

■ Education in Georgia: Growing Expectations, Shrinking State Investment

The \$9.7 billion Georgia is investing in education in 2014 accounts for more than half of all state expenses. Elementary and secondary education make up \$7.4 billion of Georgia's education funding.

Georgia's investment in its students is falling even as its expectations of what they will accomplish are rising. For years the Legislature has cut funding for Pre-Kindergarten and elementary and secondary schools as well as for technical colleges and universities. At the same time, state leaders—recognizing the essential role of education in developing a workforce that will foster a strong Georgia economy—have laid out ambitious goals for students at all levels. Those goals will be harder to meet without additional investments in Pre-K, schools and colleges.

In K-12, student achievement goals rise each year under the state's accountability system. In addition, Georgia is ramping up its expectations of student performance in math and English under the Common Core Georgia Performance Standards.

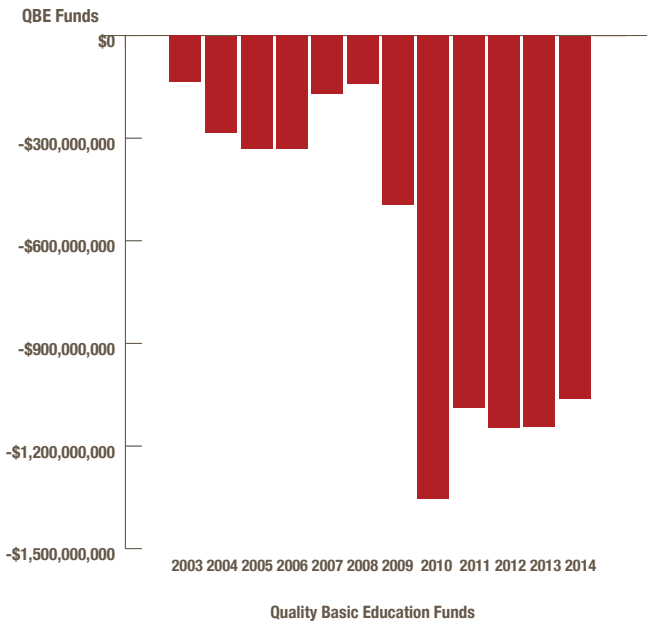
In higher education, the state wants to significantly increase the number of students who earn a diploma, a certificate or a degree as outlined in the Complete College Georgia initiative. It is also shifting to a system that funds colleges and universities based on the number of students who finish their programs of study. This new approach ends the link between enrollment and funding. Beginning in 2015, institutions will receive additional funding when they meet graduation goals, not when enrollment increases.

Helping students learn more and complete their studies at all levels is essential. Sixty percent of all jobs in the state will require postsecondary study by 2020 and Georgia is a long way from offering a workforce that can meet this demand. That requires adequate funding, something few educators have today after years of budget cuts.

Elementary and Secondary Education: K-12 Funding Formula Short \$1 Billion

In fiscal year 2014, the formula the state uses to distribute most state dollars to local school districts, the Quality Basic Education program (QBE), is underfunded by \$1 billion. The Legislature has underfunded schools every year since 2002, cutting more than \$7.6 billion from the QBE formula.

Figure 14 Georgia Makes Deep Cuts to Education Through the QBE Formula Each Year



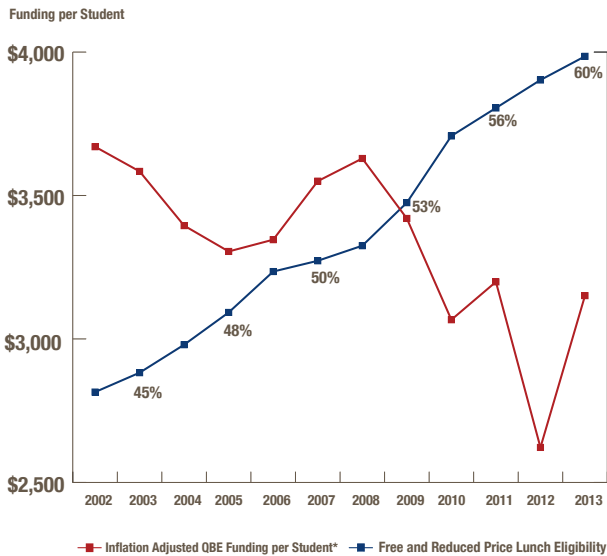
Source: Georgia Department of Education, QBE Earnings Sheets, 2014, Midterm 2002- 2013 fiscal years

Local districts must make up the funding shortfall, and many are making cuts that can undermine student success, including increasing class sizes and shrinking the school calendar.

Elementary and Secondary Education: State Shortchanges Students' Growing Needs

In addition to deeply cutting the QBE formula, lawmakers have cut funding for QBE Equalization, which is aimed at helping school districts with limited ability to raise money locally because of low property wealth. Combined, these cuts pushed down funding for each student by 14 percent between fiscal years 2002 and 2013, when adjusted for inflation. At the same time, the number of low-income students in Georgia's schools soared. They often need additional support and resources to succeed in school. Nearly 60 percent of Georgia's students, more than 1 million children, come from families with incomes low enough to qualify for the federal free and reduced lunch program. That's up from 44.2 percent in 2002.

Figure 15 More Students With Greater Needs as Funding Shrinks



Source: Georgia Department of Education, QBE Earnings Sheets, 2002-2013 fiscal years

* Full-time equivalent student

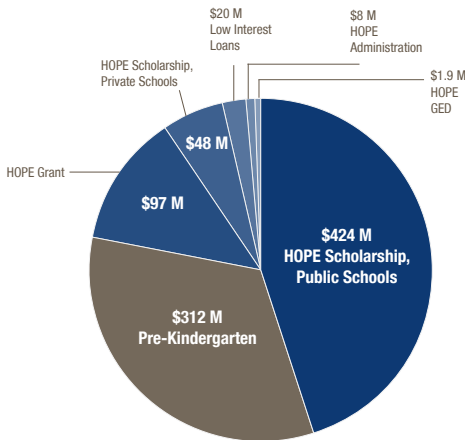
Note: The uptick in QBE funding from 2012 to 2013 reflects in part an accounting change, not net increase in funds.

Lottery Funds: Support for Young Children and College Students

Georgia expects to collect \$910 million from lottery sales in 2014, which can be used to fund:

- Helping Outstanding Pupils Educationally (HOPE) Scholarships for high-achieving students pursuing a bachelor's or associate's degree
- HOPE grants for students in a certificate or diploma program at a two-year college
- HOPE GED grants, one-time awards to students who complete a GED and enroll in postsecondary education
- Student Access Loans (SAL), which provide low-interest loans to college students
- Voluntary Pre-Kindergarten
- Educational technology/training and capital expenses, including computers and other instructional tools in K-12 and postsecondary schools

Figure 16 Most Lottery Money Supports HOPE Programs



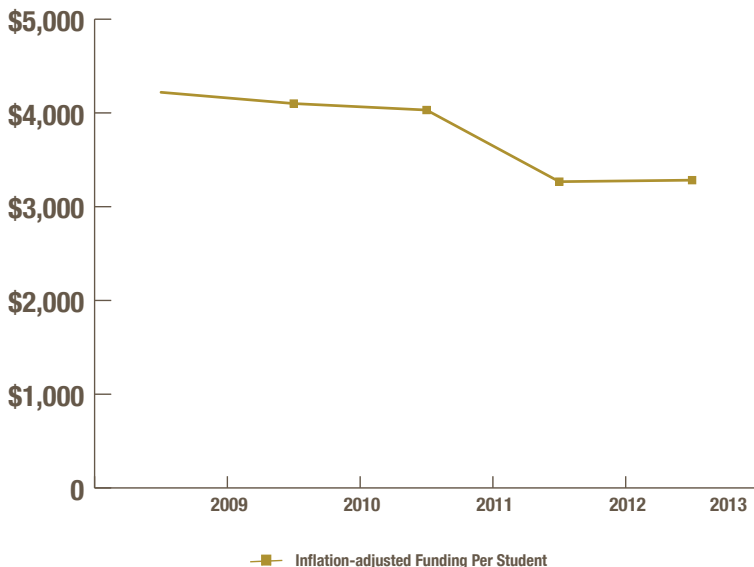
Source: Georgia's 2014 Fiscal Year Budget (HB 106), signed by governor

The Georgia Lottery for Education Act requires officials to make every effort to direct 35 percent of lottery revenues to these education programs. In fiscal year 2012, the most recent year for which data are available, officials directed 25.2 percent of revenues to the HOPE programs and Pre-K.

Pre-Kindergarten: Falling Funding Undermines Quality

Georgia wins praise for its statewide Pre-Kindergarten program, which has been shown to help develop young children’s abilities in language, literacy and math. Yet the state’s investment in Pre-K fell in recent years. Since fiscal year 2009, per-student funding declined by more than 22 percent in inflation-adjusted dollars. This has led to changes that threaten the program’s quality, including larger class sizes.

Figure 17 Quality at Risk as State Support for Pre-K Students Declines



State funding is also too low to meet the needs of all of Georgia’s families. About 8,000 children are on Pre-K waiting lists across Georgia. Children deprived of early learning may not be prepared for kindergarten and, at five years old, already trail their peers, according to numerous studies.

HOPE Financial Aid: Fewer Students Getting Less Help

The amount of financial aid awarded through the HOPE Scholarship and HOPE Grant plunged by more than 25 percent since fiscal year 2011.

Figure 18 HOPE Award Amounts Decline

	2011	2014	Change \$
HOPE Grant	\$220,407,829	\$96,793,442	\$(123,614,387)
HOPE Private School Scholarship	\$54,663,937	\$47,617,925	\$(7,046,012)
HOPE Public School Scholarship	\$493,461,474	\$424,345,076	\$(69,116,398)
Total	\$768,533,240	\$568,756,443	\$(199,776,797)

Source: Georgia 2011 and 2014 fiscal year budgets, signed by governor

State lawmakers significantly changed HOPE in 2011 as costs outpaced revenues:

- Award amounts were reduced to cover a portion of tuition, not the full amount as before. Now the HOPE Scholarship covers about 83 percent of tuition for students in the university system. The HOPE Grant covers about 76 percent of a student’s tuition in the technical college system.
- Funding for mandatory fees and books was eliminated.
- The required grade point average (GPA) for HOPE Grant recipients was increased to 3.0 from 2.0.
- Starting in 2015 students are required to take a minimum number of advanced courses in high school to earn a scholarship.

These changes prompted an exodus of students from state technical colleges. About 9,000 students lost HOPE grants and dropped out. Many more students took fewer classes, reducing the number of full-time equivalent students by 24 percent. Because state support is tied to enrollment, this led to a substantial cut in funding for the system.

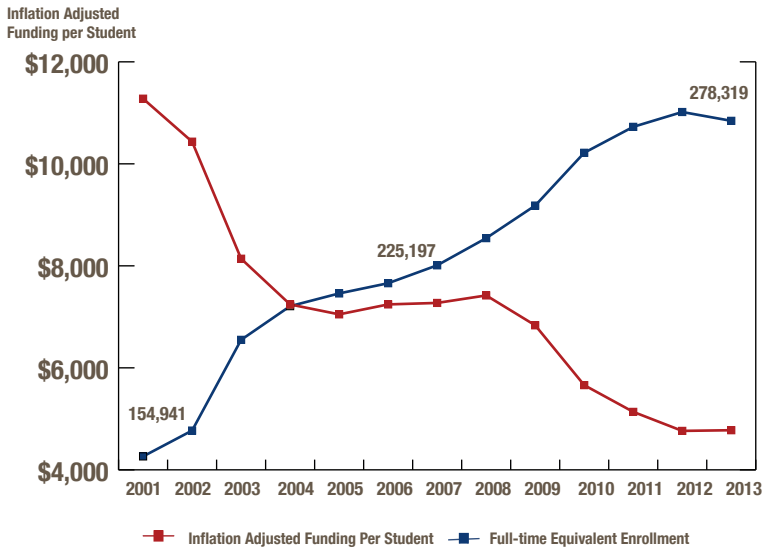
The Legislature returned the required GPA for the HOPE Grant to 2.0 during the 2013 session. The governor also created a supplemental HOPE Grant for students in high demand fields. These steps are designed to encourage more students to enroll in and complete programs at technical colleges. But these students will continue to face ongoing challenges from the reduced amount of the HOPE Grant.

University System of Georgia: Demand Grows but State Funds Dwindle

The state's investment in the university system and its students shrunk considerably over the past decade. State funding for each student, or full-time equivalent, plummeted to \$4,777 in 2013 from \$11,278 in 2001, adjusted for inflation. That's a decrease of more than 57 percent. Enrollment grew by nearly 80 percent during this time. Total state funding did not keep pace with this enrollment growth and, since 2009, it has fallen by more than 8 percent.

The cuts have pushed universities to increase class size, use more part-time faculty and eliminate courses. More costs have been shifted onto students and their families, through significant increases in tuition and fees.

Figure 19 University Funding Per Student Plummets Since 2001



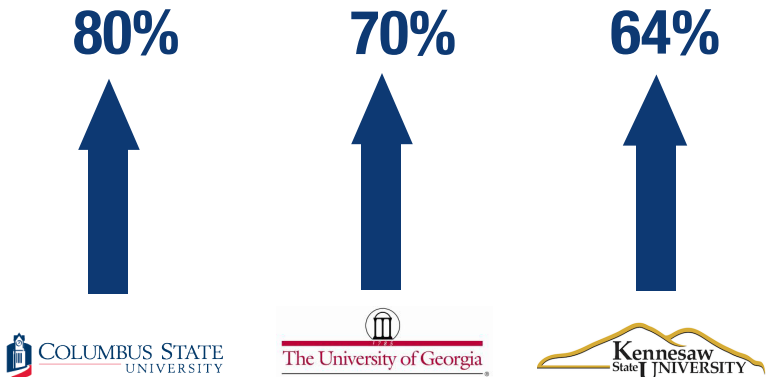
Source: Board of Regents, University System of Georgia. Fall semester enrollment reports.

University System of Georgia: Rising Tuition Burdens Students and Families

The University System of Georgia raised tuition and mandatory fees significantly in recent years to cope with cuts in state funding. Tuition and fees for freshmen at Georgia Tech in fall 2013 are 76 percent higher than for those who entered in fall 2008. For freshmen entering the University of Georgia, they are 70 percent more in 2013 than in 2008. The average increase across the university system is 64 percent.

These increases are shifting more of the cost of higher education onto students and their families at a time when they can least afford it. Household income in Georgia has fallen since 2006 and still remains below pre-recession levels.

Sample of Tuition and Fee Increases Since 2008



Technical College System of Georgia: Sharp Declines in State Funding

State funding for the Technical College System of Georgia plummeted since 2008, from to \$3,460 per full-time student from \$4,478, a decline of more than 22 percent. The decline is more than 27 percent when adjusted for inflation.

To cope with the state's funding cuts, colleges now rely primarily on part-time faculty. Across the technical college system, 70 percent of faculty is part-time. This reduces the cost of salaries and benefits, but it puts the accreditation of several colleges at risk. Colleges also increased class sizes and some laid off faculty and staff.

Like the universities, technical colleges also raised tuition. This may be a hardship for many of their students. For the 2013-1014 school year, 64 percent of technical college students qualify for federal Pell grants or Temporary Assistance for Needy Families, according to Georgia Budget and Policy Institute calculations based on data from the technical college system. The recent \$10 per-credit-hour tuition increase, which translates to \$150 more per semester for a full-time student, can be a significant financial burden.



22%