

## Overview: 2017 Fiscal Year Budget for K-12 Education

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The \$8.92 billion for Georgia's 180 public school districts in Gov. Nathan Deal's 2017 budget proposal represents a \$415.9 million increase above the 2016 budget. The proposal reduces the austerity cut in state K-12 funding imposed on school districts by \$300 million, which leaves a cut of about \$166 million in place for the 2017 fiscal year. The positive effect of the partially restored funds is offset by the growing health care and transportation costs districts must cover with local tax dollars due to the state's shrinking investment in those areas. These mounting financial pressures combined with the remaining austerity belt-tightening could make it difficult for districts to raise teacher salaries as the governor is encouraging them to do.

### By the Numbers

#### Amended 2016 Fiscal Year Budget

The amended 2016 budget increases spending on K-12 education for this school year, compared to the prior version of the 2016 budget signed into law last year.

- Current funding increases by \$112.4 million. Most of that, or \$98.1 million, pays for student enrollment growth.
- About \$13.3 million is added to increase funds for the State Charter Commission School supplement.
- Funding for charter system school districts goes up by \$2.3 million.
- More than \$1.6 million is to support information technology software used by school districts.
- The Department of Community Affairs will receive \$14.9 million to expand school districts' internet connectivity and use of online instruction.
- The Georgia Student Finance Commission will get \$20.2 million more to keep up with the rapid increase in the number of high school students taking postsecondary classes through the Move On When Ready program.

#### 2017 Fiscal Year Budget

- The proposed budget for the 2017 fiscal year adds \$415.9 million, or 4.9 percent, to current state funding for public schools through the Georgia Department of Education. About \$300 million, or 72 percent, reduces the current \$466 million austerity cut to the Quality Basic Education formula.
- About \$124 million covers expected student enrollment growth and standard increases in teacher salary earned through additional training and experience.
- Rising local property values and the resulting increase in districts' contribution to K-12 funding through the local millage-based component of the funding formula prompted a decline of about \$39 million in the state's contribution to the formula.
- Other increases include \$10.5 million for the State Commission Charter School supplement, nearly \$3 million for charter system school districts, \$2.8 to support information technology applications used by districts and \$2.5 million for a grant program to help pay for audio-visual equipment.

- The Move On When Ready program will get another boost to keep pace with expected growth, with \$29.4 million in new funding through the Georgia Student Finance Commission.
- Districts will pay an additional \$30.4 million to the State Health Benefit Plan to cover an increase in the cost of health insurance for non-certified workers.

### **Partial Funding Restoration Might Not Be Enough to Raise Teacher Salaries**

Deep and ongoing austerity cuts in state funding since before the recent recession started in 2007 led districts to scale back core services. State budget cuts caused school districts to shrink the standard 180-day school calendar, furlough teachers, eliminate teaching positions, raise class sizes, cut academic programs, draw down reserves and use more local dollars to plug holes in their budgets to offset the cuts. As state lawmakers reduced the austerity cut the past few years, district leaders began to restore these services. Most school systems returned to a 180-day calendar and many ended teacher furloughs. Some brought back a number of the nearly 9,000 teaching positions they eliminated between 2009 and 2014, which can help shrink class sizes. Yet challenges remain. About 40 districts, or more than 20 percent of the state's 180 districts, continue to furlough teachers this school year. These teachers still live with a pay cut. The \$300 million restored to districts should allow them to address this. It may not be enough to raise teacher salaries for many.

The state is not increasing the salary schedule that serves as the basis for teacher earnings since the 2009 fiscal year. That year the state provided districts with \$33,424 for a first-year teacher with a bachelor's degree, the same amount it will provide next year. State funding for teachers at each level will remain unchanged. Some districts provided raises with local revenue since 2009 and may be able to do so next year but others may not.

Districts leaders will also evaluate if they have the resources to give raises to all employees, including people in positions that are not state-funded. These employees also endured recent furloughs and stagnant wages. Raising teachers' salaries and leaving other workers behind could prove difficult.

### **Rising Health Insurance and Transportation Costs Cut into Austerity Reduction**

Lawmakers continue to shift some education costs the state once covered to districts, which consumes more local revenue and mitigates the impact of austerity reductions.

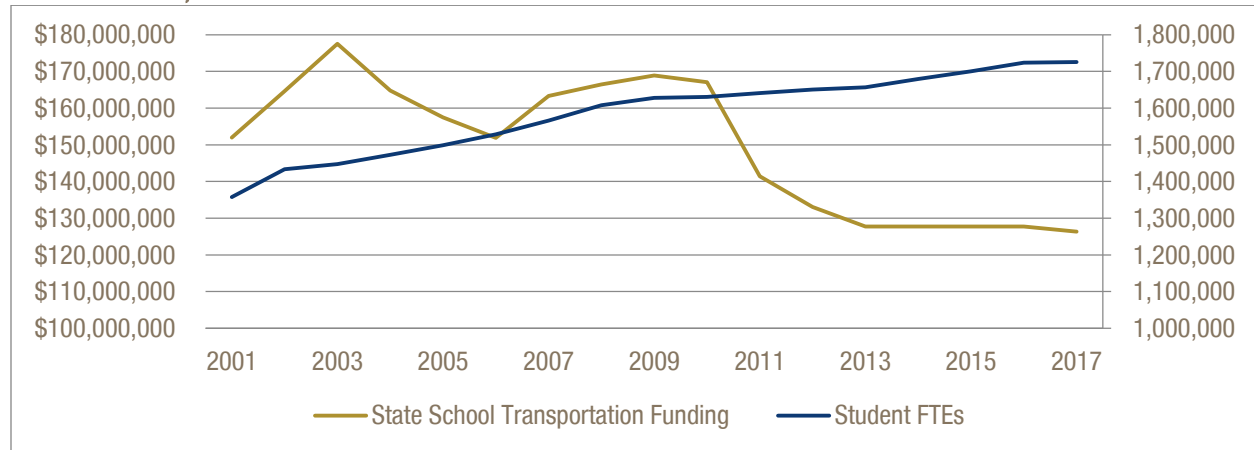
#### **Health Insurance for Non-Certified Workers**

School districts employ many workers who are not certified to teach, including bus drivers, maintenance staff, finance and administrative support staff. Providing health insurance for these employees through the State Health Benefit Plan was a cost shared by districts and the state for many years. Georgia reduced its contribution starting in 2009 and eliminated it altogether in 2012. As a result, health plan administrators increased the monthly charge to school systems for each covered non-certified employee from \$218.20 to \$746.20 in 2016. Districts now pay more than \$400 million more for health insurance for these workers each year. The monthly payment for each non-certified employee will increase to \$846.20 in the 2017 fiscal year under the proposed budget, a total increase of \$30.4 million. (See [Health Plan Financial Challenges Remain if State Ends Coverage for Part-Time School Workers and Their Dependents](#) for more information.)

## Student Bus Transportation

The state requires districts to provide transportation to all special education students and to any others who live 1.5 miles or more from their assigned schools. Some school systems also bus students who live within 1.5 miles at local expense due to safety concerns, such as lack of sidewalks or students' age. State money covers only a small part of the mandated expense. In the 2014 school year, districts spent \$749 million to bus students. Georgia contributed \$126 million of that. The data used to determine how many buses the state will pay for is at least 15 years old for most districts and does not account for significant student enrollment growth.

### More Students, Fewer State School Bus Dollars<sup>1</sup>



Source: Georgia Department of Education, Mid-term State Allotment Sheet, Fiscal Year 2000-2015, State Allotment Sheet, Fiscal Year 2016.

The state is also not paying the full amount for the buses it does fund, adding to the financial pressure on school districts. State money now covers only about 18 percent of districts' operating transportation costs. The transportation formula calls for \$306 million to go to districts for the 2015-2016 school year, but the state is contributing just \$126 million. The state plans to allot about the same amount next year. (See [School Districts Get Growing Tab for Student Transportation](#) for more information.)

### Growing Student Needs

The reduction in the austerity cut to the K-12 funding formula is a positive step forward in the 2017 education budget. However, the needs of Georgia's students now likely surpass the services funded by the 30-year-old formula, even if the austerity cut burden were lifted. More than 60 percent of Georgia's students are now low-income, as measured by their participation in the federal free and reduced lunch program.<sup>2</sup> Forty-four percent were low-income in fiscal year 2002, the last year districts got the full amount of money calculated by the funding formula. Low-income students can reach the same level of high academic achievement of their more affluent peers. But that often requires additional help, such as small class sizes, one-on-one tutoring and extended learning time. These extra services require extra money. Even eliminating austerity altogether may not be sufficient to meet these students' needs.

<sup>1</sup> Transportation funding through the Quality Basic Education funding formula included money for bus replacement from fiscal year 2000 to 2009. Bus replacement funds have not been included since fiscal year 2010. In several years since then bus replacement funds have been secured through bonds.

<sup>2</sup> Georgia Department of Education. Free and Reduced Lunch Eligibility. [https://app3.doe.k12.ga.us/ows-bin/owa/fte\\_pack\\_fr1001\\_public.entry\\_form](https://app3.doe.k12.ga.us/ows-bin/owa/fte_pack_fr1001_public.entry_form). Retrieved January 21, 2016.