

Student Success in the Balance

Georgia's Path to School Funding Reform Reaches Crossroads

By Claire Suggs, Senior Education Policy Analyst

Georgia's effort to overhaul the formula it uses to split about \$8.5 billion per year in state money among its 180 school districts is gaining momentum despite important omissions. A governor-appointed commission appears ready to adopt a new funding method that leaves issues critical to students' success unaddressed.

- The plan is not based on an examination of the cost of ensuring Georgia's students reach the high learning goals the state has set for them.
- It locks in \$466 million in austerity funding cuts even as school districts already struggle to bring down class sizes that ballooned and provide the elective classes they once did.
- It lacks a careful implementation plan that connects funding reform to broader instructional and organizational reforms.

Georgia's last school funding formula change stood for 30 years in part because it is so difficult to reshape it into something clearly better. Georgia needs to take time get this right.

The Story So Far

In January 2015, Gov. Nathan Deal created the Education Reform Commission to examine the state's public education system and make recommendations to improve it. The commission is focusing on five areas, including school funding.¹ The governor's charge to the funding committee is to develop a new formula to distribute state dollars to public schools to replace the existing 30-year-old Quality Basic Education formula. He is requesting the new approach give school district leaders greater flexibility in how they spend state money.

The committee faces the challenging task of reconciling a formula that distributes funds based on an estimated cost of educating each child with a state budget that, for the past 14 years, did not allocate enough money to public schools to cover those costs. It aims to redistribute the current amount of state funding for public schools, which includes an austerity cut of \$466 million in fiscal year 2016. However, Charles Knapp, the commission's chair, reportedly told a group of local administrators in Atlanta in mid-September he believes the funding gap will close by the beginning of the 2017 fiscal year. He did not say how this will happen. The reality as this report is published is that a difficult task remains, while the funding committee is moving forward quickly with preliminary approval to a new funding model, student-based budgeting, and several of its key components. The committee is scheduled to submit its final recommendations to the governor in December.

As currently drawn, the proposed formula extends the flexibility that charter and strategic waiver (formerly IE2) systems have to spend state dollars.² It shifts funds to cover costs for low-income students, who frequently have greater academic needs. The proposed formula is also simpler, which could deepen parents, teachers and other stakeholders' understanding of how their schools are funded. However, it falls short of ensuring that Georgia's students are provided the resources needed for a quality education. The proposed formula does not address the following key issues:

- *Adequacy:* It does not ensure Georgia's students receive adequate funding to meet the state's rigorous standards because it is not based on an assessment of what it costs to educate a child. It builds existing austerity cuts into the new formula.
- *Implementation:* It lacks a comprehensive plan to integrate the new funding formula into a broader effort to improve student outcomes. This entails steps to better understand the specific policies and practices that lead to the greatest improvements in student learning, the cost of putting them into practice and strategies to facilitate their replication.

This brief provides an overview of today's funding formula, as well as primary elements of the proposed formula the funding committee is developing. It offers an analysis of the proposal, as well as recommendations to ensure that students across the state get the resources needed to reach the highest levels of learning.

Georgia's Current Funding Formula: The Quality Basic Education Program

The formula in place today dates back to 1984, when then-Gov. Joe Frank Harris convened a blue-ribbon task force to examine school funding. The Education Review Commission developed recommendations for a formula to provide adequate resources and to reduce funding disparities between districts with high local property values and those unable to generate the same amount of local revenue due to lower property wealth. The recommendations served as the basis for the unanimously passed 1985 legislation that established the current funding formula, the Quality Basic Education program. Since then, state officials tweaked the QBE formula, but did not revise it to reflect changes to ways instruction is delivered. Components of the formula are also rarely adjusted for inflation, so state dollars distributed to districts are not keeping up with today's costs.

Meanwhile, the General Assembly failed to provide districts with the full formula calculation since 2003. The result? Georgia's schools suffered through a cumulative shortfall of \$8.6 billion over the past 14 years. The ongoing austerity cuts take a toll. Georgia ranked 26th nationally in spending per student the last year the QBE formula was fully funded in 2002.³ The state fell to 37th by 2013, the most recent year available.⁴ That year per-student spending in Georgia sank to \$1,601 below the national average.

Components of the QBE Formula

The QBE formula is a student-weighted formula. It factors in 18 student categories determined by grade level and the academic programs they participate in, such as special education or career, technical and agricultural education programs. It sets a base amount districts receive for every student. The base amount is for a high school student who does not participate in additional academic programs and is \$2,463.43 in the 2016 fiscal year. Districts receive money on top of the base for students in the 17 other categories. The amount of these supplemental funds is calculated through a weight set for each category

and then added to the base amount. (See Appendix A for the QBE funding categories, weights, and student-teacher ratios.)

The weights are based on the class size for each category, which determines the number of teachers the state will fund for each district. For example, the student-teacher ratio for kindergarten is 15-to-1 so a district with 75 kindergarteners receives state funding for five kindergarten teachers. The largest student-teacher ratio is 23-to-1 for high school students. This gives them the lowest per-student cost, which is the reason funding allotted to them is considered the base amount. Similar ratios set the number of other school employees the state will support, such as assistant principals, counselors and media specialists.

The state's schedule for teachers' salaries determines how much the state distributes to districts for each teacher. It was last updated in the 2008-2009 school year. The base salary for a first-year teacher with a bachelor's degree is now \$33,424.⁵ The state supplements that amount based on teachers' years of experience and advanced degrees in fields related to their instructional area.

Some districts add to state funding for teacher salaries, though some cut or eliminated that money from 2010 to 2014 after the state's austerity cuts topped \$1 billion annually. As the state reduced annual austerity cuts, some districts restored or increased salary supplements.

The QBE formula also provides funding for maintenance and operations, instructional materials, other instructional and administrative staff and other routine costs. These amounts are determined on a per-student basis and are tied to student categories. Districts receive \$71.02 for each kindergartener for materials for the 2015-2016 school year, to cite one example.⁶

The formula is rarely adjusted for inflation so state funding often lags behind the true cost of these non-teacher expenses. The formula funds one accountant per district at a total amount of \$24,161, for example.⁷ It provides \$150 per teacher to pay a substitute to cover up to eight days of sick leave. It provides \$38,678 for each assistant principal, or little more than the starting teacher salary.

State regulations that set student-teacher ratios, the salary schedule and other areas govern how districts use QBE money. The state waived these regulations during the 2011 to 2015 fiscal years, as districts struggled to meet their requirements due to austerity cuts. A recent policy change gives districts the opportunity to extend these waivers and use state dollars with greater flexibility.⁸ All but two of the state's 180 districts either have gotten or are applying to be exempt from regulations by becoming charter or strategic waiver systems. With this flexibility, districts can adjust class sizes tailored to local student learning needs or available funding, institute new teacher compensation systems, shift funds from one type of position to another and reallocate dollars in other ways to best suit student needs or adapt to fiscal constraints. Districts must meet specific student learning goals to maintain their status as charter or strategic waiver systems.

Categorical Grants

The QBE also includes six categorical grants, which provide additional money for specific purposes. There are four primary ones for equalization, nursing, transportation and sparsity. Equalization is the largest grant category. It is used to distribute extra money to districts with limited ability to raise local revenue for schools due to low property wealth. This school year, 116 districts get equalization grants.

The state distributes nursing and transportation grants to districts to offset those expenses. The state pays only a small portion of districts' transportation costs. The state now provides just 17.8 percent of the money to districts called for in the transportation portion of the QBE formula.⁹

Sparsity grants are for very small-enrollment schools which incur higher fixed costs per student than larger schools. Sparsity grants are now funded at 27.5 percent of the amount the formula calls for.¹⁰

Student-Based Budgeting: An Overview

The funding committee opened with student-based budgeting as its preferred model. This approach aims to maximize district leaders' flexibility to spend state dollars, letting them target state money to align with priorities of local students. It attracts considerable attention among some education policy observers and enjoys support across political backgrounds.¹¹ It holds appeal because it promises to direct additional dollars to high-need students and gives principals more control over their school budgets when implemented by districts. It wins support from others because it wraps most state dollars for public schools into a base amount that is allocated for every student. This increased base amount and its portability could help expand school choice options.

Student-based budgeting is similar to the QBE formula in many ways. It allocates a base amount of money for each student and provides additional funds for students with greater needs. A key difference is it eliminates mandated class sizes, teacher salary requirements and other state regulations. Proponents describe it as allocating dollars for students rather than staff.

Student-based budgeting was first implemented by the Edmonton, Alberta, Canada, school district in 1977 in a larger effort to give school leaders more decision-making authority. School districts in the United States later followed, including Seattle, Cincinnati, San Francisco, Baltimore, Hartford, Conn., and Oakland, Calif. States that recently adopted the approach are Hawaii, in 2007, Rhode Island in 2010 and California in 2013.

Education Reform Commission Proposal, Aug. 27, 2015

The preliminary decisions of the reform commission's funding committee set a course for a proposed formula that reallocates existing state funding for public schools, or \$8.5 billion for the 2016 fiscal year. With the possible exception of a temporary infusion of money to help districts transition to the new model and an estimated \$88 million for changes in teacher compensation, the proposal does not increase state funding for public schools. This leaves the \$466 million austerity cut in the state budget in perpetuity.

The elements of the proposal examined here reflect preliminary decisions of the funding committee as of its Aug 27, 2015 meeting. The committee can still revise its recommendations before its report is due to the governor in December.

Student Categories

The proposed model sets a base amount that districts receive for every student and identifies the categories of students with additional needs who require increased financial resources. The committee has identified ten student categories.

1. Grades 4-8 (base)
2. Grades K-3
6. Special education-category 1
7. Special education-category 2

- | | |
|---|--|
| 3. Grades 9-12 | 8. Special education-category 3 |
| 4. Economically disadvantaged | 9. Gifted |
| 5. English to speakers of other languages | 10. Career, technical & agricultural education |

The base amount for students in grades four through eight is set at \$2,046.69 as of the committee's August 27 meeting.¹² The committee members are making these grades the base as staff from the Governor's Office of Student Achievement report these students require fewer resources than those in high school.¹³ High school students often take Advanced Placement and International Baccalaureate classes or dual enrollment classes in a postsecondary institution, as well as use more specialized labs and materials, all of which have added costs.¹⁴

The remaining nine groups get the base amount plus extra dollars determined by a weight intended to reflect the cost to provide additional services to these students. For example, K-3 students are weighted by a factor of 0.2658. Every district receives the base amount for each of its K-3 students under the proposal, boosted by about 27 percent per student, or about \$544. The added funds are intended to ensure these students read at grade level by the end of third grade. Districts can use the money to implement any strategy they expect to help students reach this goal. Schools with students who fall into multiple categories get funding for each one. (See Appendix B for a listing of the weights assigned by student category and dollar amounts.)

The weights are not based on an assessment of the cost of educating the students in each category. The Governor's Office of Student Achievement staff developed preliminary weights based on a review of similar category assignments by other states, the QBE formula and under the constraint that funding not exceed the level set in the 2016 fiscal year.¹⁵ States vary considerably in the weights assigned to categories and the dollar amounts those weights generate.

Many of the categories in the proposed formula are comparable to those in the QBE formula. One addition is for economically disadvantaged students. These students frequently arrive at school with greater instructional needs that require extra resources. Due to changes in federal regulations, these students would be identified under more narrow criteria than now used. This is to avoid overestimating the number of economically disadvantaged students in Georgia, but it could also underestimate them.¹⁶

A comparison of the proposal to the QBE formula requested by committee members shows student-teacher ratio for grades four to eight, the base category, would be 29-to-1, with lower ratios assumed for other categories. Class sizes are likely to shrink after factoring in additional money based on other weighted categories, according to a presentation the governor's staff gave the committee.

Categorical Grants

Transportation and nursing will not be funded separately, as happens now. Instead that money will shift to the base amount. Equalization and sparsity grants will remain categorical grants. The funding committee apparently will not recommend significant changes to the equalization program.¹⁷ However, it is considering expanding eligibility criteria for sparsity grants to include districts with six or fewer students per square mile or fewer than 3,300 students total. The committee is weighing a requirement that districts also be eligible for equalization grants or other measure of limited financial resources.

Districts will also receive state funds for teachers' retirement and health insurance in the proposed recommendation, which is provided through the State Health Benefit Plan. These are shared costs between districts and the state.

Teacher Compensation: New Model Includes Performance Metrics

The funding committee gave preliminary approval to a new policy that significantly changes how teachers are paid at its Aug. 27, 2015 meeting. If approved by the General Assembly, the new policy requires every district develop or adopt a new compensation model that includes a measure of teacher performance. Other factors that determine compensation are left up to the districts and could include experience, additional responsibilities, work in high demand fields such as mathematics, advanced degrees, or other priorities.

All new teachers who begin teaching after an undetermined implementation date will be paid according to their districts' new compensation models. Districts can continue to pay current teachers under the existing salary structure or move current teachers to their new compensation models.

The proposed new policy also would change how state funding for teachers' compensation is calculated and distributed to districts if approved. The statewide average teacher salary would first be calculated. A preliminary estimate of that average is \$50,767, which does not include salary supplements added by districts and is based on a seven-year-old state salary schedule.¹⁸ This average salary would be multiplied by the number of teachers in the state, and a per-student amount calculated from that. This per student amount will be added to the student base amount.

The proposed teacher compensation model increases the per-student base amount by \$51.84.¹⁹ This money comes from state funding districts might have received for current teachers based on the state average teacher salary above what they would get for teachers under the existing compensation system.

Changing Teacher Compensation: Is the Proposed Approach Better?

Staffers from the Governor's Office of Student Achievement cite research that finds no link between advanced degrees and greater teacher effectiveness as well as no gains in effectiveness past the first few years of teaching as reason for deemphasizing those things in the new approach to teacher compensation. This new approach raises an important policy question. Is paying for experience and advanced degrees an efficient way to compensate teachers? Does the current compensation system help districts to attract and keep effective teachers? Just as important, are performance pay alternatives better than today's compensation model at attracting and keeping them?

While performance pay models are sparking interest, the research on their effect on student achievement is mixed.²⁰ Some studies find a positive effect, but others do not.

Teacher compensation also plays a significant role in total state investment in public schools each year. Under the QBE formula, yearly increases in state spending on public schools are driven by student enrollment growth and salary adjustments for teacher training and experience.²¹ The enrollment growth money is used to cover the added costs of new students, so money for teacher training and experience is now the de facto inflation adjustment for teacher salaries. If the new funding model does not provide an increase comparable to the amount generated by the teacher training and experience salary adjustment, future growth in state funding for public schools becomes constrained. This could hamper districts' ability to pay competitive wages or maintain existing services.

Implications for Georgia's Students

The proposed shift to a student-based budgeting formula could yield benefits. It offers district leaders flexibility to redirect state dollars to fulfill strategic priorities, although most districts already have spending flexibility through strategic waiver or charter systems.²² The new formula could reallocate money to districts with more low-income students, to better reflect the greater needs of these students. It also contains fewer variables than the current formula, which could help parents, community members and other stakeholders better understand how the state funds schools. Still, the proposed formula falls short of what Georgia's students need in two key areas: adequacy and implementation.

Adequacy

The proposed funding formula is not based on an analysis of what districts now spend in state and local dollars, nor is it based on an assessment of what it costs to educate Georgia's students to today's standards. Those standards are higher than for any previous generation. Omitting consideration of districts' expenditures makes it impossible to determine if the amount of funding provided reflects current program costs or is sufficient to help students reach the state's benchmarks. This is true for both the base amount and the weighted amounts.

If the committee recommends simply reallocating the current amount of state funding, it will cement austerity cuts now in place into the new formula. The austerity cut is \$466 million in Georgia's 2016 budget, an average loss of \$270 per student. This diminished level of funding makes it hard to meet the needs of Georgia's steadily growing proportion of low-income students, now more than 60 percent of all students and the ninth highest in the nation.^{23 24} It also disregards the majority of empirical studies on the impact of money, which show a positive link between increased funding and student achievement.²⁵

The proposed formula also lacks a mechanism to account for rising costs due to inflation. This is a challenge under the QBE formula, though its annual adjustment for teacher training and experience helps somewhat to pay for teacher compensation. State funding will lag behind students' needs in the future if the new model lacks an inflation factor while phasing out the annual adjustment for teachers' salaries.

Undergirding all this is the state's responsibility to provide an adequate public education. The state is steadily increasing expectations for students and teachers to meet the demands of the 21st century's knowledge-based and globally-competitive economy. Georgia instituted multiple measures to hold both students and teachers accountable for meeting those raised expectations. The state is also accountable to students and teachers as the provider of resources necessary to reach these expectations.

Implementation

The underlying assumption in the shift to a student-based budgeting model is it will lead to improved student achievement without increased funding. A link between this approach and increased achievement is not yet established in the limited research on the topic.²⁶ Some proponents of this approach acknowledge the model alone will not lead to improved student achievement.²⁷

Improving achievement requires more than funding reform. It requires research and field-based knowledge of successful policies and practices and the conditions under which they can be implemented and sustained successfully. It also requires strategies to facilitate the dissemination and adoption of policies and practices, and more precise cost information, including school-level expenditures.

Gathering information on successful policies and practices and related costs is a critical step to evaluate efficiency. Districts may differ in how efficiently they use resources. These data can shed light on these differences, why they occur and how they might be addressed. Getting those answers is also critical to determining adequacy. Georgia significantly increased standards and accountability measures in recent years, but has yet to assess the level of resources needed to meet these standards. Collecting those data will allow that assessment.

Districts that implemented the student-based budgeting model, such as Oakland and Cleveland, built the knowledge and skills of principals so they can better align instructional practices, school organization and resources with students' needs. They also worked to shift their own focus from compliance to technical assistance. A similar effort could be needed at the state level in Georgia.

Recommendations

There are good reasons lawmakers should review the QBE formula. Its 30-year-old creation dates back to when only the most technology-savvy Americans owned a computer and some services are delivered today in ways never imagined then. State regulations could also hamper district leaders' improvement efforts. Lack of information about cost and effectiveness of different improvement strategies could do the same. The state's current investment in public schools might fall short of what is needed to meet the learning goals it sets for students. Lawmakers need to take these issues into account before they remake the state's formula for distributing state dollars to districts. A comprehensive review allows state leaders to design a funding formula that reflects the true cost to educate Georgia's children aligns with student needs and facilitates the use of best fiscal and instructional practices.

The review would take these steps:

- Develop a comprehensive financial data system to collect detailed information about districts' expenditures, including school-level costs.
- Establish and fund a research agenda that leverages the state's longitudinal data system and the new financial data system to collect and analyze information on policies and practices to improve student learning and determine how to implement them. This needs to be linked to an effort to monitor and assess the changes districts are undertaking via their strategic waiver and charter system plans.
- Develop and implement a plan to facilitate the replication of identified policies and practices, including budgeting.
- Conduct a cost study to estimate how much is needed to ensure all Georgia's students meet the high standards the state sets.

State leaders recently took a similar approach to address the cost of maintaining Georgia's transportation system, citing its vital role in the state's economic future. The 2014 comprehensive assessment of current and anticipated transportation needs led the 2015 General Assembly to approve a nearly \$1 billion per-year plan to help the state fix identified transportation. Georgia's students are just as essential to the state's economic future. State leaders need to use a thorough process like they used to quantify transportation funding to ensure Georgia's students get sufficient resources to gain the skills and knowledge needed to compete in the 21st century global economy.

Appendix A: QBE Student Categories

	Student Category	Weight	Amount	Class Size
1.	Kindergarten	1.6532	\$4,072.43	15
2.	Kindergarten Early Intervention	2.0382	\$5,021.01	11
3.	Primary Grades (Grades 1-3)	1.2859	\$3,167.66	17
4.	Primary Grades Early Intervention	1.7955	\$4,423.15	11
5.	Upper Elementary (Grades 4-5)	1.0358	\$2,551.74	23
6.	Upper Elementary Early Intervention	1.7892	\$4,407.67	11
7.	Middle School (Grades 6-8)	1.1317	\$2,787.83	20
8.	Grades 9-12 (Base Weight)	1.000	\$2,463.43	23
9.	Career, Technical & Agricultural Education	1.1907	\$2,933.23	20
10.	Special Education I	2.3828	\$5,869.88	8
11.	Special Education II	2.7933	\$6,880.99	6.5
12.	Special Education III	3.5559	\$8,759.80	5
13.	Special Education IV	5.7624	\$14,195.23	3
14.	Special Education V	2.4532	\$6,043.34	8
15.	Gifted	1.6609	\$4,091.44	12
16.	Remedial Education	1.3099	\$3,226.97	15
17.	Alternative Education	1.4727	\$3,627.86	15
18.	English for Speakers of Other Languages	2.5096	\$6,182.19	7

Appendix B: Student Categories in New Formula

These weights and amounts were presented to the funding committee at its August 27, 2015 meeting. They are preliminary and will likely change after the decisions the committee made regarding teacher compensation are incorporated into the proposed formula.

	Student Category	Weight	Amount	Class Size
1.	Kindergarten-Grade 3	0.2658	\$2,590.67	23.3
2.	Grades 4-8 (Base Weight)	1.000	\$2,046.69	29
3.	Grades 9-12	0.1286	\$2,309.80	25.4
4.	Career, Technical & Agricultural Education*	0.2143	\$2,485.37	25.4
5.	Special Education I	1.516	\$3,102.70	8.5
6.	Special Education II	2.9333	\$6,003.56	5
7.	Special Education III	3.6156	\$7,400.13	4.3
8.	English to Speakers of Other Languages*	0.1047	\$2,260.98	Not listed
9.	Economically Disadvantaged*	0.2500	\$2,558.36	Not listed
10.	Gifted*	0.1058	\$2,263.14	28

Source: Governor's Office of Student Achievement. Comparison of QBE Weights and Amounts to Weighted Student Model. August 27, 2015.

*GBPI calculated the amount by adding the per-student amount add-on to the base amount.

ENDNOTES

¹ The other issue areas are: teacher recruitment, retention and compensation; expanding school choice; early childhood education; and “move on when ready,” which considers how students may move ahead based on mastery of subject content rather than seat time.

² School districts in Georgia were required to identify one of three governance models by July 1, 2015: charter system, strategic system, Title 20 system. Charter and strategic systems are required to develop plans to improve student outcomes and may receive waivers from state regulations necessary to implement their plans. Traditional systems are not granted waivers.

³ United States Census Bureau. Public Education Finances: 2002. September 2004.

<http://www2.census.gov/govs/school/13f33pub.pdf>. Retrieved August 18, 2015.

⁴ United States Census Bureau. Public Education Finances: 2013. June 2015.

<http://www2.census.gov/govs/school/13f33pub.pdf>. Retrieved August 18, 2015.

⁵ Georgia Department of Education. State Salary Schedule, Fiscal Year 2016. https://app.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000. Retrieved September 14, 2015.

⁶ This is the amount districts receive for consumable and instructional materials for each kindergarten students. (Georgia Department of Education. Weights for FTE Funding Formula, Fiscal Year 2016. https://app.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000. Retrieved September 1, 2016.)

⁷ Georgia Department of Education. Weights for FTE Funding Formula, Fiscal Year 2016. https://app.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000. Retrieved September 1, 2015.

⁸ Many of these regulations were waived between fiscal years 2010 and 2015 due to austerity cuts.

⁹ J. Cooper, personal communication, August 27, 2015

¹⁰ Ibid.

¹¹ For example, in 2006 the right-leaning Thomas B. Fordham Institute published Fund the Child, which advocates for the student-based budgeting model, referred to student weighted formula in the report (Thomas B. Fordham Institute, 2006. http://edex.s3-us-west-2.amazonaws.com/publication/pdfs/FundtheChild062706_7.pdf) John Podesta, the president of the left-leaning Center for American Progress, was a signatory of that report and the Center has subsequently continued to advocate for the student-based budgeting model (see Hill, M. (2008) Funding Schools Equitably: Results-Based Budgeting in the Oakland Unified School District. Washington, DC: Center for American Progress. https://cdn.americanprogress.org/wp-content/uploads/issues/2008/06/pdf/comparability_part4.pdf.)

¹² This amount will likely increase once the decisions regarding teacher compensation made by the funding committee at its August 27, 2015 meeting are factored into the formula.

¹³ Governor’s Office of Student Achievement. Weighting Considerations. April 28, 2015.

https://gov.georgia.gov/sites/gov.georgia.gov/files/related_files/site_page/Weighting%20Report%20Final%20REV4%20042315%2B%2B.pdf. Retrieved September 13, 2015.

¹⁴ Governor’s Office of Student Achievement. Weighting Considerations. April 28, 2015.

https://gov.georgia.gov/sites/gov.georgia.gov/files/related_files/site_page/Weighting%20Report%20Final%20REV4%20042315%2B%2B.pdf. Retrieved September 7, 2015.

¹⁵ Governor’s Office of Student Achievement. Student-Based Funding Formula, August 12, 2015.

https://gov.georgia.gov/sites/gov.georgia.gov/files/related_files/site_page/Narrative%20August%2012%20FINAL.pdf. Retrieved August 17, 2015.

¹⁶ Currently all students who participate in the federal free and reduced lunch program are considered economically disadvantaged. Students whose family incomes are 130 percent of the federal poverty line or below are eligible for free lunch and those whose families earn between 130 and 185 percent of the poverty line are eligible for reduced lunch. Students enroll in the program by applying for it or through direct certification of need because they receive Temporary Assistance for Needy Families benefits or Supplemental Nutrition Assistance Program benefits or are homeless, in foster care or are migrants. Only students who enroll through direct certification will be considered economically disadvantaged under the proposed formula. The percentage of students identified as economically disadvantaged will fall from 62 to 34 with this change. This shift was driven by regulatory changes in the federal program, which could lead to the over-identification of economically disadvantaged students. However, the new, more narrow definition excludes many students eligible for the reduced lunch program, who may also confront some of the challenges of poverty. (Governor’s Office of Student Achievement. Comparing Measures of Economically Disadvantaged Students in K-12 Funding Formula. April 28, 2015.

https://gov.georgia.gov/sites/gov.georgia.gov/files/related_files/site_page/ED%20Measures%20Overview%20042315%20Read-Only%20%282%29%2B%2B.pdf. Retrieved September 7, 2015.

¹⁷ The funding committee is considering changing the calculation of the per student value of districts' tax digest, a key component of the equalization formula, from an annual measure to a moving three-year average.

¹⁸ Governor's Office of Student Achievement. Training and Experience Recommendations. Presented to the funding committee on July 16, 2015.

https://gov.georgia.gov/sites/gov.georgia.gov/files/related_files/document/T%20%26%20E%20Proposal%20.pdf. Retrieved September 2, 2015.

¹⁹ The total amount of additional funding is based on the amount districts would have received for current employees based on the statewide average teacher salary above what they would have earned under the existing teacher salary schedule for training and experience.

²⁰ For example, Fryer did not find evidence of improved student achievement in his 2013 study of performance pay in New York City. (Fryer, R. G. (2013) Teacher incentives and student achievement: evidence from New York City public schools, *Journal of Labor Economics*, 31:2.) Springer et al concluded that a performance pay system in Nashville had largely no effect on student achievement. (Springer, M.G., Ballou, D., Hamilton, L., Le, V., Lockwood, J.R., McCaffrey, D., Pepper, M., and Stecher, B. (2010). Teacher Pay for Performance: Experimental Evidence from the Project on Incentives in Teaching. Nashville, TN: National Center on Performance Incentives at Vanderbilt University.) Sojourner et al found that Minnesota's pay for performance plan, adopted voluntarily by districts, did have a positive effect on student achievement though productivity gains were greatest among inexperienced teachers. (Sojourner, A. J., Mykerezzi, E., and West, K.L. (2014) Teacher pay reform and productivity: panel data evidence from adoptions of Q-Comp in Minnesota. *The Journal of Human Resources* 49:4, 945-981.) Balch and Springer found the REACH pay for performance program in Austin is associated with positive gains in student test scores in the first year of implementation but did not find gains in the second year. (Balch, R. and Springer, M. (2015) Performance pay, test scores and student learning objectives. *Economics of Education Review* 44. 114-125.)

²¹ Two other factors that drive increases in state funding for K-12 are rising teachers' healthcare and retirement costs. These increases are driven by inflation. They are critical investments in the teacher workforce but these dollars are not spent directly in the classroom.

²² Districts that have chosen to be strategic or charter systems are required to meet specific student learning goals in return for receiving waivers from state spending regulations. If they fail to meet these goals, they lose those waivers under current law.

²³ Georgia Department of Education. Free and Reduced Lunch-Fiscal Year 2015 Data Report. https://app3.doe.k12.ga.us/ows-bin/owa/fte_pack_fr1001_public.entry_form. Retrieved September 3, 2015.

²⁴ National Center for Education Statistics, U.S. Department of Education. Digest of Education Statistics, Table 204.10. Number and percentage of public school students eligible for free or reduced-price lunch, by state.

https://nces.ed.gov/programs/digest/d14/tables/dt14_204.10.asp?current=yes. Retrieved September 3, 2015.

²⁵ See, for example: Greenwald, R., Hedges, L.V., & Laine, R.D. (1996). The effect of school resources on student achievement. *Review of Educational Research* 66(3); Nguyen-Hoang, P. & Yinger, J. (2014). Education finance reform, local behavior, and student performance in Massachusetts. *Journal of Education Finance* 39 (4) 297-322.; Jackson, C.K., Johnson, R., & Persico, C. (2014). The effect of school finance reforms on the distribution of spending, academic achievement, and adult outcomes. Cambridge, MA: National Bureau of Economic Research. <http://www.nber.org/papers/w20118>

²⁶ Curtis, K., Sinclair, K., & Malin, B. Student-based budgeting (SBB) as an education reform strategy: theory and evidence. Paper presented at the Association Education Finance and Policy 39th Annual Conference, March 14, 2014. <http://www.aefpweb.org/sites/default/files/webform/39th/AEFP%20Paper%20%231%20FINAL.pdf>

²⁷ Travers, J. & Catallo, C. (2015) Following the Dollars to the Classroom Door. Watertown, MA: Education Resource Strategies. <http://www.erstrategies.org/cms/files/2506-cleveland-sbb-paper-following-the-dollars-to-the-classroom-door.pdf> Retrieved August 9, 2015.