

Education Reform Commission Funding Formula Committee

Funding Model Overview: additional staff work to be done

Weighted Student Characteristics, Student Base Funding, and Specialized Grant Funding

The Funding Formula Committee has reached preliminary consensus around the development of a student-based funding formula that consists of three components: Base Funding, Weighted Student Characteristics, and Categorical Grants.

It is important to note: Districts that have accountability contracts with the State Board of Education will have the flexibility to allocate earned funds at their discretion, with the exception of funds earned for teachers continuing to be compensated under the T&E model, and would not be restricted by law or rule, nor tested by expenditure controls. Districts without accountability contracts will continue to be required to meet all expenditure requirements in Title 20 and State Board Rule.

WEIGHTED STUDENT CHARACTERISTICS:

The funding committee has reached preliminary consensus on the weighted student characteristics as explained below.

It should be noted that students can have multiple characteristics and will earn money based on each identifiable characteristic. The district will earn funding based on the characteristics of the students enrolled and may use the money flexibly to meet the needs of the students. A number of examples of the cumulative effect of the weights on the base are found on pages 7-8 of this document.

K-3:

- The funding committee has reached preliminary consensus that K-3 would be weighted to reflect the importance of, and state priority for, all children reading on grade level by third grade. The weight adds additional funding to the base amount for students in grades K-3.
- The current model weight for K-3 is 0.2872.
- K-3 weighted earnings for one student in the proposed formula = \$666.81.
 - K-3 total funding earnings above the base in QBE formula are approximately \$331M.
 - K-3 total funding weighted earnings in the proposed formula are \$ 361,731,787.

9-12:

- Due to the cost of providing specialized classes to hone college and career skills, the funding committee has reached preliminary consensus to provide a weight for students enrolled in grades 9-12.
- The current model weight for 9-12 is 0.0822.
- 9-12 weighted earnings for one student in the proposed formula = \$190.88.
 - 9-12 total funding earnings equivalent to the base in QBE formula are \$768,375,017.
 - 9-12 total funding weighted earnings, in addition to the base, in the proposed formula are \$95,641,915.

CTAE:

- The vision of the leadership in Georgia is to ensure that students are college and career-ready. To support this vision, the committee reached preliminary consensus that students enrolled in CTAE courses would earn additional funding. The preliminary consensus of the funding formula committee is that state funds are necessary to purchase the additional equipment and supplies necessary for successful CTAE classes to operate.
- CTAE weighted earnings for 1 segment in QBE formula = \$73.11. For six segments that weight earned \$438.66.
- The current model weight for CTAE is 0.0631.
- CTAE weighted earnings for 1 student in proposed formula = \$146.45.
 - CTAE total funding earnings above the base in QBE formula are approximately \$28M.
 - CTAE total funding weighted earnings in the proposed formula are \$39,664,611.

Additional Proposed Methodology to Model:

The staff proposes that the weight for CTAE be modeled in a tiered method weights as follows.

- Prioritize CTAE pathway courses with lab and equipment requirements designated as “high cost” with a funding level equivalent to two-thirds of the currently proposed weight.
- Fund all other CTAE courses at a level equivalent to one-third of the currently proposed weight.

Committee members gave preliminary approval for this approach, and staff has requested the data needed to model this approach from GaDOE.

GIFTED:

- The committee reached preliminary consensus that it was appropriate to provide a weighted funding amount for students identified and served as Gifted.
- Gifted weighted earnings for 1 segment in QBE formula = \$237.98. Students statewide were funded for an average of three segments. For three segments in QBE the student earned \$713.94.
- The current model weight for Gifted is 0.3356.
- Gifted weighted earnings for 1 student in proposed formula = \$779.20.
 - Gifted total funding earnings above the base in QBE formula are approximately \$129M.
 - Gifted total funding weighted earnings in the proposed formula are \$138,603,337.

STUDENTS WITH DISABILITIES:

- The committee reached preliminary consensus that it was appropriate to provide a weighted funding amount for students identified and served as Students with Disabilities. The methodology described below based student funding on the number of minutes served during a week, regardless of primary or secondary disability, and is under discussion by the committee.
- Students receiving services for less than 30 minutes per week would be consultative students served fully in the regular classroom and would not be weighted.
- Category A students would receive services from 30 to 360 minutes (6 hours) per week. Category A students account for 26.0% of the sample population.
 - The current model weight for Category A is 0.4089.
 - Category A weighted earnings for one student in the proposed formula = \$949.53.
- Category B students would receive services from 361 to 900 minutes (6+ to 15 hours) per week. These are the higher incidence/lower service level categories and make up 23.6% of the students in the sample.
 - The current model weight for Category B is 0.7099.
 - Category B weighted earnings for one student in the proposed formula = \$1,648.39.
- Category C students would receive services from 901 to 1800 minutes (15+ to 30 hours) per week. This category weight would include students receiving full time services from a single provider (paraprofessional or teacher) or in total from a combination of providers (teacher, paraprofessional, OPT, OHI, interpreter, etc.). Students in Category C make up 38.3% of the sample.
 - The current model weight for Category C is 1.7762.
 - Category C weighted earnings for one student in the proposed formula = \$4,124.61.
- Categories D and E could actually be considered sub-categories of C and provide weights to the lowest incidence but highest service levels of students.
- Category D students would receive services from 1801 to 3600 minutes (30+ to 60 hours per week). Simply put, these students receive full-time special education services and then some, up to the equivalent of two full time providers. These students account for 10.8% of the sample population.
 - The current model weight for Category D is 2.4710.
 - Category D weighted earnings for one student in the proposed formula = \$5,737.92.
- Category E students would be those that receive the highest level of services, more than 3600 minutes (60 hours) per week, have multiple service providers, and are representative of 1.3% of the sample population.
 - The current model weight for Category E is 4.8947.
 - Category E weighted earnings for one student in the proposed formula = \$11,365.84.

- The IEP for each student should absolutely determine the services provided, which would in turn determine the number of minutes of service per week. This would require the addition of a data collection element in student record, which currently collects disability but not the time of service.
- The proposed collection of special education data based on total minutes served, instead of primary disability, is completely different than under QBE; therefore, it is not possible to directly compare the earnings by category. However, the effect on cumulative total SWD earnings of the five SWD weight categories is the same statewide.
 - SWD total funding earnings above the base in QBE formula are approximately \$510M.
 - SWD total funding weighted earnings in the proposed formula are \$511,649,999.
- The MOE adjustment reflected in the “Summary of the Student Base Model” is a safeguard included until more accurate data is reported by the districts. The state average enrollment in each category was used in the modeling for some districts.

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ESOL:

- The committee reached preliminary consensus that students who need instruction in English should receive a weighted funding amount to support the additional instruction required.
- The current model weight for ESOL is 0.1937.
- ESOL weighted earnings for one student in the proposed formula = \$449.86.
 - ESOL total funding earnings above the base in QBE formula are approximately \$56M.
 - ESOL total funding weighted earnings in the proposed formula are \$57,522,285.

ECONOMICALLY DISADVANTAGED:

- The committee reached preliminary consensus that it would be appropriate to include a weight for economically disadvantaged students. This will add a weighted student characteristic that was not included in QBE funding allocations.
- The committee's preliminary consensus is to use Direct Certification (which includes SNAP and TANF enrollment, homeless students, foster students, and migrant students) as the identifier for this characteristic.
- The current model weight for Economically Disadvantaged (ED) students is set at 0.0970.
- ED weighted earning for one student in the proposed formula = \$225.34.
 - ED total funding weighted earnings in the proposed formula are \$119,256,560.

ESOL and ECONOMICALLY DISADVANTAGED PROPOSAL EFFECT SUMMARY:

The preliminary consensus reached by the funding committee on these two weighted student characteristics effectively shifts funding from other student characteristics to provide funding for the ED student characteristic.

QBE earnings for EIP and REP totaled approximately \$371M. Taking into account the K-3 student weight, the ESOL student weight, and the ED student weight, these student groups earn \$111,510,632 more using the proposed model than was earned in QBE for EIP, REP, and ESOL combined.

Both ESOL and ED students are well able to learn and succeed in school. Their abilities and learning are certainly not determined or limited by these characteristics. There are a number of schools in Georgia that have effectively demonstrated such academic success with student populations including high percentages of students with both characteristics.

However, there are many more Georgia schools, particularly those with high percentages of ED-weighted students in their populations, where additional support and resources are needed to provide expanded instructional time and opportunities for these students to increase academic progress and improve academic performance. The fact is that ED students enter kindergarten far behind their peers in language and vocabulary development, and we know that ED students often lag in the development of background knowledge for learning. Access to additional instructional time is a critical element in remedying the language gap, building background knowledge, and securing academic success for these students at any grade level. While additional funding absolutely does not guarantee increased learning, the proposed funding weights will provide such schools with every opportunity, and the flexibility, to develop and implement ever more effective instructional models and strategies for student success.

STUDENT FUNDING BASE:

The funding committee has reached preliminary consensus establishing grades 4-8 as the base student cost category. The base amount does not include training and experience (T & E) for teachers, state health benefits (SHBP), or Teacher Retirement System (TRS) contributions. Listed below are the details regarding how this base amount was calculated.

- In the proposed model, the student base (4-8) amount is \$ 2,322.09. In QBE, the current base (9-12) is \$2,215.51.
- The proposed student base includes funding that was previously allocated in QBE for Direct Instructional Costs (counselors, art/music/PE/foreign language teachers, technology specialists, instructional operations) and Indirect Instructional Costs (social workers, psychologists, principals, assistant principals, secretaries, operations, and facility maintenance and operation).
- The proposed student base also includes funding that was previously allocated in QBE for special purposes to include media, staff development, nursing, and transportation.
- The proposed student base includes increased funding, in the amount of \$110 per student, for technology.
- The difference between the state average teacher salary and T & E for those districts which do not currently pay the state average teacher salary is \$89,281,850 million. When spread across all districts, this adds \$52.60 to the base. This amount is included in the \$2,322.09 base.
- The total funding earnings for the student base in the proposed formula are \$3,941,743,015.

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EXAMPLES OF STUDENT EARNINGS USING BASE AND WEIGHTED STUDENT CHARACTERISTICS:

<u>1. Kindergarten Student with the following weighted student characteristics:</u>	
Student Base Funding	\$2,322.09
K-3 Weighted Funding	\$666.81
SWD Category C Student Weighted Funding	\$4,124.61
Total Student Funding (Base + Weights)	\$7,113.51
<u>2. First Grade Student with the following weighted student characteristics:</u>	
Student Base Funding	\$2,322.09
K-3 Weighted Funding	\$666.81
Gifted Student Weighted Funding	\$779.20
Total Student Funding (Base + Weights)	\$3,768.10
<u>3. Second Grade Student with the following weighted student characteristics:</u>	
Student Base Funding	\$2,322.09
K-3 Weighted Funding	\$666.81
Economically Disadvantaged Student Weighted Funding	\$225.34
Total Student Funding (Base + Weights)	\$3,214.24
<u>4. Third Grade Student with the following weighted student characteristics:</u>	
Student Base Funding	\$2,322.09
K-3 Weighted Funding	\$666.81
Gifted Student Weighted Funding	\$779.20
ESOL Student Weighted Funding	\$449.86
Total Student Funding (Base + Weights)	\$4,217.96
<u>5. Fifth Grade Student with the following weighted student characteristics:</u>	
Student Base Funding	\$2,322.09
SWD Category A Student Weighted Funding	\$949.53
Economically Disadvantaged Student Weighted Funding	\$225.34
Total Student Funding (Base + Weights)	\$3,496.96
<u>6. Seventh Grade Student with the following weighted student characteristics:</u>	
Student Base Funding	\$2,322.09
ESOL Student Weighted Funding	\$449.86
Economically Disadvantaged Student Weighted Funding	\$225.34
Total Student Funding (Base + Weights)	\$2,997.29

7. High School Student with the following weighted student characteristics:	
Student Base Funding	\$2,322.09
9-12 Weighted Funding	\$190.88
CTAE Student Weighted Funding	\$146.45
Economically Disadvantaged Student Weighted Funding	\$225.34
Total Student Funding (Base + Weights)	\$2,884.76
8. High School Student with the following weighted student characteristics:	
Student Base Funding	\$2,322.09
9-12 Weighted Funding	\$190.88
CTAE Student Weighted Funding	\$146.45
ESOL Student Weighted Funding	\$449.86
Economically Disadvantaged Student Weighted Funding	\$225.34
Total Student Funding (Base + Weights)	\$3,334.62

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SPECIALIZED FUNDING OUTSIDE THE BASE AND WEIGHTED CHARACTERISTICS:

CENTRAL OFFICE:

Central Office costs were previously included in the base. The staff recommends that the committee approve this funding outside the base.

Proposed Methodology:

This cost has been removed from the student base in this proposed model in order to fund a standard central office that includes 1 Superintendent, 1 secretary, 1 accountant, and 2-12 assistant superintendents or other certified Central Office staff, based on enrollment up to 125,000 students.

Funds for assistant superintendents/certified Central Office staff are earned as follows. Districts have flexibility to expend the funds based on district priorities and needs.

- Enrollment below 5,000 earns 2 assistant superintendents/certified staff members.
- Enrollment 5,000-9,999 earns 4 assistant superintendents/certified staff members.
- Enrollment 10,000-24,999 earns 6 assistant superintendents/certified staff members.
- Enrollment 25,000-74,999 earns 8 assistant superintendents/certified staff members.
- Enrollment 75,000-124,999 earns 10 assistant superintendents/certified staff members.
- Enrollment 125,000 and above earns 12 assistant superintendents/certified staff members.

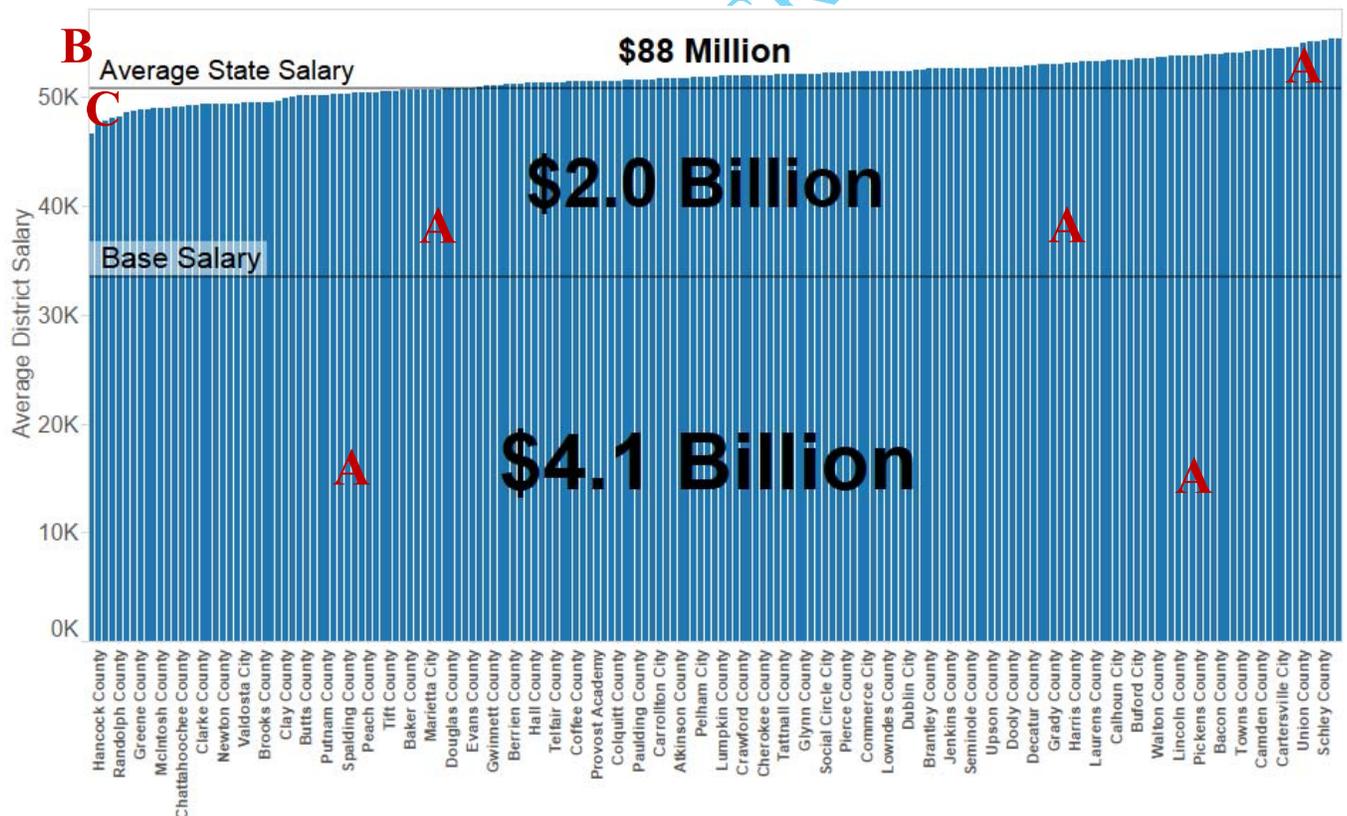
The total funding earnings for the central office in the proposed formula are \$38,094,295.

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T & E:

The committee reached preliminary consensus that T&E should continue, until all teachers employed in the year immediately prior to implementation of the new model phase out of the system, to be calculated outside the base in the following manner. For example, if the new funding model had been implemented in FY16, this would apply to all teachers employed in FY15.

- A. LEAs will continue to earn funding for all such teachers at the level that would have been earned based on T and E (A on the graphic below), including any step or education/training increases, unless the teacher is included in or opts into the new local salary model.
- B. For all new teachers to the profession, and any existing teachers who are included in or opt into the new local compensation model developed and implemented by the LEA, funds will be allocated to the LEA based on the average teacher salary in the state during the most recent fiscal year (B on the graphic below).
- C. During the transition period, while both T&E and new compensation models are in place, funding based on the state average teacher salary calculation that the district might have earned for current employees, who are not included in or who do not opt into a new local district model, but above what would have been earned under the T and E calculation, will be used to increase the base amount of funding for students statewide (C on the graphic below).



The committee also reached preliminary consensus that districts would proceed to adopt, adapt, or develop a new compensation model to meet the unique needs of the LEA.

- All districts will select a state-developed compensation model or develop their own local model to submit for approval.
 - a. All new compensation models must have effectiveness as one component, but may also take into account experience, critical shortage areas, or other local priorities. The new compensation models cannot require existing teachers to make less than their contracted amount in the year immediately prior to the implementation of the new funding model.
 - b. All new compensation models must contain a provision that allows teachers employed in the year immediately prior to implementation the choice to opt in to the new system or to continue to be paid based on the T&E model unless the district has executed a contract with SBOE that includes a waiver providing flexibility in determining teacher compensation levels, models, and participation. For district accountability contracts currently in existence or in development with SBOE to be renewed in the future, the district must have begun to implement a new compensation model prior to the renewal date.
- Districts that have accountability contracts with the State Board of Education will have the flexibility to allocate earned funds at their discretion, with the exception of funds earned for teachers continuing to be compensated under the T&E model, and would not be restricted by law or rule, nor tested by expenditure controls. Districts without accountability contracts will continue to be required to meet all expenditure requirements in Title 20 and State Board Rule.
- Upon the effective date of a new funding formula, all new employees earn funds based on the state average salary and will be paid according to the new local compensation model adopted by the district.

The proposed model uses the T&E as a separate calculation in which each teacher who is currently above the state average T&E earns the state average salary funding of \$50,767.69. Those teachers below the state average earn their actual T&E funding.

The state funded level for teacher salary will be adjusted periodically at an interval to be recommended by the funding committee.

The initial difference between the actual T&E funding earned by those teachers and the state average is added back in the base so that every student earns additional funding, \$52.60 based on the FY16 state average salary.

The cost of continuing to compensate current teachers according to their T&E earnings, above the state average salary funding of \$50,767.69, is \$89,281,850.

Draft Compensation Model Frameworks:

Staff has developed several model compensation frameworks around which districts could begin discussion of the local compensation model that would best meet the needs of the district. These will be presented to the funding committee during the October 28 meeting.

These model frameworks should be considered for discussion purposes only.

For the development and implementation of new, local compensation models to be effective and successful in Georgia, it is critical that each LEA carefully review the GASPA guidance titled “Strategic Compensation Redesign: Potential Models for Georgia School Systems” and consider the criteria and factors of the most importance to that LEA to ensure the recruitment and retention of a highly effective faculty in each of its schools.

There will be no “one size fits all” model that LEAs can successfully adopt and implement without such thoughtful analysis and consideration of its own unique situation, taking into consideration the district’s mission, vision, values, and strategic plan.

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TEACHERS RETIREMENT SYSTEM (TRS):

Teachers Retirement System contributions are a calculation completed through the data provided in the CPI reporting. Contributions are calculated and the amounts are always based on teacher salaries from the prior year's personnel report, with TRS requiring a certain percentage be contributed by both the employee and the employer each year. The employer cost would be outside of and in addition to the student base funding amount so that districts receive the necessary funding to meet the annual required employer contribution. The funding committee has reached preliminary consensus on this recommendation.

STATE HEALTH BENEFIT PLAN (SHBP):

The state's contribution to local school districts for health insurance is a fixed cost - a per member, per month calculation. This cost would always be calculated based on the prior year's personnel report and would be outside of and in addition to the student base funding amount, in the same manner as TRS, to ensure that districts continue to receive the funding necessary to meet the required annual employer contributions. The funding committee has reached preliminary consensus on this recommendation.

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EQUALIZATION

The funding committee has reached preliminary consensus that no changes be made in the new K-12 funding model to the current methodology and calculation of the equalization grants other than the utilization of a multi-year average of property wealth to determine eligibility.

Under Georgia's current school funding system, equalization funding is a form of additional aid that is provided to school districts beyond their core-funding amount. The state currently (FY16) provides \$506,525,394.00 in equalization aid directly to districts, authorized in O.C.G.A. § 20-2-165. This funding is intended to address any property wealth inequalities arising between districts on a per pupil basis.

To calculate a district's equalization grant, Georgia conducts two calculations. The first identifies high and low wealth districts on a per pupil basis, while the second identifies the size of the grant. Currently, equalization funding grants are allocated to all districts whose per-pupil property tax digest value is less than the statewide average. All districts are sorted by property tax wealth per student enrollment (in QBE the weighted FTE) in comparison to a statewide benchmark, which excludes the nine highest and nine lowest district values as part of the calculation of this average. The revised calculation would use a multi-year average of property tax wealth per student enrollment.

After districts are sorted by the multi-year average of property wealth per student, those that are at or below the statewide average are "equalized" for their local tax effort when the state generates their annual equalization grant. The formula for determining a districts equalization grant after it has been deemed eligible is listed below.

$$\text{Equalized Difference X Student Enrollment} = \text{Equalization Grant Total}$$

Staff has modeled and summarized a comparison of the current methodology and a three-year average calculation for equalization and the local five mill share that will be presented to the funding committee during the October 28 meeting.

LOCAL FIVE MILL SHARE REQUIREMENT

The funding committee has reached preliminary consensus that no changes be made in the new K-12 funding model to the current methodology and calculation of the local five mill share requirement other than the utilization of a multi-year average of the equalized school property digest to be consistent with the methodology for equalization.

All school districts electing to receive K-12 education funding from the state are required to levy the equivalent of at least five mills in property taxes as a basic local commitment to educating their students. The “Local Five Mill Share” in the QBE formula refers to the portion of the direct and indirect Instructional Costs that the state expects local systems to pay with locally raised funds.

Currently, the state requires local systems to pay an amount equal to 5 Mills of property tax generated within their taxing authority. By law, the amount of money represented by the 5 Mills statewide cannot exceed 20 percent of the total QBE formula earnings (direct and indirect instructional costs). Funds that are raised through locally levied property taxes, which included the minimally required five mill share, do not leave the school system. These funds remain with the district/taxing authority, and are not directly remitted to the state. This is consistent with the practice of locally raised bonds and SPLOSTS remaining within the local school system. The Local Five Mill Share represents each system’s “obligation” toward educating their students in order to participate in the state funding model.

The local five mill share is authorized in O.C.G.A. § 20-2-164. The FY16 reduction of the state’s portion of QBE earnings, representing approximately 15.9% of total QBE earnings, was \$1,664,572,225.

Current Methodology:

- Take the most recent 100% equalized school property tax digest.
- Reduce this amount account for constitutionally authorized homestead, veterans, and age (65+) exemptions.
- Calculate five mills (.005) of the remaining digest.
- “Deduct” this amount from the K-12 education funding earnings at the state level.

Proposed Methodology:

- Take the average of the most recent multi-year 100% equalized school property tax digests.
- Reduce this amount to account for constitutionally authorized homestead, veterans, and age (65+) exemptions.
- Calculate five mills (.005) of the remaining average digest.
- “Deduct” this amount from the K-12 education funding earnings at the state level.

Staff has modeled and summarized a comparison of the current methodology and a three-year average calculation for equalization and the local five mill share that will be presented to the funding committee during the October 28 meeting.

LOW ENROLLMENT / LOW DENSITY GRANTS:

Sparsity grants are currently allocated to qualified school systems who do not earn sufficient funds through the QBE formula to provide a full educational program because their FTE counts are less than established base sizes at any of the grade levels:

- Elementary schools: 450
- Middle schools: 450
- Middle/High schools: 485
- High schools: 485
- K12 schools: 935

These grants are intended to recognize the fundamental administrative and other overhead costs associated with the day-to-day operating of a school building for those systems with exceptionally low enrollments.

The current implementation of the sparsity grant program includes recent changes to the manner in which the grants are allocated. Previously, grants were awarded to a defined list of schools which were deemed eligible as a result of their relative enrollments, similar to current program rules – however, the list of eligible schools was not regularly reviewed or updated. The current program requires these schools be reevaluated in comparison to the established enrollment thresholds on an annual basis, and the amounts for each grant to be recalculated, based on the most recent year’s enrollment data.

The QBE-based sparsity funding is authorized in O.C.G.A. § 20-2-292.1. The FY16 appropriation for sparsity funding was \$5,455,241.

Current Methodology:

- Identify all schools with enrollment counts lower than the established thresholds
- Calculate the base teacher salary with fringes, and divide by the 9-12 class size ratio (23)
- Calculate the difference between the school’s enrollment and the threshold
- Multiply this result by the per student base teacher salary with fringes
- Multiply the sum of all grants by a prorated amount (currently 27%)

Proposed Methodology:

The funding committee reached preliminary consensus on the proposed methodology below and on funding the low density/low enrollment grants at 100% of earned funds instead of a 27% pro-rated amount. The total funding for low density/low enrollment as proposed below would be \$41,129,963, which is \$35,674,722 more than is currently funded for sparsity.

Having a single school in a district for any level that does not meet base size qualifies that school for a sparsity grant in QBE. However, the proposed revised calculation is one in which individual schools do not earn additional funding. The proposed funding is earned based on district enrollment size, district density, and whether or not the tax digest is in the top quintile of the state in per student earnings.

1. Define minimum student enrollment size as 3,500, slightly fewer students than in 4 base size elementary schools, 2 middle schools, and 1.5 high school, as outlined below.

Elementary:	350 (1,400 total students)
Middle:	500 (1,000 total students)
High:	750 (1,125 total students)
Total:	3,525

2. Identify all non-city districts that meet one or both of the following two criteria.
 - Student enrollment less than or equal to 3,500
 - Students per square mile (SPSM) less than 6.0

3. Remove from eligibility any districts that meet only one criteria and that are in the Top Quintile of Tax Digest per Student.

4. Retain districts meeting both criteria whether or not they are also in the Top Quintile of Tax Digest per Student.

5. For districts qualifying based on low enrollment determine funding by taking the difference between the district's enrollment and 3,500. Allot \$225 per enrollment difference.
Example: Heard County Enrollment: 1,899 Square Miles: 301.2 SPSM: 6.3
 $3,500 - 1,899 = 1,601$ $1,601 \times \$225 = \$360,225$
Heard would be allotted \$360,225.

6. For districts qualifying only based on low density, determine the number of students per square mile less than a district with 6 students per square mile. Allot \$225 per student per square mile difference times the number of the square miles in the district.
Example: Washington County Enrollment: 3,043 Square Miles: 684.70 SPSM: 4.44
 $6.00 - 4.44 = 1.56$ $1.56 \times 684.70 \times \$225 = \$240,329.70$
Washington would be allotted \$240,329.70.

7. For districts qualifying based on both criteria, and that are not in the Top Quintile of Tax Digest Per Student, calculate and total the two amounts. Any such districts would be funded for both amounts.
Example: Atkinson County Enrollment 1,589 Square Miles 344.8 SPSM: 4.61
 $3,500 - 1,589 = 1,911$ $1,911 \times \$225 = \$429,975$
 $6.0 - 4.61 = 1.39$ $1.39 \times 344.83 \times \$225 = \$107,845.58$
 $\$429,975 + \$107,845.58 = \$537,820.58$
Atkinson would be allotted \$537,820.58 as the total of both calculations.

All districts currently earning sparsity funds qualify under this methodology. Thirty-six (36) additional districts qualify for low enrollment/low density grants above those who currently qualify for Sparsity Grants.

HOLD HARMLESS: PROPOSAL FOR A TIME-LIMITED SPECIALIZED GRANT

As Georgia transitions to a student-based funding formula and away from the current QBE formula, there will be districts that earn more money due to the changes and districts that will earn less money due to the changes. After several years of declining revenue due to a struggling economy, local school districts are beginning the recovery from the Great Recession with the Governor's recent reductions in austerity cuts. Districts must be confident that there is no intent, explicit or implicit, that the process for developing a new funding formula will result in any school district experiencing a sudden decrease in state funding.

To provide a safety net for those districts that will earn less money in a student-based educational funding environment as opposed to QBE, there should be a defined period of time in which they are held harmless at their current level of funding.

Proposal

Districts will receive hold harmless funds as described below.

- Districts will continue to earn funding for all teachers employed in the year immediately prior to implementation of the new student-based funding model, at the level that would have been earned based on T and E, including any step or education/training increases unless the teacher opts in to the new local salary model and until these individuals phase out of the system due to retirement or resignation. (\$89,281,850)
- Districts will receive hold harmless funds to account for any differences between QBE earnings and earnings received from the proposed student-based funding formula for a period of time to be recommended by the funding committee. (\$5,074,826)

The committee should discuss and recommend the length of time during which districts will receive hold harmless funding to allow local districts to appropriately adjust to the new formula allocations.

CHARTER SYSTEMS AND SCHOOLS

Charter System Grant

A Georgia school district has the option to operate under the terms of a charter contract between the State Board of Education and the local Board of Education to receive flexibility waivers from certain state laws and state board rules and guidelines in exchange for greater accountability for student performance. Each charter system must implement school level governance bodies and grant decision-making authority to these teams. There are currently 32 approved charter systems in Georgia, and an additional 15 are in the process of negotiating charter system contracts with the State Board of Education.

Charter systems receive a supplement in addition to Quality Basic Education (QBE) formula earnings which must be used in accordance with recommendations of the school level governing body or to advance student achievement goals and school level governance training objectives.

The QBE-based charter system grant funding is authorized in O.C.G.A. § 20-2-165.1. The FY16 appropriation in QBE was \$14,891,514.

Current Methodology:

- Multiply each charter system's FTE segments by 3.785% of the base QBE per FTE funding amount (Grades 9-12) to generate \$87.75 additional funds per student.
- Cap each charter system's earnings at \$4.5 million.
- Apply the current austerity percentage to each charter system's earnings.

Proposed Methodology:

The funding committee reached preliminary consensus on the following methodology for the calculation of funding for state charter school systems.

- Fund each charter system's enrollment count at a percentage, 3.861%, of the student base funding amount (Grades 4-8) to generate \$89.65 in additional funds per student.
- Cap each charter system's earnings at \$4.5 million.
- The total funding earnings for charter systems in the proposed model are \$15,189,059.
- The funding levels currently under discussion include 28 LEAs that have executed contracts with the State Board of Education as charter systems prior to September 23, 2015. Total funding for these systems will rise as additional contracts are finalized and executed.

Virtual State Charter Schools

There are currently three virtual state charter schools. Funding for virtual state charter schools is similar to brick and mortar state charter with a few exceptions. Virtual state charter schools receive QBE formula earnings and receive the same austerity reduction as local school systems and other state charter schools. Virtual state charter schools are not eligible for the Transportation grant, Nutrition Grant, or Capital Grant, which are components of the State Charter Schools Supplement. In addition, the supplement for virtual state charter schools is reduced by one-third as prescribed by state law. Finally, because the supplement for virtual state charter schools is reduced by one-third, the calculated local five mill share amount is also reduced by one-third.

The QBE-based virtual state charter school funding is authorized in O.C.G.A. § 20-2-2068.1. The FY16 appropriation in QBE was \$36,790,130.

Current Methodology:

- Virtual State Charter Schools earn QBE formula earnings in the same manner as all other public schools.
- Calculate the average amount of total revenues less federal revenues, less state revenues other than equalization grants per FTE for the lowest five school systems ranked by assessed valuation per weighted FTE count from the prior fiscal year to provide a grant to all state charter schools. Reduce the amount by one-third.
- Calculate the per FTE Local Five mill Share amount for state charter schools by averaging the Local Five Mill Share per FTE amount for the lowest five school systems ranked by assessed valuation per weighted FTE county. Multiply each state charter school's number of FTEs by the calculated Local Five Mill Share per FTE amount. Reduce the calculated Local Five Mill Share amount for virtual state charter schools by one-third.

Proposed Methodology:

The staff proposes the following methodology for the calculation of funding for virtual state charter schools.

- Virtual State Charter Schools earn funding in the same manner as all other public schools with the exception of the student weight for CTAE. In the virtual state charters, all CTAE students will be weighted at the lower tier since these schools are not equipping high cost labs.
- Calculate the average amount of total revenues less federal revenues, less state revenues other than equalization grants per enrollment for the lowest five school systems ranked by assessed valuation per enrollment count from the prior fiscal year to provide a grant to all state charter schools. Reduce the amount by one-half.
- Calculate the per enrollment Local Five mill Share amount for state charter schools by averaging the Local Five Mill Share per enrollment amount for the lowest five school systems ranked by assessed valuation per enrollment county. Multiply each state charter school's enrollment by the calculated Local Five Mill Share per enrollment amount. Reduce the calculated Local Five Mill Share amount for virtual state charter schools by one-third.

State Charter School Supplement

State charter schools are a public school of choice that operate under the terms of a contract between the governing board of the charter school and the authorizer such as the State Charter Schools Commission and the State Board of Education. State charter schools receive flexibility waivers from certain state laws and state and local board rules and guidelines in exchange for greater accountability for student performance. In addition to QBE formula earnings, state charter schools receive a supplement to partially offset the absence of local tax revenue flowing to state charter schools. There are 21 state charter schools.

The QBE-based state charter school funding is authorized in O.C.G.A. § 20-2-2068.1. The FY16 appropriation in QBE was \$65,844,793, which included \$36,788,763 for state virtual charters and \$29,056,030 for state brick and mortar charters.

Current Methodology:

- Calculate the proportional share of the Transportation grants to local school systems by dividing the prior fiscal year's appropriation for transportation by the total number of FTEs (excluding state charter schools' FTEs) in the prior fiscal year to generate a per FTE cost. For state charter schools with a qualifying transportation program, multiply the number of FTEs in the state charter school by the calculated per FTE cost to generate a Transportation award amount.
- Calculate the proportional share of the Nutrition grants to local school systems by dividing the prior fiscal year's appropriation for nutrition by the total number of FTEs (excluding state charter schools' FTEs) in the prior fiscal year to generate a per FTE cost. For state charter schools with a qualifying nutrition program, multiply the number of FTEs in the state charter school by the calculated per FTE cost to generate a Nutrition award amount.
- Calculate the average amount of total revenues less federal revenues less state revenues other than equalization grants per FTE for the lowest five school systems ranked by assessed valuation per weighted FTE count from the prior fiscal year to provide a grant to all state charter schools.
- Calculate the state-wide average total capital revenue per FTE for local school systems from the prior fiscal year to generate a Capital grant for all brick and mortar state charter schools. Virtual state charter schools do not qualify for the Capital grant.
- Total the four grants to generate an award amount for each state charter schools.

Proposed Methodology:

The funding committee reached preliminary consensus on the following methodology for the calculation of funding for state charter schools.

- Charter schools will receive funding through the new student-based funding formula which includes weighted funding for specific student characteristics, base funding for each enrolled student, and categorical grants as described elsewhere in this document.
- State charter schools will continue to receive the proportional share of the Nutrition grants to local school systems, but, instead of being based on FTE, the calculation will be based on enrollment. The proportional share will be calculated by dividing the prior fiscal year's appropriation for nutrition by enrollment (excluding state charter schools' enrollment) to

generate a per student cost. For state charter schools with a qualifying nutrition program, multiply the enrollment in the state charter school by the calculated per enrollment cost to generate a Nutrition award amount.

- State charter schools will continue to receive the proportional share of the Capital Outlay grant. Calculate the state-wide average total capital revenue per enrollment for local school systems from the prior fiscal year to generate a Capital grant for all brick and mortar state charter schools. Virtual state charter schools will not qualify for the Capital grant.
- Charter schools will continue to receive a Charter School Supplement grant. Calculate the average amount of total revenues less federal revenues, less state revenues other than equalization grants per enrollment for the lowest five school systems ranked by assessed valuation per enrollment from the prior fiscal year and multiply by a factor of 1.2 to provide a grant to all state charter schools.
- Calculate the Local Five Mill Share amount per enrollment for state charter schools by averaging the Local Five Mill Share per enrollment amount for the lowest five school systems ranked by assessed valuation per enrollment. Multiply each state charter school's enrollment by the calculated Local Five Mill Share per enrollment amount.
- Total the grants noted above to generate an allocation amount for each state charter school.

The total funding earned in the proposed model for state charter school supplements is \$61,108,104, which includes \$27,445,716 for state virtual charters and \$33,662,388 for state brick and mortar charters.

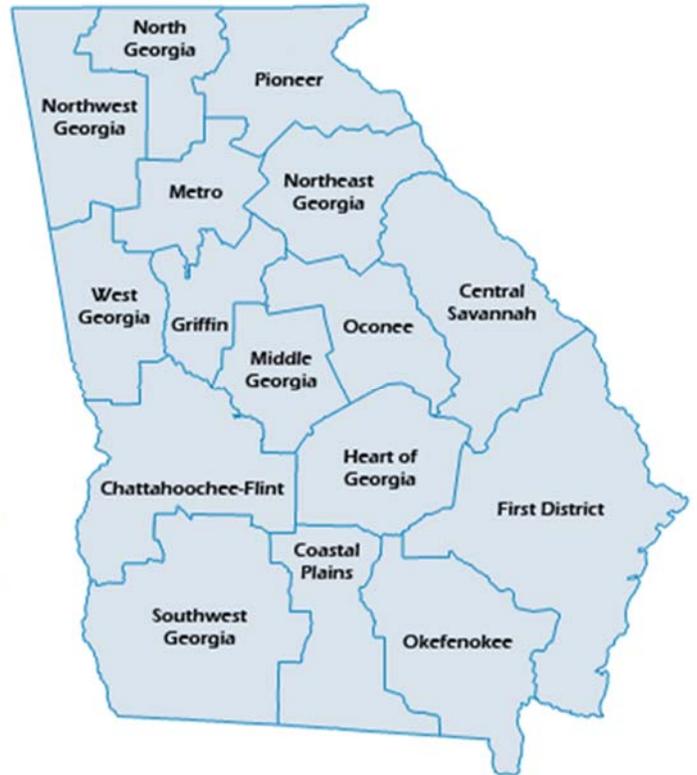
DRAFT - OCTOBER 20, 2015

REGIONAL EDUCATIONAL SERVICE AGENCIES (RESA)

Regional Educational Service Agencies (RESAs) are currently governed by O.C.G.A. § 20-2-270 – § 20-2-274. The law establishes a state-wide network of regional education services agencies for the purposes of providing shared services designed to improve the effectiveness of educational programs and services to local school systems; providing instructional programs directly to selected public school students in the state; and providing GLRS services. There are 16 RESAs strategically located throughout the state. In addition, the RESAs also assist the Georgia Department of Education in promoting its initiatives.

The following are current RESA locations.

- Central Savannah River RESA
- Chattahoochee-Flint RESA
- Coastal Plains RESA
- First District RESA
- Griffin RESA
- Heart of Georgia RESA
- Metro RESA
- Middle Georgia RESA
- North Georgia RESA
- Northeast Georgia RESA
- Northwest Georgia RESA
- Oconee RESA
- Okefenokee RESA
- Pioneer RESA
- Southwest Georgia RESA
- West Georgia RESA



The QBE-based RESA funding is authorized in O.C.G.A. § 20-2-274. The FY 2016 QBE appropriation for the 16 RESAs was \$10,223,960. An additional \$275,000 was provided for Positive Behavior Intervention Supports (PBIS) trainers. In addition to the state funds received by RESAs, the members of the Boards of Control of each RESA set an annual dues amount that each participating district pays. Through the combination of these funds, RESA leadership and staff provide a variety of programs, professional development, and other services to the members.

Current Methodology:

- Count the number of School Systems located in each RESA from the fall FTE report
- Count the number of School Systems by RESA with less than 3,300 from the fall FTE report
- Count the number of Schools by RESA from the fall FTE report
- Count the number of Square Miles within each RESA
- Count the total number of FTEs from the fall report
- Enter Health Insurance utilization based on the fall CPI report
- Calculate the Base for Operations and Salary for each RESA
- Calculate variables based on System size, Number of Schools, FTEs, and Miles
- Reduce the Local Share (20%)

- Apply Austerity
- Add in Education Training Center (ETC) (Total divided evenly to the 16 RESAs)
- Add in Math Mentor (Total divided evenly to the 16 RESAs)
- Add in School Climate Specialist (Total divided evenly to the 16 RESAs)
- Add in ELA Professional Learning Specialist Grants (27% of Total allocated to the Metro RESA based on size and the remaining 73% divided evenly to 15 RESAs)

Proposed Methodology:

The funding committee has reached preliminary consensus that no changes should be made in the current methodology for funding RESAs.

The staff recommends that all opportunities and avenues for increasing shared services, and targeting such shared services by RESA facilitation and support, be maximized. Specific areas for potentially expanding shared services, aligned with state educational priorities, include early literacy initiatives, K-8 math support, increasing the availability of computer science/coding courses, and Move On When Ready dual enrollment programs.

DRAFT - OCTOBER 28, 2015

GEORGIA SPECIAL NEEDS SCHOLARSHIP PROGRAM

The Georgia Special Needs Scholarship (GSNS) Program is available to special needs students attending a Georgia public school who are served under an Individualized Education Plan (IEP). Eligible special needs students that transfer to an authorized participating private school receive an award amount equivalent to their Quality Basic Education (QBE) formula earnings to subsidize the costs of attending the private school. A student may continue to participate in the GSNS Program as long as the student remains a resident of Georgia and has continual enrollment and attendance in a private school participating in the GSNS Program. Funds received can only be used to offset tuition and fees at a private school authorized by the State Board of Education to participate in the program. Funds cannot be used to offset the costs of out of district tuition, charter schools, or other options available under public school choice. Scholarship awards for students continuing in the GSNS Program are calculated using the data from the last year a student was enrolled in a Georgia public school.

The funding for the special needs scholarship program is authorized in O.C.G.A. § 20-2-2110. The FY16 appropriation for this program was \$21,449,292.

Current Methodology:

Multiply the FTE segments of program participants by the QBE funding formula weights.

- Total the segment amounts to provide an award amount for each eligible student.
- Apply the current austerity rate to each student's award amount.
- The Georgia Department of Education sends payments out to private schools for eligible students four times during a school year.

Proposed Methodology:

The staff recommends that the funding committee make no changes to the Special Needs Scholarship Program until there is a review of the final recommendations of the School Choice subcommittee.

The Education Reform Commission subcommittee on Educational Options and School Choice did present the following recommendation to the October 23 meeting of the Commission.

▶ Recommendation

Should the General Assembly pursue the creation of Educational Savings Accounts in Georgia, consider converting the existing Special Needs Scholarship Program to an ESA. The General Assembly should also consider prioritizing children with greater needs, such as students with disabilities, students from military families, refugee students, English Speakers of Other Languages and students with financial need.

▶ Rationale

Educational Savings Accounts provide flexibility for parents to be able to afford their children to experience programs and instructional models that fall outside the traditional realm of private or public school, such as online learning, tutoring and other support services.

STATE SCHOOLS

Georgia is fortunate to have an extensive array of personnel and physical facilities for providing services to sensory impaired students to ensure that they are college, career, and life ready. The state has made a strong financial commitment to serving this student population.

Atlanta Area School for the Deaf (AASD) and Georgia School for the Deaf (GSD), for instance, are outstanding schools that provide a centralized, highly sophisticated program for students with a hearing loss. AASD is located in Clarkston and was developed in the early 1970s through a cooperative effort of the state of Georgia and school districts within the Atlanta metropolitan area. GSD is located in Cave Spring and has provided a full service residential educational program for deaf children in Georgia since 1846. Georgia Academy for the Blind (GAB) is in Macon and has served visually impaired students continually since it was established in 1852 as the state's residential school for the blind. The Division of State Schools, the state-operated school's central office, is located at the Georgia Department of Education (GaDOE).

In addition to the three state-operated schools, the Division of State Schools also manages the operation of the Georgia Parent Infant Network for Educational Services (Georgia PINES). Georgia PINES offers early intervention services to children birth to three years old that have sensory impairments. Georgia PINES is located on the campus of AASD. The program has 200 parent advisors that are under contract and provide early intervention to approximately 400 families across the state. The early intervention services support children with varying special education eligibilities.

Current Methodology:

The State Schools do not currently have a formula funding system in place. The traditional process of establishing funding amounts for the State Schools involves three components.

- First, each program within the Division of State Schools submits a budget request for the subsequent fiscal year to the State Schools Director as part of an internal “bottom-up” budgeting process.
- Second, the State Schools Director works with staff in the GaDOE Finance and Business Operations Division using the submitted “bottom-up” budgets, historical budget data, and budget projection data to build the official GaDOE State Schools’ budget requests.
- Third, the State Schools Director works with staff in the GaDOE’s Finance and Business Operations Division to allocate final funding amounts for each program.

The GaDOE has used a “bottom-up” budgeting process in conjunction with using historical budget data and budget projection data to develop funding requests as discussed in this executive summary.

Proposal

The funding committee reached preliminary consensus to recommend no changes to this budgeting process for the State Schools.

The committee also reached preliminary consensus to recommend a comprehensive review and study of the current model for providing services to students in the State Schools to include effectiveness of and efficiency in all services provided. The report from this study should provide recommendations for future direction in terms of State School models and service delivery.

RESIDENTIAL TREATMENT FACILITIES

Residential Treatment Facilities (RTF) grants are allocated to qualified school systems to provide education to eligible students. An eligible student is defined as:

- All students who are “in the physical or legal custody” of the Department of Juvenile Justice (DJJ), Department of Human Services (DHS), or the Department of Behavioral Health and Developmental Disabilities (DBHDD),
- Students in a placement operated by DHS, and/or
- Students in a facility or placement paid for by DJJ, DHS or any of its divisions, or DBHDD.

These grants are intended to recognize the additional educational costs for students served in RTFs and a portion of the operations costs. To receive grant funds RTFs must apply to the Georgia Department of Education to become eligible to provide education services through the school system in which they are located. Currently, 17 RTF schools and three RTF programs located in 16 school systems are eligible to receive these funds.

The QBE-based funding for residential treatment facilities is authorized in O.C.G.A. § 20-2-133. The FY16 appropriation in QBE was \$5,222,590.

Current Methodology:

- RTFs submit counts for full time enrollment, average daily attendance, contract days, and additional days of instruction.
- Fund the Equalized cost by calculating the difference between each FTE’s QBE cost per FTE and the Special Education Category III per FTE cost and the per FTE cost for 20 days of additional instruction.
- Adjust the funding based on the average daily attendance each RTF reported.
- Multiply the average daily attendance by the number of additional days of instruction and the daily Equalized cost per FTE.
- Provide additional funding for counselors and paraprofessionals by multiplying the average daily attendance by the number of school days and the cost per school day.
- Provide funding for maintenance and operations based on the number of average daily attendance days and contract school days reported by each RTF.
- These amounts are totaled to provide a grant allocation to each RTF.

Proposal

The funding committee agreed to consider the following methodology for the calculation of funding for Residential Treatment Facilities.

- RTFs submit counts for full time enrollment and average daily attendance
- Fund the RTF students at the level of Category D for Students with Disabilities.
- Provide additional funding for counselors at a ratio of 1:35 (\$1,127 per student) and Maintenance & Operations (\$100 per student) that is equivalent to QBE allocations for counselors and M&O allocations.
- These amounts are totaled to provide a grant allocation to each RTF.
- Adjust the funding in the Amended Budget Cycle based on the average daily attendance data.

The proposed methodology generates \$5,450,285, which is an increase of \$227,695 over FY16 QBE funding.

PRESCHOOL HANDICAPPED

The Preschool Handicapped grant provides funding for teachers, transportation, and operations to provide early education services to three- and four-year-old students with disabilities to better prepare them to succeed upon entering school. School systems receive these funds if they have eligible students within the system.

The FY16 appropriation in QBE was \$31,446,339, which is approximately 60% of the FY16 calculated amount is \$52,220,260.

Current Methodology:

- Take the teacher base salary with fringes and divide by the funding class size (five for Special Education Category III and three for Special Education Category IV) to get a per student cost.
- Take the per student cost for Special Education Categories III and IV and divide by six to generate a per segment cost.
- Special Education Category III three- and four-year-olds receive funding for two segments and Category IV three- and four-year-olds receive funding for three segments.
- Teacher salaries are funded at 75% for Special Education Category III students and 25% for Special Education Category IV students.
- Multiply the number of three- and four-year-old students with disabilities within a school system by the calculated per student cost for teacher salaries using the ratios above.
- Calculate training and experience and health insurance for each eligible teacher.
- Provide a grant for transportation and to school systems with eligible students.
- Total the amounts for teacher salaries with fringes and health insurance, transportation, and operations for each school system.
- Apply the current austerity rate to the grant award amount.

Proposal

The funding committee agreed to consider the following methodology for the calculation of funding for Preschool Handicapped.

- Take the teacher salary with fringes and divide by the average funding class size for Special Education Categories D and E to get a per student amount.
- Special Education Category D three- and four-year-olds receive 33.3% of the per student amount and Category E three- and four-year-olds receive 50% of the per student amount.
- Teacher salaries are funded at 75% for Special Education Category D students and 25% for Special Education Category E students.
- Multiply the number of three- and four-year-old students with disabilities within a school system by the calculated per student cost for teacher salaries using the ratios above.
- Calculate TRS and health insurance for each eligible teacher.
- Provide a grant for transportation to school systems with eligible students.
- Total the amounts for teacher salaries with fringes and health insurance, transportation, and operations for each school system.

The proposed methodology generated \$53,578,578 in Preschool Handicapped funding, an increase of \$1,358,318 over the FY16 QBE calculation.

DEPARTMENT OF JUVENILE JUSTICE SCHOOLS

The schools operating within the Department of Juvenile Justice (DJJ) are collectively considered Georgia’s 181st school district. The leadership of DJJ determines the funding needs of the students and requests those funds through the annual budgeting process in which all state agencies engage.

DJJ schools do not receive state funding through the Department of Education (DOE) or through the current QBE formula. However, federal education funds flow through DOE to the DJJ schools.

The table below indicates the amounts of federal funding received in FY15:

Title I –A, Improving Academic Achievement of the Disadvantaged	\$ 599,168.00
Title I-D, Neglected and Delinquent	1,554,729.00
SPECIAL ED-VIB FLOWTHROUGH	717,983.00
CTE-State Institutions Perkins IV	12,747.00
CTE-State Institutions Perkins IV	0.00
Education for Homeless Children and Youth	0.00
Charter Schools-Federal Dissemination Grants	0.00
Title II-A, Improving Teacher Quality	40,885.00
Teacher of the Year	1,014.25
	\$2,926,526.25

Proposal

The funding committee reached preliminary consensus to make no changes to this allocation process for the Department of Juvenile Justice Schools. Having direct knowledge of the needs of students within their jurisdiction, the leadership of the Department of Juvenile Justice will continue to request funding for DJJ schools in the annual budgeting process.