

Adequate and Equitable Funding

Issue Overview

The Georgia Constitution includes language guaranteeing an adequate public education for all citizens. Yet, determining whether the state actually provides adequate resources to schools is a dominant issue in school finance in Georgia, as well as many other states. Best practices from other states and countries indicate that:

- All students should have adequate funding to reach the high standards set out for them.
- Additional resources should be targeted at students who come to school with greater disadvantages.
- Funding levels should be tied to actual costs and periodically reviewed to reflect students' and community needs and aspirations.

K-12 Funding: Impacts of the Great Recession

As lawmakers consider budgetary cuts to education funding, they must understand the impacts spending reductions that took place during the Great Recession had and the impacts that districts, schools, and most importantly, students continue to experience.

Between 2008 and 2015, Georgia reduced overall state spending on K-12 education by 16.9%, the 5th highest reduction in the country. Reductions in funding came in several ways. First, austerity, temporary budget cuts, ranged from \$135 million to \$1.4 billion annually to the Quality Basic Education (QBE) funding formula, the primary source of state funding for local districts. Second, in 2012 lawmakers made structural changes to equalization grants, which are directed to low-wealth districts, that lowered the amount of funding the state provided. Finally, Georgia stopped contributing to health insurance for bus drivers, cafeteria workers, and other non-teaching staff, shifting those costs directly to the local districts.

Research has shown that the reduction in school spending during the Great Recession had a direct and significant negative impact on student learning and college-going rates. Most importantly, these reductions were larger for students living in low-income communities and they increased the Black-White test score gap within states. Specifically:

- Declines in per-pupil spending had a significant and negative impact on NAEP scores and college-going rates.
- These declines in test scores **DID NOT** abate as the overall economic conditions improved.
- Test scores in **high poverty areas were more adversely affected** by spending cuts than lower poverty areas.
- A \$1,000 reduction in per-pupil spending **increased the Black-White test score gap by approximately 6%**.

Georgia School Funding Data: By the Numbers

Top Five States and Georgia's Southern Neighbors– Ed Week's Quality Counts 2020		
State	Grade	Rank
Wyoming	A-	1
New Jersey	A-	2
New York	B+	3
Connecticut	B+	4
Maryland	B+	5
Virginia	C+	18
South Carolina	C-	28
Kentucky	C-	33
Georgia	C-	35
Alabama	C-	36
Mississippi	D+	39
Florida	D+	41
Tennessee	D+	42
North Carolina	D	44
US Average	C	

K-12 Southern State Comparison, 2007-2017 (2017 dollars)				
State	Enrollment Growth	State Rev. Growth Per FTE	Local Rev. Growth Per FTE	Overall Revenue Growth Per FTE
Florida	6%	-21%	-21%	-19%
Georgia	6%	-6%	-11%	-8%
Kentucky	6%	-2%	9%	3%
Mississippi	-2.5%	-5%	13%	-1%
North Carolina	2.9%	-5%	-28%	-11%
South Carolina	6.6%	19%	2%	9%
Tennessee	2.3%	16%	3%	10%

Opportunities

In 2019, Georgia lawmakers successfully “fully funded education.” It’s important to note, that 2019 brought an end to the temporary austerity cuts, not the reductions to the changes in equalization or health benefits to some non-teaching staff. Students who graduated high school in 2020 began their kindergarten year in the fall of 2007, the beginning of the recession. The reductions put in place during that time negatively impacted student learning, college access, and exacerbated achievement gaps. In considering another round of potentially devastating budget cuts, Georgia is in danger of losing yet another generation of students and inflicting disproportionate harm to students of color and students from low-income families.

**ALERT!
POLICY
MISSING OR
NEEDS
IMMEDIATE
ACTION**

Consider All Current Budget Cuts Temporary.

- Make no structural changes to how K-12 education is funded.
- Consider both adequacy and equity in funding decisions.
- Any state cuts should consider property tax collection as local districts rely on state funding at different rates.
- Consider a hold harmless provision for districts hit hardest by economic hardships resulting from COVID-19.
- Do not make large budget reductions to the amended budget mid-year, as it is often too late for districts to adjust.

Responsibly Raise Revenue to Offset Shortages – Support for Recommendations by Georgia Budget and Policy Institute.

- Raise the tobacco tax.
- Trim tax expenditure, credits, and loopholes.
- Eliminate double deductions.
- Limit expansion of school vouchers and tax-credit scholarships.

**YIELD!
PROCEED
WITH
CAUTION,
MORE WORK
TO BE DONE**

Advocate for a federal aid package for additional education stabilization funds beyond those provided by CARES Act.

- Multiphase allocation with substantial allocation in years 1 and 2 followed by a 3-5 year phase down to avoid fiscal cliff problem of the 2009 stimulus package.
- Ensure equitable distribution of federal aid targeted to district and student needs.
- Target funds to students disproportionately affected by the COVID-19 pandemic, including students without reliable access to broadband, students with disabilities, and English learners.
- Ensure accountability and full transparency that funds are spent with fidelity and that the needs of our most vulnerable students are met.

Eventually Pass Funding Reform Legislation.

- Utilize a weighted student formula that allocates more funding based on student and district characteristics, including poverty.
- Based on cost assessments and account for increasing costs over time.
- Tie funding plans to educational priorities, district need, and Georgia’s Every Student Succeeds Act goal of continuous improvement and decreased achievement gaps for every school in the state.
- Provide supports and guidance to guard against inequity as district capacity varies.

**GO!
KEEP MOVING
FORWARD:
STRONG
POLICIES IN
PLACE**

Protect Georgia’s relative equity in education funding allocations by maintaining categorical grants.

- Georgia receives a B for funding equity, Education Week’s Quality Counts 2020.
- Equalization grants provide funds for districts that have lower-than-average property wealth.
- Sparsity grants are provided to schools that cannot provide adequate education programs due to smaller enrollments.