

Overview: 2016 Fiscal Year Budget for K-12 Education

Still About \$470 Million Short of Funding Formula

By Claire Suggs, Senior Education Policy Analyst

The \$8.49 billion for public schools in Governor Deal's budget proposal shrinks some of the austerity cut in state K-12 funding. Districts that still furlough teachers and cut instructional days should get enough money to address both. However school districts will receive between \$450 and \$500 million less in the proposed budget than called for in the state's funding formula for public schools. Class sizes will likely remain high, and cuts to art and music programs, elective courses and programs for academically struggling students will at least partly remain.

By the Numbers

Amended 2015 Fiscal Year Budget

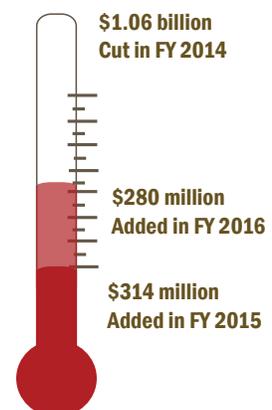
The amended 2015 budget contains changes in spending on education for the current year.

- Current spending is to increase \$136.4 million. Most of that, or \$134 million, covers student enrollment growth and standard increases in teacher salary earned through additional training and experience.
- About \$2.4 million is added to support development of Georgia Milestones, the state's new standardized test.
- The governor's newly launched Education Reform Task Force is allotted \$1 million through the Governor's Office of Student Achievement.
- The Department of Community Affairs gets an additional \$35 million for competitive grants to expand districts' broadband Internet connectivity and support digital learning.

2016 Fiscal Year Budget

- The proposed budget for the 2016 fiscal year adds \$549 million to current state funding for public schools through the Georgia Department of Education. Nearly 51 percent, or \$280 million, is intended to reduce the current austerity cut of \$746 million.
- About \$248 million, or 45 percent of the total increase, covers expected student enrollment growth, standard increases in teacher salaries, rising retirement costs and other routine increases.¹
- Other increases include \$8.9 million in supplemental funds for state commission charter schools, \$2.4 million for 20 positions at the education department for school improvement, and \$1 million for testing.
- Additional money for public schools is provided through the student achievement office: \$10.4 million for a statewide professional development initiative and \$2.5 million for the Innovation Fund, a competitive grant program.
- Proposed state funding per student in next school year will be about 4.4 percent lower in inflation-adjusted dollars than it was in 2002, the last year before the austerity cut was imposed.

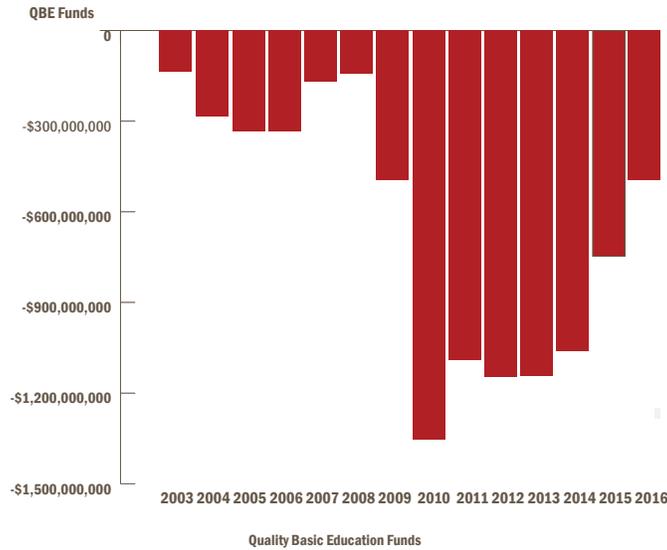
2016 QBE Funding \$470M Short



Nearly \$500 Million in Austerity Cuts

The austerity cut for the 2015 fiscal year is \$746 million. The budget proposed for the 2016 fiscal year directs \$280 million to reducing that cut. Districts will be short between \$450 and \$500 million for the 2015-2016 school year.

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



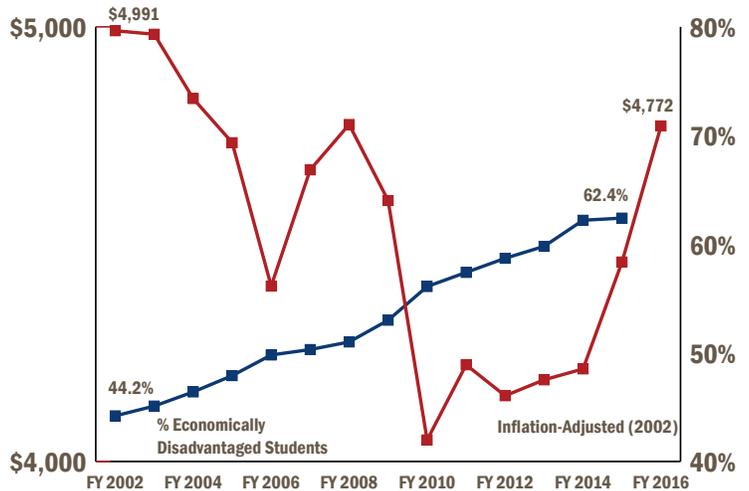
Source: Georgia Department of Education, Mid-Term State Allotment Sheets, Fiscal Years 2003-2014, State Allotment Sheet Fiscal Year 2015, Governor's Fiscal Year 2016 Budget Report.

The austerity cut is the gap between the amount of money the Quality Basic Education formula calculates districts need to provide a quality education to all students and the amount the General Assembly approves. The formula determines the distribution of state dollars to public schools in Georgia's 180 districts.

Austerity cuts squeezed school system budgets every budget year since 2003. The cuts topped \$1 billion each year from 2010 through 2014. As a result, Georgia fell from 26th in the nation in spending per student in 2002 to 35th in 2012, the most recent data available.^{2,3} Georgia spent \$9,247 per student in 2012, \$1,361 less than the national average of \$10,608.

More students are coming to the classroom with greater needs, even as state funding shrinks. The percentage of low-income students climbed from 44.2 in 2002 to 62.4 in 2015. These students often need extra support to reach high levels of academic achievement, such as smaller class sizes, increased instructional time and high quality enrichment programs. Those supports require additional resources. The state moved in the opposite direction.

QBE Funding Lower Than 15 Years Ago, As Students' Needs Increase



Source: Amended Budgets, fiscal years 2002-2014, Governor's Budget Reports Amended Fiscal Year 2015 and Fiscal Year 2016, Georgia Department of Education State Allotment Sheets and Free and Reduced Lunch Eligibility October 2014, Consumer Price Index Inflation Calculator.

Education money distributed through the state's formula increased in recent years as shown in the chart above. Not all of this money was new. Some money shifted to the formula from other areas of the education budget. For example, school nurses and the Special Needs Scholarship program were left out of the original QBE funding formula. The General Assembly moved these programs into the formula in 2012. That increased dollars counted in the formula but did not increase the amount the state invests in education.

The state eliminated other education programs since 2002, including National Board Certification for teachers to improve instructional expertise, funding for foreign language instruction and the National Science Center and Foundation, which ran programs to foster student interest in math and science. Though outside the QBE formula, the lost programs provided support to teachers and students.

Austerity Continues to Hurt Schools

New money in the 2015 budget reduced the austerity cut from \$1.06 billion to \$746 million. School districts gained some financial relief, but still face significant challenges that threaten the services provided to students. Sixty-one of Georgia's 180 districts furlough teachers and students are in class less than the standard 180 instructional days in 49 of them this school year, according to a statewide survey of school districts conducted by the Georgia Budget and Policy Institute.⁴

The \$280 million proposed to partially restore the austerity cut in 2016 budget will allow districts to tackle these issues. Some could afford to raise teachers' salaries. However, these are not districts' only critical needs. Class sizes remain high and very few school systems are able to restore the art and music programs, elective classes and support programs for struggling students that the austerity era forced them to cut.

Some Non-Certified Workers to Lose Health Insurance

The proposed 2016 fiscal year budget eliminates State Health Benefit Plan health insurance for school districts' non-certified employees working less than on average of 30 hours per week during the academic year.⁵ Non-certified employees include bus drivers, food service workers, custodial workers, administrative support staff and others who help operate schools. This change comes after the General Assembly eliminated state funding for non-certified employees' health insurance in the 2011 fiscal year, a cost it shared with school districts for many years. Districts' spending on health insurance for these workers was 172 percent higher in 2015 than in 2010.⁶ Combined with austerity cuts, these increases place significant financial pressures on districts.

Eliminating health insurance for these non-certified employees could provide some financial relief to school districts. In addition some of these employees may be able to qualify for federal tax credits towards the purchase of health insurance on the new federal marketplace, Healthcare.gov. But it is likely many of these employees fall into Georgia's coverage gap because state refuses to expand Medicaid eligibility. Workers with income below the poverty line, which is about \$11,800 for an individual or \$20,100 for a family of three, may not be able to get subsidies through the marketplace because their wages are too low. Expanding eligibility for Medicaid would enable them to get insurance if they lose eligibility for state health coverage. Eliminating health insurance for non-certified workers could make it more difficult to attract and retain employees as well as place additional administrative burdens on districts as they try to determine employee insurance eligibility.

¹Routine increases refers to changes in funding the Quality Basic Education (QBE) Local Five Mill Share and the QBE Equalization. Both utilize formulas that are based on districts' property values and student enrollment.

²U.S. Census Bureau. Public Education Finances: 2002, Table 11. August 2004. <http://www2.census.gov/govs/school/02f33pub.pdf>.

³U.S. Census Bureau. Public Education Finances: 2012, Table 11. May 2014. <http://www2.census.gov/govs/school/02f33pub.pdf>.⁴These funds are included in the fiscal year 2014 amended budget.

⁴Suggs, C. "Cutting Class To Make Ends Meet 2014". Atlanta, GA: Georgia Budget and Policy Institute. <http://gbpi.org/wp-content/uploads/2014/10/Cutting-Class-to-Make-Ends-Meet-Report-Final2.pdf>

⁵The Governor's Fiscal Year 2016 Budget report does not indicate whether average hours worked per week is calculated over the 10-month school year or 12-month calendar year.

⁶GBPI calculations based on data collected from school districts in summer 2014.