

Overview: 2015 Fiscal Year Budget for K-12 Education

Budget Cuts for K-12 Shrink, but Still Loom Large

By Claire Suggs, Senior Education Policy Analyst

The \$7.95 billion budget proposal for public education in the state's 2015 fiscal year makes a down payment to eliminate the austerity cut in state funding for schools. Most districts should be able to restore the school calendar to the 180-day standard next year. However, most of the ongoing austerity cut will continue in the 2015 fiscal year. School districts will get between \$700 to \$800 million less than the state's funding formula for K-12 schools calls for next year. This means class sizes will remain high. Programs like art and music that were cut or reduced will not be restored. And few teachers will be rehired to replace about 9,000 laid off since 2009.

By the Numbers

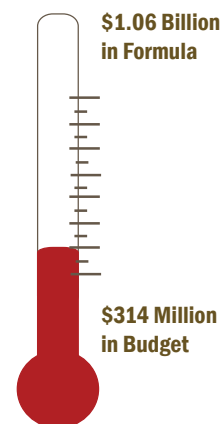
- The proposed budget for the 2015 fiscal year adds \$547 million to current state funding for public schools.
- About \$314 million of the increase, or 57 percent, is designed to reduce a \$1 billion austerity cut in state funding for public schools, a yearly recurrence in the budget since the 2010 fiscal year.
- About \$213 million, or 40 percent, covers student enrollment growth, standard increases in teacher salaries based on gains in experience and training, increases in retirement costs and other routine increases.
- The few other areas of new spending include \$5 million to establish a competitive grant program in the Governor's Office of Student Achievement and \$10 million to develop new, more rigorous achievement tests. The 2015 budget also includes additional money for technology to be distributed to schools through other state agencies.
- State funding per student in the coming year will be about 10 percent lower in inflation-adjusted dollars than it was in 2002, the last year before the austerity cut was imposed.

Two-Thirds of Austerity Cuts Remain

The austerity cut for fiscal year 2014 is \$1.06 billion. The budget proposed for fiscal year 2015 applies \$314 million of relief for that cut. This leaves school districts facing a cut between \$700 and \$800 million.

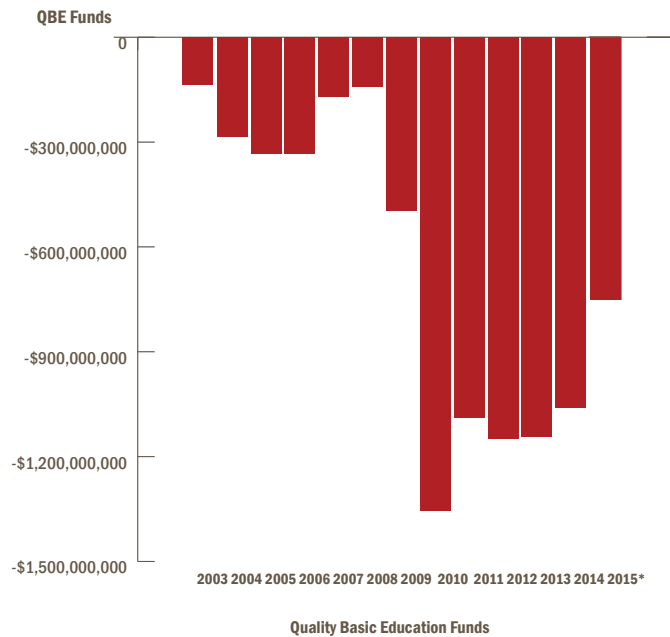
The severity of the austerity cut is measured by calculating the state's formula for funding elementary and secondary schools through the state's Quality Basic Education formula (QBE) and subtracting the amount the state actually plans to spend on public education. For the current 2014 fiscal year, the formula called for the state to spend about \$7.7 billion on Georgia schools, but the General Assembly approved only about \$6.6 billion.

2015 QBE Cuts



The austerity cuts are not new, although they grew larger after the recession started. The General Assembly first imposed them in the 2003 fiscal year. Next year will be the thirteenth consecutive year state elected officials have disregarded the Georgia's education funding formula.

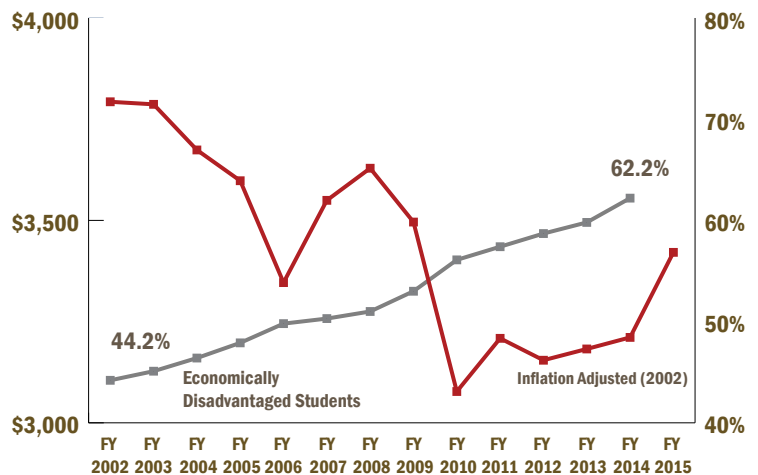
Georgia Makes Deep Cuts to Education Through the QBE Formula Each Year



State funding per student in fiscal year 2015 is estimated to be an inflation-adjusted 9.8 percent lower than it was in fiscal year 2002. At the same time the proportion of economically disadvantaged students climbed from about 44 percent in 2002 to 62 percent in the current school year. These students can thrive in school and reach high levels of academic achievement. However they often need extra support, such as smaller class sizes and more learning time through extended school days and school calendars to succeed. These things require additional resources, but the state chose the opposite direction.

Education spending distributed through the QBE formula increased a small amount in recent years as indicated by the chart above. Not all of this money was new. Some was shifted to the formula from other areas of the education budget. For example, school nurses and the Special Needs Scholarship program were not originally included in the QBE funding formula. In 2012 the legislature started including these programs in the formula. This shift increased dollars counted in the formula, but did not increase the amount the state invests in education.

QBE Funding Lower Than 12 Years Ago, While Students' Needs Grow¹



Source: Amended Budget Reports, Fiscal Years 2002-2013, Governor's Budget Report Fiscal Year 2015, Department of Education State Allotment Sheets, Georgia Department of Education Free and Reduced Lunch Eligibility October 31, 2013, Consumer Price Index Inflation Calculator.

Schools are financially squeezed after years of austerity cuts. The General Assembly's decision to shift the cost of providing health insurance for school bus drivers, cafeteria workers, custodians and other employees to districts has exacerbated these strains.² Some of the fallout identified by the Georgia Budget and Policy Institute includes:

- 71 percent of districts shortened school calendars below the standard 180 days
- 95 percent of districts increased class size
- About 9,000 teaching positions were eliminated since 2009
- More than 41 percent of districts reduced or eliminated art and music programs and 62 percent eliminated elective courses
- More than 38 percent scaled back programs for low-performing students³

The \$314 million added back to the QBE formula should help most districts restore a full 180-day school year. This means students will have more time to learn. It also means teachers and staff will see their income increase as furlough days are reduced or eliminated. These are critical steps to bring relief to students, parents and teachers alike.

Still, the \$314 million is not enough to hire teachers and shrink class sizes. It is not enough to restore the program cuts in arts and music, bring back electives or expand programs for low-performing students. Improvements in these areas will be, at best, incremental.

Growth, Obligations Consume Much of New Education Spending

About \$213 million, or 40 percent, of the \$547 million added to public education in the 2015 budget covers growing costs. Every year more students enroll in Georgia's schools, property values change, retirement costs rise and teachers' instructional expertise grows. These and other factors push costs up.

- Expected student enrollment growth and increases in teacher salary due to gains in experience and training will cost about \$103 million
- Teacher and employee retirement systems are expected to increase by about \$59 million
- The budget includes about \$29 million to help school districts offset drops in taxable property values
- Projected expense for the special needs scholarships will grow by \$8.6 million
- QBE equalization grants for rural districts will increase by \$7.6 million

The proposed 2015 budget adds money for those costs and others linked to student enrollment, property values, and inflation. Adding that money to the total budget calculation keeps state funding per student from falling. But that money does not reduce the austerity cut.

New Funding in 2015 Fiscal Year

Some new spending is planned for 2015. The state will invest \$10 million in the development of more rigorous exams connected to the new Georgia Common Core Performance Standards in math and English language arts. The Governor's Office of Student Achievement will use \$5 million to establish a new competitive grant program to foster innovation. Technology will get a much-needed boost with \$25 million going to the OneGeorgia Authority to create a new competitive grant program to increase districts' network bandwidth and Internet connectivity.⁴ Close to \$1 million in new funds will enable the Department of Education to provide more technology training and support to school districts. Fourteen million dollars in bond funding is proposed to upgrade the districts' technology infrastructure. Amendments to the 2014 budget propose to add \$1.4 million for the university system to expand PeachNet, its statewide information technology system, to all 180 school districts.

¹State funding is based on QBE funding less the Local 5 Mill Share and QBE Equalization. Inflation-adjusted per student funding for fiscal years 2014 and 2015 were calculated using 2013 data from the Consumer Price Index, the most current available. Enrollment projections for fiscal year 2015 based on average annual increase in enrollment from fiscal year 2009 to fiscal year 2013.

²In the 2012 fiscal year the state eliminated its contribution to the cost of health insurance for districts' non-teaching staff. As a result, districts' cost of providing health insurance to these employees climbed from \$246 per employee per month to the current level of \$596 per employee per month.

³Claire Suggs. Cutting Class to Make Ends Meet. Georgia Budget and Policy Institute. November 2013. <http://gbpi.org/wp-content/uploads/2013/11/Cutting-Class-to-Make-Ends-Meet.pdf>. One hundred and forty of Georgia's 180 school districts participated in the survey. These districts enroll nearly 93 percent of students in public schools.

⁴These funds are included in the fiscal year 2014 amended budget.