 20%, from \$16,062 to \$19,278. The sources of growth were local, federal, and other revenues. State MFP revenue remained essentially constant and even decreased in FY 2025. Exhibit 14 shows the amount of inflation-adjusted revenue per pupil by source for FY 2019 through 2025.

**Exhibit 14**  
**Inflation-Adjusted Funding Per Pupil for NOLA-PS CMOs**  
**FY 2019 through 2025\***



\* FY 2025 data for the Louisiana Department of Education's (LDE's) annual fiscal report (AFR) are not yet available. State and local funding per pupil for FY 2025 were obtained from NOLA-PS.

**Note:** This exhibit is based on AFR data for CMOs that are their own Local Education Agency (LEA) and not part of OPSB's LEA.

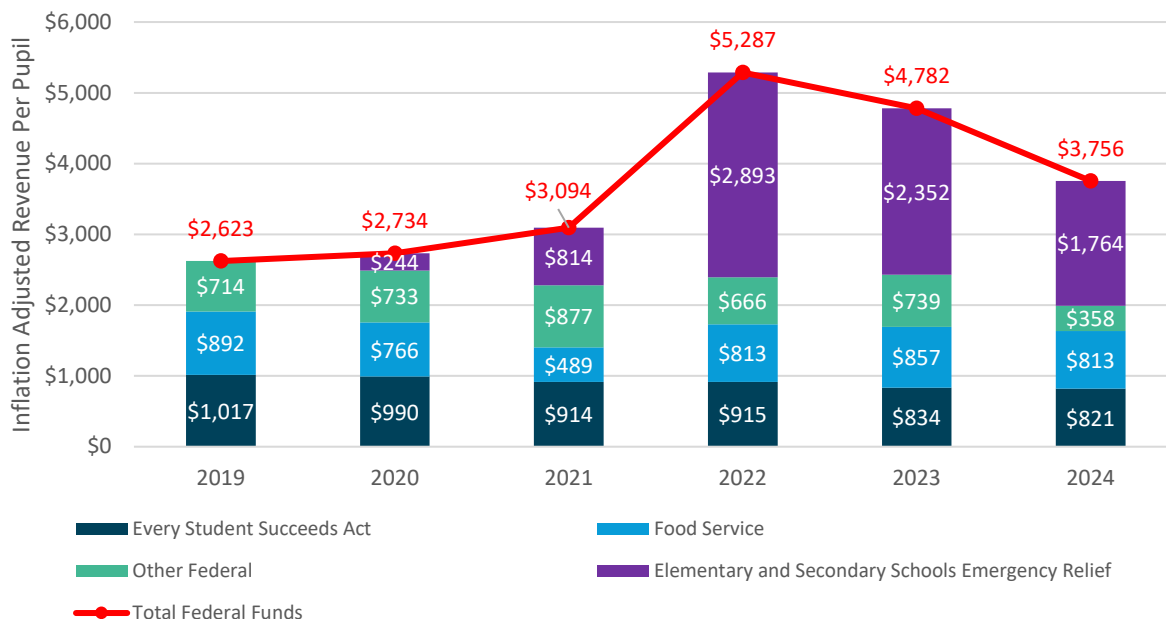
**Source:** Prepared by legislative auditor's staff using information from LDE's AFR files and NOLA-PS.

**Between FY 2019 and FY 2024, CMOs saw their inflation-adjusted federal revenues rise 43.2%, from \$2,623 to \$3,756 per pupil, but federal grants are expected to decrease as COVID-era grants expire.** In FY 2019, the two largest sources of federal funding for CMOs were grants under the Every Student Succeeds Act (ESSA) and federal school lunch funds, which collectively accounted for \$1,909 (72.8%) of the \$2,623 in federal funds per pupil in FY 2019, adjusted for inflation to 2025 dollars. However, the COVID-19 pandemic saw the creation of several large federal grant programs providing Elementary and

<sup>40</sup> All dollar amounts in this section are adjusted for inflation to 2025 purchasing power.

Secondary Schools Emergency Relief (ESSER) funding. These funds peaked at an estimated \$2,893 per pupil in FY 2022, and had declined to \$1,764 per pupil in FY 2024. The deadline to obligate funds was September 30, 2024.<sup>41</sup> Exhibit 15 shows federal revenues per pupil, by grant category, adjusted for inflation to FY 2025 dollars.

**Exhibit 15**  
**CMO Federal Revenues by Source**  
**Per Pupil and Inflation-Adjusted**  
**FY 2019 to 2024**



**Note:** Dollar amounts are inflation adjusted to 2025 dollars. ESSER funding per pupil is estimated based on the 67% of CMO reporting periods whose filings with the legislative auditor included a Schedule of Expenditures of Federal Awards and imputed for the remaining 33% of CMO reporting periods.

**Source:** Prepared by legislative auditor's staff using information from the LDE and school-submitted financial statements.

**NOLA-PS's district performance score issued by LDE improved at the same time that the CMOs received additional revenue per pupil.** CMOs could use ESSER funds for mitigation of student learning loss, COVID-related expenses, technology, mental health, summer learning, or any activity already funded by federal grants. LDE records indicate that 72% of the funds were used to fund salaries and related benefits. Between FY 2019 and 2024, LDE's District Performance Score for OPSB increased, from 50<sup>th</sup> place to 44<sup>th</sup> place, although it started and ended with a "C" rating.<sup>42</sup> LDE also has sub-scores showing an

<sup>41</sup> ESSER funding came in three waves, first with the CARES Act in April 2020, then the CRSSA Act in December 2020, and finally the American Rescue Plan Act in March 2021.

<sup>42</sup> NOLA-PS's rankings in its District Performance Scores in this paragraph are based on the 62 districts that had scores for FY 2019 and FY 2021 through 2024. This excluded eight districts that were missing scores for one or more of those years, namely, Calcasieu, Cameron, Lafourche, St. Charles, St. Helena, St. James, St. John the Baptist, and Terrebonne.

Assessment Index, which measures proficiency at a point in time, and a Progress Index, showing how much students' scores were improving from one year to the next. The Assessment Index rose only a few places, from 47<sup>th</sup> place to 44<sup>th</sup> place, starting and ending with a D rating. However, the Progress Index rose substantially, from 30<sup>th</sup> to 6<sup>th</sup> place, going from a B to an A. Exhibit 16 summarizes district performance scores for OPSB for the past five scoring cycles.

<b>Exhibit 16</b> <b>District Performance Scores for Orleans Parish School Board</b> <b>FY 2019 through 2024</b>			
<b>Fiscal Year</b>	<b>Overall Letter Grade and Rank</b>	<b>Assessment Letter Grade and Rank</b>	<b>Progress Letter Grade and Rank</b>
2019	C (50 <sup>th</sup> )	D (47 <sup>th</sup> )	B (30 <sup>th</sup> )
2021*	No Letter Grade (52 <sup>nd</sup> )	No Letter Grade (50 <sup>th</sup> )	No Letter Grade (37 <sup>th</sup> )
2022	C (48 <sup>th</sup> )	F (50 <sup>th</sup> )	B (32 <sup>nd</sup> )
2023	C (48 <sup>th</sup> )	F (50 <sup>th</sup> )	A (32 <sup>nd</sup> )
2024	C (44 <sup>th</sup> )	D (44 <sup>th</sup> )	A (6 <sup>th</sup> )
* LDE did not issue letter grades in 2021, but did issue simulated performance scores. <b>Note:</b> To enable meaningful comparison of district rankings over time, the rankings in this exhibit are based only on the 62 districts that had scores for all five years. This excluded eight districts: Calcasieu, Cameron, Lafourche, St. Charles, St. Helena, St. James, St. John the Baptist, and Terrebonne. <b>Source:</b> Prepared by legislative auditor's staff using information from LDE.			



## **APPENDIX A: MANAGEMENT'S RESPONSES**

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**Agency: Orleans Parish School Board****Audit Title: New Orleans Public School Funding****Audit Report Number: 42250002**

**Instructions to Audited Agency:** Please fill in the information below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

<b>Finding 1: In October 2024, NOLA-PS determined that it had ended FY 2024 with \$28 million (6.4%) less in ad valorem and sales taxes than it had originally forecast.</b>	
<i>Recommendation 1: CNO and NOLA-PS should work together to strengthen communication surrounding ad valorem and sales tax collections.</i>	
Does Agency Agree with Recommendation?	<input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
Agency Contact Responsible for Recommendation:	
<i>Name/Title: Dr. Fateama Fulmore, Superintendent</i>	
<i>Address: 2401 Westbend Parkways</i>	
<i>City, State, Zip: New Orleans, LA</i>	
<i>Phone Number: 504-359-9567</i>	
<i>Email: ffulmore@nolapublicschools.com</i>	

**Agency:** City of New Orleans

**Audit Title:** New Orleans Public School Funding

**Audit Report Number:** 42250002

**Instructions to Audited Agency:** Please fill in the information below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

**Finding 1: In October 2024, NOLA-PS determined that it had ended FY 2024 with \$28 million (6.4%) less in ad valorem and sales taxes than it had originally forecast.**

*Recommendation 1: CNO and NOLA-PS should work together to strengthen communication surrounding ad valorem and sales tax collections.*

Does Agency Agree with Recommendation? ☒ Agree ☐ Disagree

Agency Contact Responsible for Recommendation:

*Name/Title: Romy S. Samuel*

*Address: 1300 Perdido St., 3E06*

*City, State, Zip: New Orleans, LA 70112*

*Phone Number: (504)658-1501*

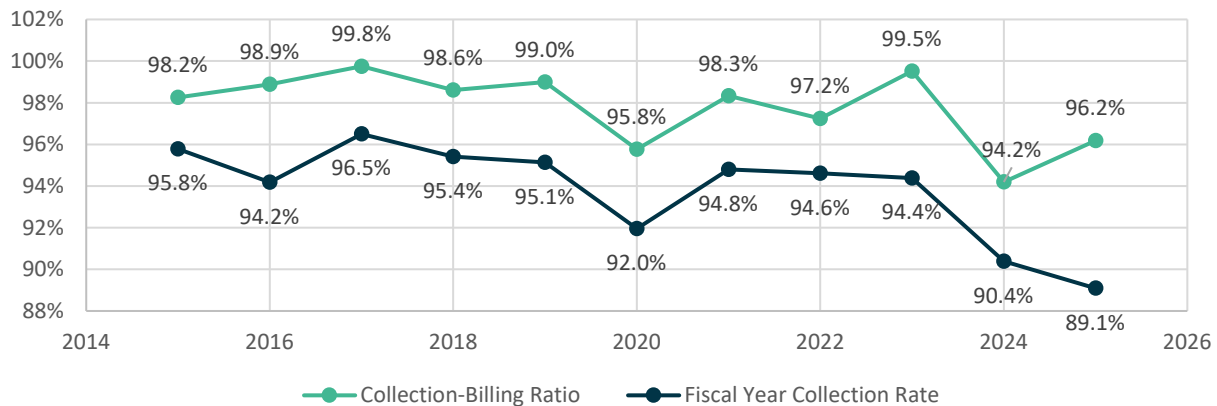
*Email: Romy.Samuel@nola.gov*

## APPENDIX B: AD VALOREM TAX DETAIL

Exhibit B.1 Ad Valorem Tax Billings and Collections					
Tax Year or OPSB Fiscal Year	Tax-Year Basis			Fiscal-Year Basis	Combined
	School Taxes Levied (per LTC Annual Report)*	Act 718 Phase-Ins**	Net School Taxes Levied	OPSB Ad Valorem Tax Revenue	Collection – Billing Ratio
2013	\$138,416,505		\$138,416,505	\$133,691,064	96.6%
2014	\$141,841,427		\$141,841,427	\$136,834,464	96.5%
2015	\$150,942,651		\$150,942,651	\$148,298,545	98.2%
2016	\$160,089,598		\$160,089,598	\$158,311,016	98.9%
2017	\$165,560,639		\$165,560,639	\$165,148,640	99.8%
2018	\$171,680,617		\$171,680,617	\$169,281,560	98.6%
2019	\$175,289,083		\$175,289,083	\$173,510,890	99.0%
2020	\$199,993,662	\$2,441,215	\$197,552,447	\$189,200,387	95.8%
2021	\$193,464,034	\$1,597,685	\$191,866,349	\$188,665,429	98.3%
2022	\$192,337,575	\$514,360	\$191,823,215	\$186,540,616	97.2%
2023	\$215,259,046	\$309,767	\$214,949,279	\$213,912,055	99.5%
2024	\$253,744,187	\$2,623,276	\$251,120,911	\$236,539,339	94.2%
2025	\$255,783,206	\$1,862,369	\$253,920,837	\$244,222,526	96.2%
<p>* The LTC Annual Report is a snapshot of the tax roll provided by assessors in November of each year following certification by the parish boards of review</p> <p>** Act 718 phase-ins are estimated based on assessment rolls for TYs 2020-2022 and actual CNO billing data for TY 2023-2025. Act 718 was first implemented for the TY 2020 reappraisal.</p> <p><b>Source:</b> Prepared by legislative auditor's staff using information from the Louisiana Tax Commission, Orleans Parish Assessor, Orleans Parish School Board, and City of New Orleans.</p>					

Exhibit B.2 Ad Valorem Tax First-Year Collection Rates									
CNO Fiscal Year*	Real Property			Personal Property			Total		
	Dollars Levied	Dollars Collected in Fiscal Year	Fiscal Year Collection Rate	Dollars Levied	Dollars Collected in Fiscal Year	Fiscal Year Collection Rate	Dollars Levied	Dollars Collected in Fiscal Year	Fiscal Year Collection Rate
2014	\$393,304	\$375,815	95.55%	\$84,620	\$81,926	96.82%	\$477,924	\$457,741	95.78%
2015	\$422,306	\$397,843	94.21%	\$86,961	\$81,773	94.03%	\$509,267	\$479,616	94.18%
2016	\$457,800	\$442,153	96.58%	\$92,428	\$88,797	96.07%	\$550,228	\$530,950	96.50%
2017	\$480,924	\$458,767	95.39%	\$96,441	\$92,123	95.52%	\$577,365	\$550,890	95.41%
2018	\$497,718	\$469,414	94.31%	\$101,280	\$100,453	99.18%	\$598,998	\$569,867	95.14%
2019	\$496,197	\$456,347	91.97%	\$103,260	\$94,891	91.90%	\$599,457	\$551,238	91.96%
2020	\$551,514	\$527,205	95.59%	\$100,865	\$91,272	90.49%	\$652,379	\$618,477	94.80%
2021	\$543,383	\$520,864	95.86%	\$92,191	\$80,441	87.25%	\$635,574	\$601,305	94.61%
2022	\$520,272	\$498,189	95.76%	\$96,762	\$84,191	87.01%	\$617,034	\$582,380	94.38%
2023	\$604,693	\$557,573	92.21%	\$116,856	\$94,589	80.94%	\$721,549	\$652,162	90.38%
2024	\$643,727	\$586,438	91.10%	\$116,788	\$91,106	78.01%	\$760,515	\$677,544	89.09%
* CNO fiscal years end on December 31 and include revenue expected to be collected during the fiscal year or within the first 60 days of the following calendar year. Thus, FY 2023 includes timely tax payments for TY 2024. <b>Note:</b> Amounts in thousands of dollars. <b>Source:</b> Prepared by legislative auditor's staff using information from the City of New Orleans, Annual Comprehensive Financial Report, Exhibit E-8.									

**Exhibit B.3  
Ad Valorem Tax Collection Measurement Comparisons**



**Note:** Collection-billing ratio comes from Exhibit B.1. Fiscal-year collection rate comes from Exhibit B.2. Each CNO fiscal year corresponds to the following tax year or OPSB fiscal year.

**Source:** Prepared by legislative auditor's staff using information from the Louisiana Tax Commission, Orleans Parish Assessor, Orleans Parish School Board, and City of New Orleans.