

Overview: 2025 Fiscal Year Budget for K-12 Education

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Introduction

Governor Kemp's Fiscal Year (FY) 2025 budget proposal provides Georgia's public schools \$13.3 billion, a \$1.4 billion increase above current funding. The proposal includes increases to the Quality Basic Education Program of \$368 million to give teachers a cost-of-living adjustment and \$242 million to assume an additional increase to the employer share for certified members of the State Health Benefit Plan (SHBP)—the health insurance provided to eligible state employees. Money to match pay raises for teachers and school staff not funded through the state allotment—like those paid through local taxes—will have to come from local property taxes. This will be difficult for districts to afford, given that they must also address higher employer costs for SHBP for non-certified staff (lunchroom workers, bus drivers and custodial staff, for example).

The governor's budget proposal also includes a \$205 million increase to the formula funding for pupil transportation and the creation of a new education line-item, school security grants, at a cost of \$104 million. Together, these allocations, if passed, would allow districts to reallocate the money they're currently spending on those programs to other areas of the schoolhouse.

By the Numbers

Amended 2024 Fiscal Year Budget

- \$500 million to secure the financial viability of the Employees Retirement System (ERS), a pension offered to school employees (e.g., bus drivers) not eligible for the teachers' pension.
- A total of \$189.4 million to provide one-time \$1,000 salary supplement for full-time, benefit-eligible employees for recruitment and retention.
- \$103 million for a midterm adjustment for schools based on enrollment growth.
- An increase of formula funds for the State Commission Charter School supplement totaling \$28.5 million.

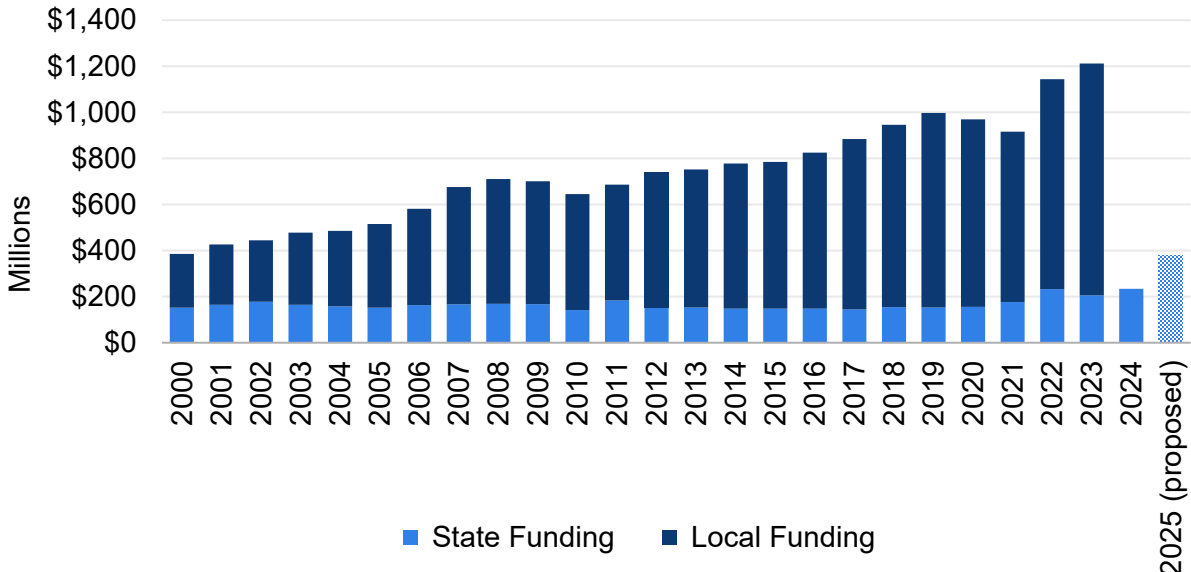
2025 Fiscal Year Budget

- Funding in the proposed 2025 budget for the Georgia Department of Education will increase by \$1.4 billion, or 12%, from the FY 2024 amount.
- A raise to the state salary schedule for certified teachers and employees (literacy coaches, high school counselors, and administrative leaders, for example) by \$2,500 at a cost of \$368 million. The proposed raise would take effect September 1, 2024—two months after the beginning of the fiscal year.
- Formula funding for the Equalization grant, which provides supplemental dollars to districts with low property wealth based on a formula outlined in Georgia code, increased by \$267 million. Increases in this grant represent a growing inequality in the property tax collection between low-wealth and high-property-wealth districts.
- An increase of \$250 million is attributed to student school enrollment growth and training/experience for teachers as calculated through the QBE formula.
- \$242 million to fund the state share of SHBP increases for certified educators (teachers, instructional supervisors, instructional specialists, for example).
- The pupil transportation grant would increase by \$210 million, nearly double the state share of the program and includes a 4.1% salary increase.
- Increases in funding for the Quality Basic Education (QBE) formula are partially offset by a reduction of \$185 million under the formula's Local Five Mill Share component.¹ This shift is due to climbing property values, which increased school districts' contribution to total QBE funding.
- Creation of school security grants at \$45,000 for each school in the state—totaling \$104 million.

Formula Increases for QBE

The FY 2025 proposed budget allots \$205 million to increase the state share of pupil transportation costs, \$20 million in bonds for school bus replacement and \$5 million to increase salaries by 4.1%. The formula additions represent a major change to a program that has seen steady cost growth for the past two decades without increasing state investment. Georgia paid over half of all the pupil transportation costs in 1991, and only 17% in 2023.² These allotments, if passed, would double the formula earnings from the year prior and represent 31% of the total cost for pupil transportation (if spending remains constant from 2023).

State Funding for Pupil Transportation Increases: Still Ways to Go



Note 1: FY 2023 is the most recent expenditure data available.

Note 2: FY 2022, 23 and 24 state funding each include one-third of the AFY 2022 bus replacement funding, per language in AFY 22 appropriations bill.

Source: Georgia Appropriations Bills AFY 2000 – 2024; Georgia Department of Education, School System Expenditures FY 2000 – FY 2023; The Governor’s Budget Report, Amended FY 24 and FY 25.

The governor’s proposed budget includes \$104 million to provide \$45,000 in security grants for 2,311 public schools statewide. The state provided \$69 million for security grants in the amended FY 2019 budget. Unlike those one-time funds, the proposed current grants would set the baseline for next year’s budget and allow districts to plan for this line item in the future. School districts that already spend local dollars to enhance security will have increased flexibility to improve education programs elsewhere in the budget. Both the pupil transportation and school security formula increases will provide much-needed relief to districts facing the deadline to spend federal dollars to mitigate the educational harms of the pandemic.

Health Insurance Continues to Squeeze Schools

The proposed budget included \$242 million in the Quality Basic Education program to address the increase to the SHBP for certified employees. The Department of Community Health oversees the SHBP, and their budget includes language that the employer contribution for non-certified school employees (e.g., bus drivers/monitors, custodians) will be raised in line with that for certified employees, effective January 1, 2027. The state does not pay the employer SHBP portion for non-certified employees, leaving districts to find this additional money in local tax dollars (property taxes). In 2023, Georgia schools employed 96,000 classified employees.³ In a recent GBPI survey of school district leaders, respondents most often answered that positions would have to be cut when asked how the budget would incorporate potential health insurance increases. Forty-four percent shared that they would be forced to reduce their workforce by layoffs, not filling positions opened by those who retired, or in some other manner.⁴

¹ For more on how school funding works, see: Owens, S. (2019, May 23). *How does Georgia fund schools?* Georgia Budget and Policy Institute. <https://gbpi.org/how-does-georgia-fund-schools/>

² Georgia Appropriation Bill AFY 2023; Georgia Department of Education. *School System Expenditures FY 2023*.

³ Georgia Department of Education. *Certified/classified personnel summary, system level (CPI application report CP002)*.

⁴ Owens, S. & Davis, J. (2023). *Schools left with the bill: Results of GBPI 2023 school district survey*. Georgia Budget and Policy Institute. <https://gbpi.org/schools-left-with-the-bill-results-of-gbpi-2023-school-district-survey/>