

GEORGIA

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I. GENERAL BACKGROUND

State

The Quality Basic Education (QBE) act was passed in 1985 and went into effect in 1986. The stated purpose of the act is to provide “an equitable public education finance structure which ensures that every student has an opportunity to a quality basic education, regardless of where the student lives, and ensures that all Georgians pay their fair share of this finance structure” (GA. CODE § 20-2-131).

Funding is a foundation program based on weighted full time equivalent students in 14 programs. Local effort is required and equalized. Categorical grants also exist. The QBE has never been fully funded.

State funds for elementary and secondary schools primarily come from state income and sales taxes.

In 1992, Georgia voters approved a lottery, and the proceeds are dedicated to education. Through a constitutional amendment, lottery funds must supplement and not supplant other state funding sources.

Local

There are 1,357,000 FTE students enrolled in Georgia public schools. Enrollment has increased by 25,000 students in each of the last two years. Georgia has 180 fiscally independent school districts. Of these, 159 are county districts and 21 are city school districts. There are 16 Regional Educational Service Agencies (RESAs) and 24 regional psychoeducational centers.

Local districts are required to levy 5 mills, called the local fair share. An additional 3.25 mills are equalized if the district falls below the 90th percentile in terms of what one mill will generate. Local districts may levy up to 20 mills without voter approval; however, local districts are required to hold public budget hearings. Assessment of property is based on 40% of appraised value. Local districts may, with voter approval, levy a 1% sales tax for special projects.

Funding Summary 1998–99

| | | |
|---|------------------|--------------------|
| Total State School Aid (All Programs) | | \$ 4,828.9 million |
| Grants in aid | 4,828.9 million | |
| Teacher Retirement Contributions | Included million | |
| FICA | Included million | |
| | | |
| Total Local School Revenue | | \$ 3,987.7 million |
| Property Tax | 2,752.2 million | |
| Other local source tax revenue | 686.6 million | |
| Local source non-tax revenue | 548.9 million | |
| | | |
| Total Combined State and Local School Revenue | | \$ 8,816.6 million |
| | | |
| State Financed Property Tax Credits Attributable to School Taxes | | Not reported |

II. LOCAL SCHOOL REVENUE (INCLUDING LOCAL EARMARKED TAXES)

In 1998–99, local school districts raised an estimated \$3,987.7 million in local funds to support educational programs. The primary sources of local revenue are property taxes and a local sales tax for special purposes. Because the primary use of the special local sales tax (SPLOST) is for capital outlay needs, the estimated amount collected in 1998–99 (\$250.5) is not included in the above summary.

Property Taxes

The local property tax assessment ratio is 40% of the current fair market value. To insure equity, studies are conducted annually by the Georgia Department of Audits of sales and assessment practices. Local districts are required to levy five mills (the local fair share contribution) to support the QBE. Local districts may levy up to 15 additional mills without voter approval. Of these additional mills, 3.25 are equalized at the revenue generated by the district at the 90th percentile in taxable wealth per weighted FTE. There is no penalty or re-capture for those above the 90th percentile.

Income Tax

N/A.

Sales Tax

Local school boards have the option of seeking voter approval of a 1% sales tax for five years for special educational purposes. While most districts are using these funds for capital outlay needs, the law only restricts the use of these funds to “special” educational purposes. This generated an estimated \$250.5 million in 1998–99.

Extent of Participation: 133 districts.

Tax Credits and Exemptions

Homestead Exemption: For FY99, a \$2,000 homestead exemption (based on the 40% assessment ratio) was provided to all homeowners. The elderly may receive exemptions ranging from \$4,000 to \$10,000. Totally disabled veterans may receive exemptions up to \$38,000. Legislation approved in the FY99 General Assembly session raises the exemption available to all homeowners to \$20,000; this will be phased in over a seven year period. School districts will be held harmless for this loss of local tax revenue. In FY99, the amount for homestead exemptions was \$7.3 million in exemptions. No numbers were available as to tax dollars that are lost.

III. TAX AND SPENDING LIMITS

Tax Limits

The Georgia Constitution imposes a 20 mill local property tax limit for education without voter approval, except for school districts which were authorized to levy a higher tax rate on June 30, 1983. School districts may exceed the 20 mill limit with the approval of a majority of qualified voters (GA CONST. Art. VIII, § VI). In FY99, five school districts were levying more than the 20 mill limit.

Revenue Growth Limits

The FY99 General Assembly approved The Taxpayers’ Bill of Rights. This legislation requires that the public have more information regarding assessments,

especially increased assessments. The centerpiece of this legislation is language requiring a rollback millage to limit revenue growth. The rollback rate represents the tax millage that would be necessary to raise the same amount of revenue after re-assessments as the prior year's millage rate was able to raise before the re-assessments. School districts which find the need to levy millage above the rollback rate must advertise of the intent, with the heading "Notice of property tax increase," and hold three public hearings (Senate Bill 177).

Spending Limits

District spending is limited by Constitutional tax limits and local referenda.

Voter Approval of Budgets

School districts may levy up to 20 mills (including the required local fair share five mills) without voter approval. Levying millage above 20 mills requires approval of a majority of voters in a local referenda. Boards of education approve local budgets after holding public hearings.

Deficit Spending

Deficit spending is not allowed. A local district finding itself in deficit must submit a corrective action plan to the Department of Education. The local school district superintendent must present to and have each local board of education member sign a monthly financial report until the deficit is eliminated (GA. CODE § 20-2-167).

Fund Balance Limitations

Fund balance or surplus funds are capped at 15% of the current year's total budget. Capital funds may accumulate above the 15% provided that the purpose of the accumulation and the intended date of expenditure are clearly and specifically identified (GA. CODE § 20-2-167).

IV. STATE/PROVINCIAL EARMARKED TAX REVENUE

State lottery funds are earmarked for education by a special constitutional amendment (GA. CODE § 50-27-2). These funds must supplement and not supplant other state funding for education. Lottery monies are used for programs such as pre-kindergarten education, computer instruction, distance learning, media

and library equipment, Next Generation Schools, educational technology centers, Safe Schools grants, Learning Logic sites, algebra classrooms, drug and anti-violence programs, and post secondary options programs, including the HOPE scholarship program. The amount for FY99 is estimated at \$258.1 million.

V. BASIC SUPPORT PROGRAM

Funding in 1998–99: \$3,522.6 million (QBE Basic Formula)

Percentage of Total State Aid: 72.9%.

Funding in 1998–99: \$204.3 million (Equalization)

Percentage of Total State Aid: 4.2%.

Nature of Program: Foundation. The Quality Basic Education Act (QBE) program is a foundation program with a guaranteed yield equalization component that annually guarantees a financial support base per weighted full-time equivalent pupil (GA. CODE § 20-2-160).

Allocation Units: Weighted Full Time Equivalent (FTE) pupils. The Georgia State Board of Education designates specific dates upon which the student count shall occur; one count date occurs in fall and the second one occurs in the spring of the current school year. Counts are reported based on one-sixth segments of the school day. Only students in authorized courses are included in the count. (For example, a study hall is not an authorized course so a student assigned to a study hall would not be counted for one-sixth of the day.) Local school districts count the number of one-sixth segments of the school day for which each student is enrolled in each authorized program according to GA. CODE § 20-2-161. The total number of segments counted for each program is divided by six, resulting in the FTE count for each respective state recognized program. For purposes of initial current year funding, a projection of the spring count is made. The fall count is weighted two parts and the spring count one part, with the total divided by three to calculate the annual average FTE. A re-calculation occurs after the spring count and an adjustment is made to increase the funding if necessary. However, under GA. CODE § 20-2-162, school districts receiving more than the re-calculation allotment do not have their funds reduced.

Local Fiscal Capacity: Equalized assessed property valuation.

How the Funding Formula Works: Each school district's basic program entitlement under QBE is determined by multiplying the weighted FTE pupil count by the guaranteed financial support base. In 1998–99 the guaranteed financial base was \$2,038.74 per weighted FTE. The base amount represents the costs associated with educating a non-lab 9-12 student; the base amount is apportioned as follows: 79.5% for direct instruction (salary, benefits, textbooks, supplies, personnel travel, replacement equipment); 17% for indirect costs (maintenance and operations, support personnel, school and central office personnel); 0.8% staff development; and 2.8% media costs (personnel, materials, and equipment).

In addition to the basic program entitlement, the state equalizes up to 3.25 mills (or an equivalent amount of local funding from another source) that are levied above the required five mills. The equalization is based on the difference between what the local district generates by levying the 3.25 mills and what is generated by the local district at the 90th percentile in property wealth per pupil. (Mills can be adjusted (weighted) to compensate for errors in under assessing property values.)

Local Share: Required local effort or “local fair share” of five mills (or its equivalent) levied on the equalized assessed property is required under the QBE (GA. CODE § 20-2-162). An equalized, adjusted tax digest, prepared by the Auditor of the State of Georgia, compensates for differences in assessment practices through a sales ratio study. This study compares the dollar value of property sold during a given period of time to the value attached to the property by the local taxing agency and compares the assessed value of property not sold to its appraised value as determined by the state agency. Prior to calculating the district's local fair share, the state subtracts homestead exemptions. Georgia law was amended in 1994 (' 20-2-164) to provide that combined local fair share for all local school districts in the state shall not exceed 20% of the QBE formula amounts or five mills whichever is less. The QBE requires that each local district must contribute to participate in the QBE program. The local school district can apply the total amount of “local fair share” to any individual program or combination of programs funded by QBE but not to programs operated at the option of the local school district. The local district may generate the “local fair share” in any manner it sees fit, but it cannot use federal funds, state funds, student tuition, or funds transferred from any other local school district. The estimated amount for 1998–99 is \$805.5 million.

State Share: The state funding share for the basic support program consists of two parts. One part is the provision for funding the difference between the

district's entitlement and the amount it generates through its local fair share. The second part is the provision of funding for equalizing an additional 3.25 mills levied at the local district's option.

1998–99 amount is estimated at \$204.3 million.

Weighting Procedures: Program weights reflect sufficient funds to pay at least the beginning teacher salaries of all teachers needed to provide essential classroom instruction. Program weights for primary through middle school reflect sufficient funds for beginning salaries for specialists qualified to teach art, music, and physical education. Program weights for middle and high school reflect sufficient funds for beginning salaries for guidance counselors. Program weights for high school reflect sufficient funds to provide for development and supervision of an extended day program during the regular school year and provide for a preparation period free of assigned students. Program weights reflect funds to pay for sick and personal leave for teachers, payments to teacher for unused sick leave, the employer's portion for membership in the Teachers Retirement System of Georgia and health insurance program authorized by law, essential instructional materials and equipment, travel required of personnel to deliver educational services to enrolled students, and professional development (GA. CODE § 20-2-182). The Governor is authorized to appoint a task force every three years to review the program weights and recommend changes to the General Assembly. The program weights for 1998–99 (GA. CODE § 20-2-161) are:

| | |
|---|--------|
| Kindergarten | 1.3210 |
| Grades 1–3 | 1.2424 |
| Grades 4–5 | 1.0067 |
| Grades 6–8 | 1.0122 |
| Grades 9–12 (non-lab) | 1.0000 |
| High school laboratory (9–12) | 1.1604 |
| Vocational laboratory (9–12) | 1.2719 |
| Special Education - Category I (Self-contained specific learning disabled and self-contained speech-language disordered) | 2.3561 |
| Special Education - Category II (Mildly mentally disabled) | 2.7406 |
| Special Education - Category III (Behavior disordered, moderately mentally disabled, severely mentally disabled, resourced specific learning disabled, resourced speech-language | 3.4857 |

| | |
|--|--------|
| disordered, self-contained hearing impaired and deaf self-contained orthopedically disabled, and self-contained other health impaired) | |
| Special Education - Category IV (Deaf-blind, profoundly mentally disabled, visually impaired and blind, resourced hearing impaired and deaf, resourced orthopedically disabled, and resourced other health impaired) | 5.6338 |
| Special Education - Category V (Special education pupils in the above categories who Individualized Education Programs specify specially designed instruction or supplementary aids or services in alternative placements, in the least restrictive environment, including the regular classroom and who receive such services from personnel such as paraprofessionals, interpreters, job coaches, and other assistive personnel) | 2.4473 |
| Gifted (Intellectually gifted) | 1.6453 |
| Remedial education | 1.2918 |

Adjustments for Special Factors:

Size. The QBE specifies that the base school district size is 3,300 FTE students; the base elementary school (K–5) is 450 FTE students; the base middle school (6–8) is 624 FTE students; and the base high school is 970 FTE students (GA. CODE § 20-2-181). School districts below the base minimum sizes receive a pro-rata portion of the full funding for district level resources and services such as superintendents, secretaries, visiting teachers and accounting services. Likewise, schools below the base minimum sizes receive state support on a pro-rata basis for services provided by principals, assistant principals, media specialists, and secretaries.

Training and Experience of Teachers. The basic QBE foundation allowance is annually calculated based on the state minimum teachers’ salary schedule using the lowest paid salary (a bachelor’s degree and no teaching experience). The training and experience adjustment recognizes the costs of teachers that exceed the minimum (GA. CODE § 20-2-161). In 1998–99 the training and experience factor equaled approximately 41.86% of the calculated salary portion of the QBE formula earnings. This amount does not reflect the training and experience factor for categorical programs. Funding in 1998–99 was \$1,225.5 million.

Contracts Between Districts. Some local school districts contract with other local districts to provide educational services. The sending school district usually pays the receiving district funds to defray the costs of educating that pupil. However, unless adjustments are made, the sending and receiving districts' local fair share contribution per pupil would be distorted. Therefore, the property wealth per pupil calculations and consequently the equalization grants for both districts are adjusted. The pupil is included in their district of residence in the calculation of property wealth per pupil, but are then also counted in the district where they attend school when the amounts of equalization grants are calculated.

Enrollment Growth. The QBE requires a mid-year adjustment which takes into account growth in student enrollment. Funding school facilities in high growth areas is discussed under the section on capital outlay.

Enrollment Decline. The QBE's mid-year adjustment does not penalize local districts whose student enrollment was over-estimated in the initial calculations.

Sparsity. Sparsity grants are available under GA. CODE § 20-2-292. The following requirements must be met for funding: (1) The local school district is unable to offer typically available educational program and services. (2) Inability to offer programs is due at least in part because the district has FTEs less than the base sizes. (3) A study by the State Board finds that merger is unfeasible because consolidation would result in a proportion of students whose travel times would exceed prescribed travel time criteria. (4) Voters or school officials in the other local school district(s) reject the proposed merger. (5) The adjoining school districts have refused to participate in the state study. (6) The state board study finds that merger would still result in a school district of small size so that comparable programs, etc. still could not be offered. Funding in 1998-99 is estimated at \$22.5 million.

Aid Distribution Schedules: State aid is distributed in 12 equal payments.

Districts Off Formula: None.

VI. TRANSPORTATION

Funding in 1998-99: \$147.2 million.

Percentage of Total State Aid: 3.0%.

Description: State law (GA. CODE § 20-2-188) requires local school districts to provide transportation for students residing one and one-half miles or more from the school to which they are assigned. Children with disabilities are provided transportation as are students who must travel out of the resident school district for programs, such as limited-English-proficient students. In addition, transporting students for the purpose of work experiences, training in instructional laboratories outside the assigned schools, and field trips that are integral to the educational program may be funded.

State and Local Responsibility for Funding: The costs of providing transportation are determined by the Georgia Department of Education according to a schedule of standard transportation costs and a schedule of variable transportation costs. The district earns funds on the basis of the number of regular and special education bus drivers allotted, the number of miles allotted, the state minimum bus driver salary schedule and driver benefits, bus replacement costs, insurance costs, and operation costs. Costs exceeding the state allotments must be assumed by the local school district. Students living closer to the school than one and one-half miles may be transported but their costs are not covered by state funding.

Extent of Participation: 178 school districts.

VII. SPECIAL EDUCATION

Funding in 1998–99: \$496.1 million (included in the QBE Basic Formula funding).

Percentage of Total State Aid: 10.3%.

Description: The state provides a comprehensive special education program ranging from programs for children at birth through four years old with severe disabling conditions to programs for the profoundly mentally disabled through age 21 (GA. CODE § 20-2-152). Local school districts may provide their own services for students with special needs or may contract with other local school districts, regional educational service agencies, or other qualified public or private institutions. The State operates the Georgia School for the Deaf, the Georgia Academy for the Blind, the Atlanta Area School for the Deaf and other special schools which may be approved by the General Assembly. The categories for funding are described in the above section V, weighting procedures.

State and Local Responsibility for Funding: Special education programs are funded as part of the QBE program and do not require additional local contribution. However, districts funding programs above the QBE level are responsible for the excess costs.

Extent of Participation: all 180 districts.

VIII. COMPENSATORY EDUCATION

Funding in 1998–99: \$103.5 million.

Percentage of Total State Aid: 2.4%.

Description: There are two compensatory education programs in Georgia public schools: the special instructional assistance program (SIA) and the remedial education program.

The special instructional assistance program (SIA) is for kindergarten through third grade students with documented developmental levels below expectations for their respective ages who are likely to have problems in maintaining a level of performance consistent with the expectations of their age group (GA. CODE § 20-2-153). The funding is appropriated annually by the General Assembly and is distributed on the actual FTE count of students served during the preceding year. In 1998–99, one kindergarten FTE earned \$1,023.66 (\$768.94 for salaries and \$254.72 for operation) and one FTE in grades one through three earned \$897.34 (\$668.65 for salaries and \$228.69 for operation). Funds for this categorical are adjusted according to the training and experience factor of the school district providing the program.

Extent of participation: 171 districts.

Remedial Education (GA. CODE § 20-2-154) is available for students in grades 2 through 5 and 9 through 12 whose skills are deficient in reading, mathematics, or writing. Students must meet two or more of the following criteria: (1) The student has been through the formal student support team process and has documented evidence to support remedial education placement; (2) the student has been retained a grade; (3) the student is receiving services under Part A of Chapter 1 of Title 1 of ESEA; (4) the teacher has documented low performance in reading, mathematics, or writing; (5) the student's standardized test scores are at or below the 25th percentile. A special education student is eligible for remedial education

if his/her Individualized Education Programs so indicates. The amount funded in 1998–99 was \$107.9 million and is included in the QBE Basic Formula funding.

Extent of Participation: All 180 districts.

IX. GIFTED AND TALENTED

Funding in 1998–99: \$87.9 million (included in the QBE Basic Formula).

Percentage of Total State Aid: 2.0%.

Description: Programs for intellectually gifted students are funded under the special education services of QBE. A program weight of 1.6453 is assigned to gifted students. Eligibility for gifted education is based on evidence of student work product or performance, data from teachers, parents, or peer observation, nationally normed standardized tests of mental ability, achievement, and/or creativity (GA. CODE § 20-2-152).

State and Local Responsibility for Funding: Since programs for the intellectually gifted are part of the QBE formula, no further contributions are required. However, districts that wish to fund these programs at a level above state funding are responsible for the excess costs.

Extent of Participation: 173 districts.

X. BILINGUAL EDUCATION

Funding in 1998–99: \$22.5 million.

Percentage of Total State Aid: less than 1%.

Description: Georgia’s program for limited-English-proficient students whose native language is not English provides assistance in developing skills in listening, speaking, reading, and writing so that the student may perform effectively at the assigned grade level (GA. CODE § 20-2-156).

State and Local Responsibility for Funding: Funding is on a cost reimbursement basis, based on the students served the previous year. In 1998–99, the program allowed both itinerant and non-itinerant segments (a segment under QBE is one-sixth of the day). In 1998–99 the funding was \$854.38 per itinerant

segment and \$640.78 per non-itinerant segment, both of which were then adjusted for the training and experience factor of the local school district. In 1998–99 students in K–3 could be counted for only one segment; 4–8 graders could be counted for no more than two segments; and 9–12 graders could be counted for no more than 5 segments. Beginning with the 1999–2000 school year, K–3 students may be counted for two segments and 4–8 students may be counted for three segments. Districts offering programs that exceed the state funding must assume the excess costs.

Extent of Participation: 70 districts.

XI. EARLY CHILDHOOD EDUCATION

Funding in 1998–99: \$217.6 million.

Percentage of Total State Aid: N/A.

Description: The Georgia Prekindergarten Program was established in 1993 to provide a high-quality preschool experience. All children who were four years old on or before September 1, 1998 and were children of Georgia residents were eligible. Approximately 61,000 children were serviced by this program this year. The program is voluntary for both families and communities. The program is administered through the Office of School Readiness. Local school districts do not operate this program.

State and Local Responsibility for Funding: Georgia’s early childhood education program is funded by state lottery proceeds as provided for by statute (GA. CODE § 50-27-1).

Extent of Participation: 941 child care licensed agencies.

XII. OTHER CATEGORICAL PROGRAMS

Middle School Incentive Program

Funding in 1998–99: \$92.3 million.

Percentage of Total State Aid: 1.9%.

Description: The Georgia Department of Education developed program standards for middle school programs which address the special needs of students in grades

six, seven, eight. A school district which decides to organize itself to provide for a middle school is eligible for an additional 13% of all funds calculated under the QBE formula. As with other programs, the funds earned under this program are adjusted for the training and experience factor of the individual district (GA. CODE § 20-2-290). Funded programs are required to provide each interdisciplinary team of academic teachers with common planning time of at least 85 minutes during the student instructional day and must meet all other criteria and standards prescribed by the state board. Programs are required to emphasize basic skill reinforcement, preparation for high school content, and course options that emphasize individual development and transition into adolescence.

Extent of Participation: 158 school districts.

In-School Suspension Program

Funding in 1998–99: \$30.2 million.

Percentage of Total State Aid: less than 1%.

Description: The Georgia in-school suspension (ISS) program is designed to assist students with identified discipline problems. The program (GA. CODE § 20-2-155) has a twofold purpose. First, it removes disruptive students from the regular classroom setting, and second, it provides individually oriented instruction in essential skills and knowledge for which low achievement levels are contributing to the student's adjustment problems.

State and Local Responsibility for Funding: The state provides funding at a beginning teacher salary (the FY99 figure was \$30,757.61) plus the training and experience factor for each local district for each high school and middle school offering the program. Recent legislation, however, cuts future funding from that of a regular certified teacher to funding for a teachers= aide. The local district must assume any excess costs.

Extent of Participation: 174 districts.

Counselors for Grades 4–5

Funding in 1998–99: \$12.4 million.

Percentage of Total State Aid: less than 1%.

Description: Under this categorical grant, school districts are allocated counselors for students in grades four and five on the basis of one counselor for each 624 full-time equivalent fourth and fifth grade students.

State and Local Responsibility for Funding: The state provides funding at a beginning teacher salary (the FY99 figure was \$30,757.61) plus the training and experience factor for each local district. The local district must assume any excess costs.

Technology Training

Funding in 1998–99: \$15.4 million.

Percentage of Total State Aid: less than 1%.

Description: The purpose of this categorical is to provide for trained personnel in every public school district in the state to assist teachers in the use of technology. Each position earned \$28,842.39 for FY99. The number of funded positions is based on the number of schools in the district. One through 32 schools entitles the district to one technology position; 33 - 50 schools entitles the district to four positions; 51–100 schools entitles the district to seven positions; and over 100 schools entitles the district to 10 positions. Unlike other funding, this categorical is not adjusted for a training and experience factor.

State and Local Responsibility for Funding: The local district assumes any excess costs.

Extent of Participation: all 180 districts; 1,851 schools.

Professional and Staff Development

Funding in 1998–99: \$35.3 million.

Percentage of Total State Aid: less than 1%.

Description: Professional staff development, according to GA. CODE § 20-2-182, is provided for teachers and other local district employees to correct identified weaknesses, gain skills in areas needed by the district, and to improve individual

competencies. In 1998–99, \$24.2 million was spent on professional development and \$11.1 million was spent on staff development.

State and Local Responsibility for Funding: Professional development is funded as part of the QBE basic grant. Local school districts may fund professional development beyond the basic level but are responsible for the excess costs.

Extent of Participation: 180 districts.

Regional Educational Service Agencies

Funding in 1998–99: \$10.5 million.

Percentage of Total State Aid: less than 1%.

Description: Georgia law (GA. CODE § 20-2-270) provides 16 Regional Educational Service Agencies (RESAs). Their purpose is to provide local school districts with assistance in planning and research, staff development, curriculum and instruction, assessment and evaluation, and electronic technology. RESAs are governed by a local board of control, of which not more than one-third of the members may be educators or public officials. Eight RESAs serve as fiscal agents for the psychoeducational centers.

State and Local Responsibility for Funding: RESAs are funded as part of the QBE act and require no local funding for basic services. Each RESA board of control may establish fees for services beyond the basic services.

Extent of Participation: 174 districts.

Psychoeducational Centers

Funding in 1998–99: \$42.1 million.

Percentage of Total State Aid: less than 1%.

Description: Twenty-four psychoeducational centers provide services for severely emotionally disturbed children who need services beyond those that can be adequately provided by the local school district (GA. CODE §§ 20-2-152, 20-2-270, 20-2-274).

State and Local Responsibility for Funding: This is a state appropriation and requires no local funding support. The funds are appropriated directly to the regional psychoeducational centers or through local fiscal agents to the centers.

School Lunch

Funding in 1998–99: \$33.8 million.

Percentage of Total State Aid: less than 1%.

Description: The state provides payments to local school districts providing school lunch and breakfast to students eligible under federal guidelines. The purpose of the funding is to supplement federal funds as a means of keeping sale prices within reach of paying students and to maximize participation and quality meals for all students. Funds are distributed based on a productivity formula developed by the State Board of Education.

State and Local Responsibility for Funding: There is no required local funding for participation in this program.

Extent of Participation: Not reported.

XIII. TEACHER RETIREMENT AND BENEFITS

Funding in 1998–99: Not available.

Percentage of Total State Aid: N/A.

Description: The teacher retirement plan is funded as part of the QBE program. The plan is available to all teachers and other certificated personnel who are employed by participating local school districts. Entitlements are computed based on program weights for children in different cost programs. Retirement and benefits are included in the funding for the training and experience adjustment made to the QBE formula earnings.

State and Local Responsibility for Funding: The teacher retirement plan is funded by individual contributions of 5% of salaries and employer contributions of 11.95% of salaries provided for in the QBE formula. QBE teacher retirement

entitlements are disbursed directly to the local school district, which in turn pays the teacher retirement system.

Extent of Participation: Not reported.

XIV. TECHNOLOGY

Description: Technology funding is supported in Georgia by the lottery. Originally lottery funds could only be used to purchase hardware. A 1996 amendment to the law added training for teachers in the use of technology and repairs and maintenance of technology as additional eligible uses for lottery funds. This year's appropriation for "Computers in the Classroom" was \$26.8 million.

XV. CAPITAL OUTLAY AND DEBT SERVICE

State Aided Programs

Funding in 1998-99: \$111.4 million in "regular" funding;
\$78.9 million for high growth districts.

Percentage of Total State Aid: N/A.

Description: Capital outlay projects are funded through several mechanisms. GA. CODE § 20-2-270 requires that local school districts meet several conditions to qualify for funding. Among these conditions is the need to prepare a long range facilities plan which identifies all improvements and new construction needed for: (1) the number of students projected for the next upcoming five year period; (2) the educational programs the district plans to provide; and (3) the architect=s cost estimates for providing these facilities. The plans are reviewed for approval by the State Board of Education. Funding is determined based on local needs in relationship to state-wide needs and annual appropriation from the General Assembly. The district may allow these funds to accumulate or may use them immediately in conjunction with funding raised locally. The state provides aid by issuing general obligation bonds. In addition, the General Assembly has approved the use of lottery funds for capital outlay needs. The local school district may use the funding for immediate capital outlay needs; it may allow the allotted funds to accumulate for later use. The annual funding may also be used to reimburse local districts for current principal payments on local indebtedness provided all construction projects have been completed.

State and Local Responsibility for Funding: State and local shares are determined by the district's ability to pay which is defined as property wealth per pupil. All districts are eligible for funding with the wealthiest paying up to 25% of the eligible construction costs and the poorest paying 10%.

Extent of Participation: 161 districts received some type of funding for capital outlay.

Local Capital Outlay Funding

Funding in 1998–99: \$250.5 million in SPLOST (not reflected in Funding Summary).

Percentage of Total State Aid: N/A.

Description: Two options are available for local school district funding of capital outlay projects. The first option is to issue bonds. Local districts are not allowed to issue bonds in excess of 10% of the property value within the district. A bond referendum must be approved by a majority of the voters. The second option is to levy a Special Purpose Local Option Sales Tax (SPLOST). Local school districts may, with voter approval, levy a one percent sales tax for five years. Most districts are using SPLOST monies for capital outlay needs.

Extent of Participation: 133 local districts.

Funding in 1998–99 for debt retirement: Not available; however, amount collected through property taxes to retire debt may be reflected in the local property tax levy.

XVI. STANDARDS/ACCOUNTABILITY MEASURES

Funding in 1998–99: None.

Percentage of Total State Aid: N/A.

Description: At this point in time there are no standards/accountability measures tied to funding. However, the state of Georgia produces four levels of report cards. There is a state level report card, a school district report card, a school report card, and a parents' report card. All local school districts are required to submit data in the following categories: student data, state-required test results,

graduate data, college admissions/credit tests results, post-secondary data, accreditation/recognition data, community data, fiscal data, and certified personnel data. The state department of education's Website allows comparisons of districts on test result and fiscal data. In addition, school districts are required to submit an annual budget to the state. Local districts that do not meet the expenditure controls placed on the QBE formula earnings may have their local fair share adjusted in a succeeding year.

Local districts must meet state standards or the accrediting standards of the Southern Association of Colleges and Schools. Mechanisms exist for state control of districts not meeting these standards.

Extent of Participation: Not reported.

XVII. REWARD/SANCTIONS

At this point in time, there are no sanctions. A bill was passed in the 1999 General Assembly Session that would have created state teams to aid school districts that were underperforming. The Governor vetoed the bill.

Pay for Performance

Funding in 1998–99: \$7 million.

Percentage of Total State Aid: N/A.

Description: Pay for performance is an incentive program not a merit pay program. The purpose of this program is to motivate and reward entire school faculties for working together to make their schools exemplary. Schools that are selected for participation in the program must attain at least 80% of their pre-approved performance objectives. The monetary award is based on \$2,000 per certified faculty member.

Extent of Participation: Not reported.

Georgia Schools of Excellence

This program recognizes exemplary schools that have excellent, successful programs in many areas of school life. The program is competitive. One elementary, one middle school, and one high school from each of Georgia's

eleven congressional districts may be selected. A school may win the award once every five years. No funding is tied to this initiative; however, the Governor did award \$2,000 to each of the schools

XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS

Alternative High Schools

Funding in 1998–99: \$12.9 million.

Percentage of Total State Aid: N/A.

Description: Under Georgia law (GA. CODE § 20-2-769), the State Board of Education is authorized to create alternative schools for students in grades 6–12 who have violated the student code of conduct. A local school district may establish an alternative school that provides a core curriculum and a program that prepares the student to return to the regular public schools. Alternative schools may be authorized for one to five years with reviews by the State Board of Education. Funding is available on a grant basis.

Extent of Participation: Not reported.

Charter Schools

Funding in 1998–99: \$45,000.

Percentage of Total State Aid: N/A.

Description: Charter schools may be created under GA. CODE § 20-2-2060. A charter school operates under the terms of an academic or vocational performance based contract approved by the state board and the school district's local board for a period of five years. The contract exempts the charter school from state and local rules, regulations, policies, and procedures. A charter school is a public, nonsectarian, non-religious, nonprofit school which is not home based (GA. CODE § 20-2-2065). Under GA. CODE § 20-2-2066, a charter school may enroll any student who resides within the district and who submits a timely application. Random selection occurs. Students who reside outside of the district in which the charter school is located may only enroll in the charter school if there is agreement between the local boards of education. The funding for charter schools is included in the allotment to the local school district in which the school is located.

The local board must treat the charter school fairly in the apportioning of funds. Under GA. CODE § 20-2-2060, charter schools are given special preference for grants for alternative schools, classroom technology, school improvement programs, mentoring programs, and other grants for improving school performance.

Extent of Participation: This year, nine planning grants of \$5,000 each were awarded.

XIX. AID TO PRIVATE SCHOOLS

None.

XX. RECENT/PENDING LITIGATION

Georgia's only challenge to its funding system occurred in 1981, *McDaniel v. Thomas*, 285 S.E.2d 156 (Ga. 1981). The Supreme Court of Georgia upheld Georgia's funding system, but concluded "it is clear that a great deal more can be done and needs to be done to equalize educational opportunities in this state. For the present, however, the solutions must come from our lawmakers." In 1985 the Georgia legislature enacted the Quality Basic Education act (QBE) to provide a more equitable school finance structure and to assure that every child in the state had access to a quality educational program (GA. CODE § 20-2-130). Although the QBE act has never been fully funded, there is no pending funding equity litigation in Georgia.

Two more recent lawsuits carried potential for significant impact on Georgia school finance and the state's education budget. In *Dekalb v. Schrenko*, 109 F.3d 680 (11th Cir. 1997), a school district sought reimbursement from the state for the costs of desegregation. The 11th Circuit Court of Appeals ruled that the state was not liable for these costs. In *Lowe v. State*, 482 S.E.2d 344 (Ga. 1997), private school students sought a writ of mandamus to require state payment of private school tuition under the state's tuition grant act. The Supreme Court of Georgia denied both plaintiffs' requests.

In July 1999, the Georgia court of appeals issued an opinion that could significantly affect those school districts relying on the Special Local Option Sales Tax (SPLOST) within the sections on local revenue and capital outlay. The legal question raised in *Shadix v. Carroll County*, 1999WL 499653 (Ga. App. 1999) is whether the ability to collect the SPLOST ends with the length of time or with the

dollar amount specified in the referendum. Many entities (the SPLOST is available to school districts, cities, etc.) that have approved the SPLOST have continued to collect the tax after the approved amount has been collected because the time limit had not yet expired. The court held that the clause in the SPLOST referendum concerning the maximum amount of proceeds was a fundamental part of the referendum and that the county was required to terminate the tax when the maximum amount had been reached. Difficult issues are raised in that the possibility exists that the unlawfully collected and/or expended proceeds may have to be returned. School districts have been using SPLOST for school facilities to house Georgia's population boom; most have expected increasing amounts of sales tax to help fund those needs without having to approach the voters to re-approve the tax.

XXI. SPECIAL TOPICS

Lottery

In addition to the funding described in Section IV, State Earmarked Revenue, the lottery funds support post secondary programs including the HOPE Scholarship program. This program provides four years' tuition and mandatory fees to any Georgia public college, university, or technical school for any resident student who had maintained at least a AB@ average in high school. Students must maintain the AB@ average during their post secondary career. Students attending private colleges are eligible for a \$3,000 per year scholarship. In 1997-98, 135,725 students received \$173.3 million in HOPE scholarships.

Governor's Education Reform Commission

Newly elected Governor Roy Barnes was successful in having the General Assembly approve the formation of an Education Reform Commission. The commission has 64 appointed members from a variety of backgrounds including education, business, and government officials. The areas under study are: reviewing the Quality Basic Education funding formula; increasing coordination and cooperation between K-12, technical schools, and colleges and universities; developing accountability mechanisms; and developing strategies to improve school climate. The commission will meet from June 1999 with the Commission making its final report in April 2000.