

■ **Overview of Georgia's 2014 Fiscal Year Budget for PK-12** **New Plan Continues \$1 Billion Underfunding of QBE**

By Claire Suggs, Senior Education Policy Analyst

Georgia continues to shortchange its K-12 students. The Quality Basic Education (QBE) program, the primary mechanism for distributing state money to local school districts, is underfunded by \$1 billion in the governor's budget for the 2014 fiscal year. While the proposed budget would increase total funding over last year, the extra money primarily covers the added cost of more school children and a salary adjustment for teachers' training and experience. For districts and schools across the state there will be little relief from larger class sizes, shorter school calendars and teacher furlough days.

The outlook is better for pre-kindergarten education. The governor plans to raise funding for Pre-K to increase the number of school days from 170 to 180. Still, funding for Pre-K would remain below 2009 levels.

Georgia has an ambitious goal of increasing the number of students who complete a postsecondary certificate or degree program by 250,000 by the year 2020. This will require many more students who finish high school and many more fully prepared for postsecondary study when they leave the school system. The Georgia Department of Education is moving ahead with new strategies that place higher expectations on teachers and students to meet this goal. Yet the state consistently underfunds its schools and is cutting programs in areas like science and technology that encourage students to go into those high-demand fields. Georgia cannot build the workforce it needs to spur economic growth and create more jobs if it does not invest adequate resources in its students.

Amended K-12 Budget for Current Fiscal Year

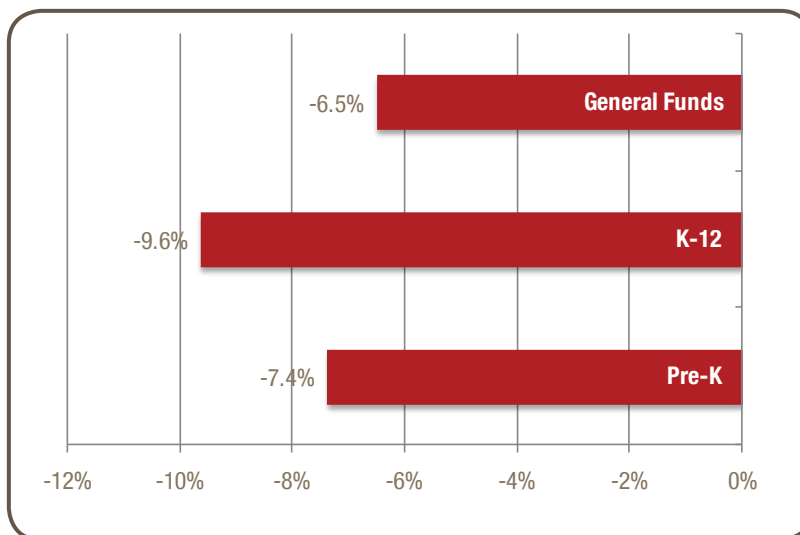
The governor's amended budget for the 2013 fiscal year, which ends June 30th, increases funding for K-12 by \$154 million, mostly to account for enrollment growth. Most other education programs will absorb significant cuts during the remainder of the current fiscal year, including

- Agricultural education (\$229,515)
- Nutrition (\$1,647,230)
- Regional Education Service Agencies (\$205,995)
- School Improvement (\$93,579)
- Technology/Career Education (\$421,775)

Fiscal Year 2014 Budget for Pre-K and K-12

Though QBE remains significantly underfunded, the governor's budget year that begins July 1, 2013 does take a small step forward. In it the governor calls for full funding of the QBE equalization program, which provides funds to districts whose low tax digest limits how much local money can be raised through local property taxes. His budget also adopts several of the recommendations of the State Education Finance Study Commission: increased funding for professional development; school nurses and instructional technology.¹ Much of this funding is not new, however. It is redirected from other areas. He also proposes increased funding to enhance the state's technology infrastructure, a step to give teachers, principals, district staff and parents the information they need to help students learn more. In most of cases, however, he provides less funding than the commission recommends.

Chart 1 Five-Year Decline in Education Funding, 2009 - 2014



Source: Governor's Budget Report-FY 2013. (Note: The original FY 2009 budget provides a comparison point prior to the state's recessionary cuts.) Total state general funds include motor fuel funds. Pre-K includes lottery funds.

Next year's proposed budget also adds \$12.9 million to the Pre-K education. This will bring the Pre-K school year back to 180 days after having been reduced in previous years due to budget cuts. That also would restore teachers' salaries, which have been reduced as a result of fewer school days.

In addition, the governor's budget does not reflect the growing expectations of students and educators, most notably with the implementation of the Common Core Georgia Performance Standards, new tests tied to the Common Core and new evaluation systems for teachers. Implementing these effectively will require additional support and resources for student and educators.

Department of Education (K-12)

\$1 Billion Hole

The proposed budget for K-12 education over the state's next fiscal year has a \$1 billion hole in it. That is the amount that would flow to schools across Georgia if the QBE were fully funded.² That shortfall is a modest improvement over the 2013 budget, when the QBE was underfunded by \$1.1 billion. The additional funds for QBE in the 2014 fiscal year account for growth, as well as the governor's adoption of several of the recommendations of the State Education Finance Study Commission. Still, these increases do not turn the tide of a decade of underfunding QBE.

Under next year's budget, QBE funding would increase by \$205 million. More than 60 percent of that is dedicated to funding enrollment growth and normal salary adjustments for teachers. These dollars are critical to ensuring that the state's investment in its students does not slip much further.

Some of the remaining new funds for QBE would be used to implement the State Education Finance Study Commission’s call for additional funding for school nurses and professional development for educators. In both cases, however, the funding level falls below the level recommended by the commission.

Table 1 Proposed Spending Short of Finance Commission Recommendations

	Governor’s FY 2014 Budget	Education Finance Commission’s FY 2014 Recommendations	Difference
School Nurses	\$2,577,745	\$3,246,795	(\$669,050)
Professional Development	\$759,393	\$7,792,492	(\$7,033,099)

Source State Education Finance Study Commission Summary of Recommendations, Governor’s FY 2014 Budget

Heeding another commission recommendation, the governor proposed to increase funding for classroom technology by about \$27 million. This is a critical investment that can help students learn more and develop essential skills for the technology-driven economy of the 21st century. However, part of the money is redirected from funds that support central office administration including district superintendents and assistant superintendents. Funds that now go to Education Technology Centers operated by Regional Education Service Agencies (RESAs) are also being shifted to QBE for classroom technology.

The proposed budget for fiscal year 2014 also includes new funding for technology infrastructure. This includes nearly \$2.6 million for the Longitudinal Data System, which will provide teachers with multi-year student data to make instructional decisions. These funds will also enhance data collection. The budget also proposes a new grant program to ensure districts have full Internet connectivity.

The commission’s recommendation for expanding the number of school counselors is also included in the governor’s budget for QBE. Based on the recommendation, funding for counselors actually declines by nearly \$900,000 in next year’s budget. However, funding should increase in subsequent years if the state follows the commission’s recommendation.

The commission also recommends more funding for the QBE equalization program, which provides supplemental funds to districts with lower tax digests.³ The proposed budget sets aside \$41 million in additional funds for this in the 2014 fiscal year. This increase would bring the program up to full funding for the first time since 2008. However, since the legislature scaled back the funding formula in 2012, it is still below earlier levels and fails to meet the needs of all districts. If the pre-2012 QBE equalization formula was the measure, the program would continue to be underfunded next year.⁴

Beyond QBE and QBE equalization, most programs would be cut in 2014 under the proposed 2014 budget. School nutrition will be cut by \$1.3 million, for example, and \$421,775 is to be cut from Technology/Career Education’s extended day program. Funding for the Regional Education Service Agencies (RESA) will fall by \$205,995. After years of cuts, state funding for the Georgia Youth Science and Technology program is set to be eliminated. Close to 28,000 teachers and other educators participated in RESA courses and workshops in the 2012 fiscal year. During the same period, the Georgia Youth Science and Technology program provided training to nearly 8,500 teachers in and served more than 82,000 students many of whom are in rural, underserved areas of the state.

A Steady Erosion of Resources

Georgia's education funding has deteriorated for years. If lawmakers accept the 2014 budget proposal, state funding through QBE, QBE equalization, and other programs will be well below the 2009 level.

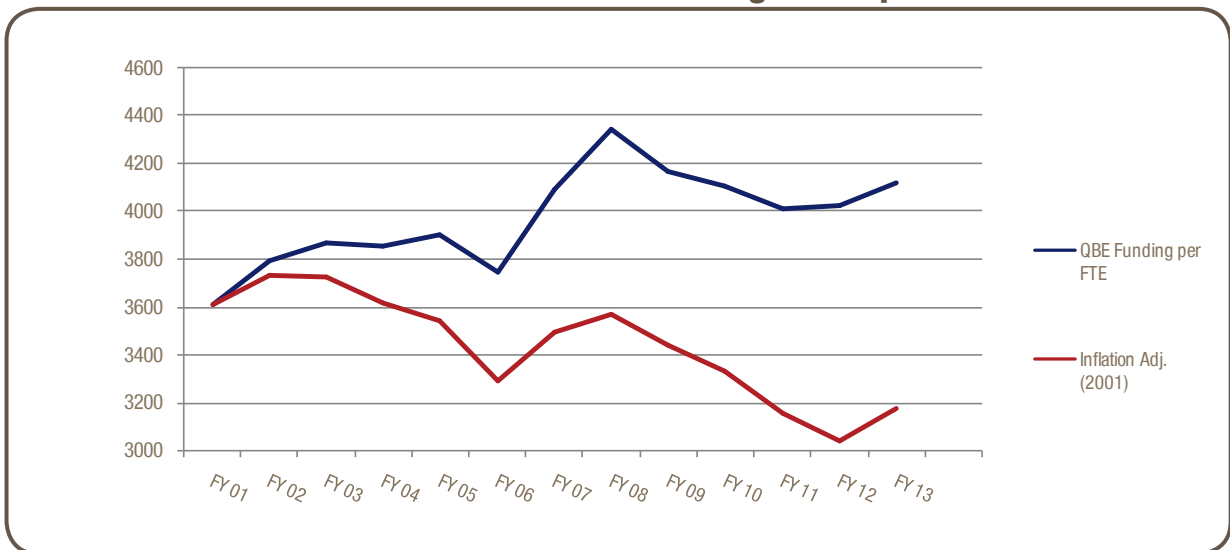
Table 2 K-12 Education State Funding Down Since 2009

	FY 2009 Original Budget	FY 2013 Original Budget	FY 2014 Governor's Budget	FY 2013 - FY 2014 Change (\$)	FY 2013 - FY 2014 Change (%)	FY 2009- FY 2014 Change (\$)	FY 2009 - FY 2014 Change (%)
QBE	\$6,990,928,564	\$6,485,507,307	\$6,691,241,934	\$205,734,627	3.2%	(\$299,686,630)	-4.3%
QBE Equalization	\$548,529,543	\$436,158,587	\$477,123,534	\$40,964,947	9.4%	(\$71,406,009)	-13%
Non-QBE Funds	\$657,039,664	\$246,366,146	\$239,434,342	-\$6,931,804	-2.8%	(\$417,605,322)	-63.6%
State General Funds	\$8,196,497,771	\$7,168,032,040	\$7,407,799,810	\$239,767,770	3.3%	(\$788,697,961)	-9.6%

Note: The FY 2009 QBE funding includes funding for school nurses and pupil transportation. These programs were included in the QBE in FY 2013; they were added to FY 2009 to ensure comparability.

The decline in QBE funding for students began even before the 2009 fiscal year. Per-pupil QBE funding adjusted for inflation is lower now than it was more than a decade ago, even as the number of low-income students in Georgia's schools has steadily increased. Between 2001 and 2013, the percentage of students who qualify for the free and reduced lunch program grew to 60 percent from 44 percent.⁵ These students often need additional support to reach the same levels of achievement as students from families that have more financial resources. They need more one-on-one attention, which can be achieved through smaller class sizes, extended learning time through after-school and summer programs and consistently high-quality instruction. The relentless decline in state funding has led to more crowded classrooms and shorter school days, making it harder for these students to keep up with the academic success of their more affluent peers.

Chart 2 QBE Delivers Less Funding Per Pupil



Source: Amended Appropriation Reports, AFY2001-AFY2012, Appropriation Report, FY 2013, Governor's Proposed FY 2014 Budget, Georgia Department of Education Allotment Sheets, and Consumer Price Index. Note: Inflation-adjusted QBE funding per pupil for FY 2013 estimated based on inflation for 2012.

New Standards, Rising Expectations Require More Funding

Expectations for students and teachers continue to rise. This is most visible with the adoption of new, voluntary national standards in math and English. The Common Core Georgia Performance Standards (CCGPS) have the potential to improve students' knowledge and expertise in these critical subjects. Realizing this potential, however, depends on adequate funding to support effective implementation. At a minimum, teachers and principals need high-quality professional development and students need high-quality instructional materials. The Fordham Institute estimates Georgia should invest an additional \$44.3 million above current funding to support the transition to the Common Core.⁶

Tied to the CCGPS are new assessments, which will gauge whether students are meeting the new expectations. These assessments are more in-depth than current tests and require students to demonstrate knowledge and analytical thinking. They are also computer-based to provide data to teachers to quickly develop strategic lesson plans. According to Dr. John Barge, Georgia's State School Superintendent, the cost of the new tests is double the amount the state now spends on assessments.⁷

Teachers will have greater expectations in another area. The Georgia Department of Education is instituting a new teacher evaluation system aimed at improving instructional skills. But this depends on principals' ability to conduct evaluations effectively.⁸ Meanwhile, principals need comprehensive training and ongoing support to properly conduct the evaluations.

It is critical that the evaluation system be done well. Evaluation results will be used in coming years to make decisions about teachers' tenure, compensation, dismissal and other personnel-related issues. Flawed evaluations can lead to wrong treatment of teachers and diminished professional growth among them.

Adequacy

Implementation of the new standards for students and the new teacher evaluation system requires more resources than the state plans to put into education. Research shows funding matters.⁹ States that invest more in education are more likely to see higher levels of student achievement than those that invest less.

The State Education Finance Study Commission recognized the importance of adequate funding. It called for about \$100 million in new spending in critical areas over the next three years in addition to full funding for the QBE equalization program. These include:

- Transportation and bus replacement
- School psychologists
- School media specialists

Georgia cannot build the workforce it needs to spur economic growth and create more jobs if it does not invest adequate resources in its students.

Department of Early Care and Learning

Pre-K Funding is Insufficient to Maintain Standards

Georgia's Pre-K program is administered by Bright from the Start: Department of Early Care and Learning. It is funded solely with revenue from the Georgia Lottery. For the 2014 fiscal year, the governor proposes increasing its funding by 4.5 percent. That is enough to reverse recent cuts to the number of school days, but is not enough to meet demand for Pre-K education.

Chart 3 Pre-K Funding Reverses Recent Cuts

	FY 2009 Original Budget	FY 2013 Original Budget	FY 2014 Governor's Budget	FY 2013- FY 2014 Change (\$)	FY 2013 - FY 2014 Change (%)	FY 2009 - FY 2014 Change (\$)	FY 2009 - FY 2014 Change (%)
State General Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Lottery Funds	\$337,018,148	\$298,602,245	\$312,173,630	\$13,571,385	4.5%	(\$24,844,518)	-7.4%

Source: Georgia General Assembly, House Bill 990-FY 2009 Appropriations Bill, State of Georgia's Budget Report FY 2014.

The legislature cut \$54 million from the Pre-K budget in 2012 and reduced the 180-day school calendar by 20 days. The lost days reduced teachers' salaries proportionally. Legislators also raised maximum class size from 20 to 22. A wave of teacher departures led the legislature to add 10 days back for the current fiscal year. The proposed budget for next fiscal year brings the number of school days back to 180. Class size, though, remains at 22.

The restoration of school days is a positive step for Georgia's young children. It is not sufficient, however, to provide the full benefits of Pre-K learning to all eligible children. Demand for Pre-K is greater than the program can accommodate. In 2012, more than 6,000 children were on the waitlist.¹⁰ At the same time, the larger class size threatens the quality of Pre-K. In 2011 Georgia's Pre-K was one of only 10 states to meet all 10 quality benchmarks of the National Institute for Early Education Research. With a maximum class size more than 20, Georgia will lose this distinction.



Endnotes

¹The State Education Finance Commission was established by the General Assembly in 2011 and charged with reviewing and updating the QBE program. The Commission called for fully funding the QBE equalization program and recommended about \$100 million in new funding over three years, indicating that existing funding is inadequate for meeting students' needs.

²State of Georgia. Zero Based Budget Reports Fiscal Year 2014

³The QBE and QBE equalization programs are separate. The QBE distributes state funding to every district based on its student enrollment and the characteristics of those students. The QBE equalization program distributes supplemental state funding to districts with lower property wealth. Districts with lower property wealth cannot generate the same amount of local funds from property taxes as districts with high property wealth. Under the governor's FY 2014 budget, the QBE is not fully funded; the QBE equalization program, however, is.

⁴Despite the overall reduction in funding, the revisions to the QBE equalization program made it more equitable. Some districts with low property wealth now receive more equalization funding than they did prior to the changes.

⁵Georgia Department of Education. Free and Reduced Price Lunch Eligibility, October 21, 2001 (FY2002-1) and October 31, 2012 (FY2013-1) http://app3.doe.k12.ga.us/ows-bin/owa/fte_pack_fr1001_public.display_proc

⁶Murphy, P., Regenstein, E., & McNamara, K. (2012). *Putting a price tag on the common core: how much will smart implementation cost?* Washington, DC: Fordham Institute

⁷Dr. John Barge. Panel presentation at the Georgia Budget & Policy Institute Annual Policy Conference, January 25, 2013

⁸For example, see Sartain, L., Stoelinga, S.R., & Brown, E.R. (2011). *Rethinking teacher evaluation in Chicago: Lessons Learned from Classroom Observations, Principal-Teacher Conferences, and District Implementation*. Chicago, IL: Consortium on Chicago School Research.

⁹Baker, B. (2012). *Revisiting that age-old question: does money matter in education?* Washington, DC: The Albert Shanker Institute

¹⁰Barnett, W. S., Carolan, M.E., Fitzgerald, J., & Squires, J. H. (2011). *The state of preschool 2011: State preschool yearbook*. New Brunswick, NJ: National Institute of Early Education Research.

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