

Overview: 2019 Fiscal Year Budget for K-12 Education

By Claire Suggs, Policy Analyst

Gov. Nathan Deal's budget proposal for fiscal year 2019 provides nearly \$9.8 billion to educate Georgia's 1.7 million public school students, a boost of nearly \$353 million over current funding. Most of the increase goes to student enrollment growth, routine adjustments in teachers' salaries, and the Teachers Retirement System of Georgia. Districts will continue to face significant financial stress. An ongoing austerity cut of \$167 million leaves students with less support than the state's K-12 funding formula calculates they should receive. School district administrators are coping with costs Georgia lawmakers have shifted from state responsibility onto them, including health insurance for non-teaching staff and student transportation. Rising retirement costs strain local budgets.

By the Numbers

Amended 2018 Fiscal Year Budget

- Funding for the Georgia Department of Education will go up \$117 million if lawmakers approve the changes to the revised 2018 spending plan proposed by Gov. Deal. About \$87 million, or 74 percent, of the planned increase is to cover student enrollment growth.
- About \$16.4 million is directed to the State Commission Charter School supplement to cover enrollment growth at state-authorized charter schools.
- The governor's budget sets aside \$15 million for districts to purchase 194 school buses.
- Funding for the Special Needs Scholarship is reduced by \$1 million.
- The Georgia Student Finance Commission is set to receive an additional \$10.7 million to meet projected growth in the dual enrollment program, formerly known as Move On When Ready.

2019 Fiscal Year Budget

- Funding in the proposed 2019 budget for the Georgia Department of Education will increase about \$353 million, or 3.7 percent, from the current amount.
- Most of the budget's increase, \$293 million, is directed to the Teacher Retirement System to maintain fiscal soundness.
- A proposed boost of about \$120 million covers student enrollment growth and routine adjustments in teachers' salaries through the Quality Basic Education (QBE) formula, the state's method for calculating K-12 funding.
- Funding reductions of \$1.2 million are proposed for new math and science teachers, and \$580,542 for school nurses.
- The State Commission Charter School supplement is set to go up almost \$9.9 million.
- Increases in funding for the QBE formula are partially offset by a reduction of about \$96 million under the Local Five Mill Share component of the formula. This is a result of climbing property values in some areas of the state, which increased school districts' contribution to total QBE funding.

- Funding for the Equalization program, which provides supplemental funds to districts with low property wealth, would bump up \$30 million.
- A new statewide Principal Leadership Academy is set to receive \$1.5 million through the Governor’s Office of Student Achievement.
- Dual enrollment is allocated an additional \$34.4 million through the Georgia Student Finance Commission to match projected need.
- The commission is also set to receive \$1.8 million more for the REACH Georgia Scholarship program to expand to 44 new school districts and fund 226 additional postsecondary scholarships.
- Funding for the Georgia Apex Program, which provides school-based mental health services to students, goes up about \$4.3 million under the Department of Behavioral Health and Developmental Disabilities.

Austerity Cut Sticks

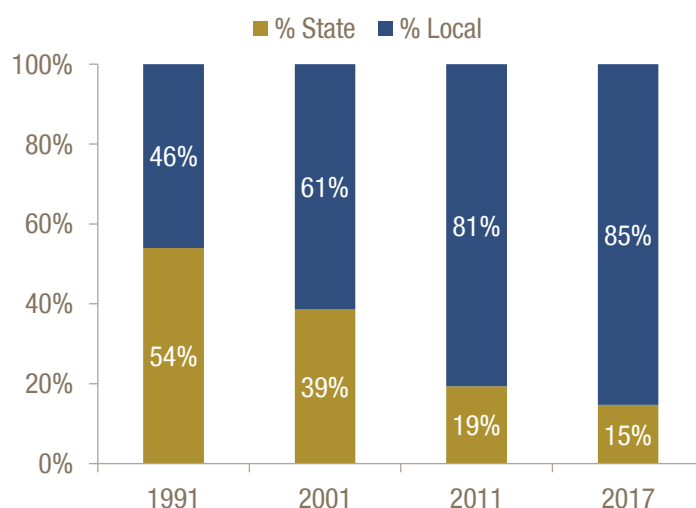
Districts will get \$167 million less in state funding than the QBE formula calculates they should receive. Although this will be the 17th consecutive year the state imposed an austerity cut on districts, it is less severe than earlier years. From 2010 to 2014, the state slashed K-12 funding more than \$1 billion each year. The planned continuance of the austerity cut would combine with costs the state shifted to the local level in recent years and rising retirement expenses to tighten the financial squeeze on Georgia’s school districts. The squeeze makes it hard for many school systems to hire more teachers and reduce class sizes, provide more counselors, literacy coaches and other professional support staff, purchase materials, or invest in other strategies that will improve student learning.

Budget Crunch Continues for School Districts

Lawmakers shifted significant expenses the state once covered onto districts in recent years. They began in 2009 by reducing the state’s contribution to health insurance for bus drivers, custodians and other non-teaching staff through the State Health Benefit Plan before eliminating it in 2012. To cover this gap, plan administrators increased the monthly amount districts must pay for each of these employees from about \$218 to \$946. School districts now pay \$430 million more annually to provide health insurance for these workers.

The state is also covering far less of the cost of transporting students to and from school safely than in the past. In 1991, the state covered 54 percent of the cost of busing students.¹ That portion slid to 15 percent by 2017, the most recent year available.²

State’s Shrinking Contribution to Student Transportation



Source: Georgia State Senate Research Office. (2000). Final Report of the Senate Study Committee on School Transportation, Nutrition, and Support Personnel. Georgia Department of Education District Expenditure Reports, 2001, 2011 and 2017 fiscal years.

The cost of busing students also climbed significantly in recent years. In 1996, school districts paid \$284 million³ for student transportation with the state contributing \$139 million of that.⁴ In the 2016-2017 school year, districts spent \$884 million⁵ while the state contributed \$130 million.⁶ This left districts with far less local money to invest in the classroom to support teaching and learning.

Rising retirement costs add to districts' financial stress. The employer's contribution to the Teachers Retirement System is set to rise to 20.9 percent from 16.8 percent. This follows several years of increases. The state covers the contribution to the retirement system for the portion of teachers' salaries it pays. To offer competitive wages and attract effective teachers, most school districts supplement the salary the state provides. Districts pay the employer's contribution on these supplements.

These growing financial pressures compound other recent changes squeezing the budgets of school districts. In 2012, lawmakers downsized the equalization program, which sends extra money to districts with limited ability to raise funds locally due to low property values. The revised program cut the number of districts that receive equalization grants and reduced the amount they receive compared to what they earned under the previous version of the formula.⁷

Many rural districts also struggle with declining property values, which drive down their local revenue. While total property values went up statewide between 2015 and 2016, the tax digest dropped in many rural communities. More than 30 percent of Georgia's 180 districts saw property values fall in that period. These school districts often rely more heavily on state funding than urban districts, so austerity cuts are particularly painful for them.

Endnotes

¹ Georgia State Senate Research Office. (2000). Final Report of the Senate Study Committee on School Transportation, Nutrition, and Support Personnel. Atlanta, GA: same.

² GBPI calculations based on data from the Georgia Department of Education District Expenditure Report Fiscal Year 2017 and Georgia Department of Education Mid-Term State Allotment Sheet Fiscal Year 2017.

³ Georgia Department of Education. District Expenditure Report Fiscal Year 1996.

⁴ State Education Finance Study Commission. (2011). Issue Paper: Pupil Transportation. Atlanta, GA: Georgia Department of Education. Retrieved from:

http://archives.gadoe.org/_documents/fbo_financial/StudyCommission/Pupil%20Transportation%20Staff%20Presentation.pdf

⁵ Georgia Department of Education. District Expenditure Report Fiscal Year 2017.

⁶ Georgia Department of Education Mid-Term State Allotment Sheet Fiscal Year 2017

⁷ Johnson, Cedric D. (2012). Bill Analysis: House Bill 824. Atlanta, GA: Georgia Budget and Policy Institute. Retrieved from: <https://gbpi.org/wp-content/uploads/2012/02/Bill-Analysis-HB-824.pdf>