

**THE  
UNFULFILLED PROMISE  
TO  
GEORGIA'S CHILDREN**

*How the State of Georgia  
has failed our students  
and what must be done  
to support our schools*

**GEORGIA SCHOOL  
FUNDING ASSOCIATION**



# **THE UNFULFILLED PROMISE TO GEORGIA'S CHILDREN**

*How the State of Georgia has failed our students  
and what must be done to support our schools*

**Joseph G. Martin, Jr.**

**GEORGIA SCHOOL FUNDING ASSOCIATION**

**September, 2009**

## **Preface**

This report is issued by the Georgia School Funding Association, which is the successor to the Consortium for Adequate School Funding in Georgia. Its purpose is to focus attention on the challenges facing our state in education and to recommend a strategy for improving the schools in every community across Georgia.

Much of the information in this report would have been presented at a trial that was scheduled to begin in October of 2008 on the State's responsibility in education. This trial did not occur, but the issues that prompted the lawsuit have not gone away. In fact, the unmet needs of many students throughout Georgia have become even more severe.

If renewed litigation becomes necessary, the constitutional premise and the basic facts will remain the same, but the specific legal arguments in a new lawsuit may be entirely different from what they were before.

It is possible – and certainly preferable – that the leaders of Georgia will come to accept the State's responsibility in the education of our children without the need for another lawsuit. In that event, the findings and recommendations set forth in this report can be helpful in defining feasible and effective solutions to the problems that harm our schools.

The research, analysis, and recommendations expressed herein are solely those of Joseph G. Martin, Jr. They do not necessarily reflect the views of any of the attorneys who have represented the plaintiffs in the recent lawsuit at various times.

This report is dedicated with gratitude and admiration to those school leaders who have had the courage and vision to stand up for their students by insisting that the State of Georgia fulfill the promise set forth in the Georgia Constitution to provide an adequate education to all of Georgia's students, regardless of what their background might be or where they might live.

**GEORGIA SCHOOL FUNDING ASSOCIATION**  
**P.O. Box 9013**  
**Atlanta, Georgia 31106**  
**404-872-9651**  
**[www.casfg.org](http://www.casfg.org)**

## Contents

EXECUTIVE SUMMARY	<i>Delivering on the Promise to Georgia's Children</i>	1
CHAPTER 1	<i>What is at Stake for Georgia?</i>	
	Introduction	5
	Overview of the Basic Issues	6
	School Finance Litigation in Georgia	7
	Reasons for the Lawsuit in Georgia	10
	Impact of Similar Litigation	11
CHAPTER 2	<i>What is the State's Responsibility in Education?</i>	
	Constitutional Obligation	13
	Role of Local School Systems	14
CHAPTER 3	<i>What is an "Adequate" Education?</i>	
	Constitutional Definition	16
	Statutory Definition	17
CHAPTER 4	<i>How Well are Georgia's Students Performing?</i>	
	Student Achievement in Georgia	19
	Graduation from High School	19
	National Test Scores	28
	Georgia Test Scores	30
	Adequate Yearly Progress	32
CHAPTER 5	<i>Has the State Met its Responsibility in Education?</i>	
	The State's Abdication of its Responsibility	34
	Specific Legal Duties of the State	38
CHAPTER 6	<i>Does Money Matter?</i>	
	The Basic Needs of Every Student	39
	Comparison with Other States and over Time	40
	Correlation with Student Achievement	42

CHAPTER 7	<i>How Well has the State Responded to this Challenge?</i>	
	Overview	52
	Quality Basic Education Act	52
	Problems in the Current Formula	54
	Lack of Regular Updates	58
	Other Aspects of School Funding in Georgia	58
	Commissions, Task Forces, and Study Committees	64
	Austerity Cuts	69
	Federal Stimulus Funds	70
CHAPTER 8	<i>What is the Impact of the State's Failure?</i>	
	General Consequences	71
	Additional Information on Specific Examples	81
CHAPTER 9	<i>What Should be Done?</i>	
	Legal Findings and Conclusions	82
	Legal Actions	84
	Educational Policies	85
	Conclusion	90

### **Tables and Appendices**

Table 1: Various Graduation Rates for Georgia in FY 2007	23
Table 2: Changes in State QBE Funds to Local School Systems in Georgia	36
Table 3: Shift in the Mix of Revenues for K-12 Education in Georgia	37
Table 4: Academic Achievement Data for Georgia in FY 2007	45
Table 5: Minimum Underfunding of QBE in FY 2007	59
Table 6: Inflation-Adjusted Funding of QBE in FY 2007	60
Appendix 1: Illustrative Plan for Financing K-12 Education in Georgia	91

## EXECUTIVE SUMMARY

---

### **Delivering on the Promise to Georgia's Children**

The State of Georgia has made a solemn promise to our children, as set forth in the Georgia Constitution. It is a commitment to provide an adequate education to every student in Georgia. The undeniable fact remains, however, that the State is not fulfilling this promise. The consequences for the citizens of Georgia are severe and growing worse.

No amount of equivocation can disguise the State's failure to fulfill its constitutional obligation. Although many students in Georgia are performing quite well, most of our students are not obtaining the education they need and deserve. All of the major indicators of academic achievement reveal serious problems, and Georgia is close to the bottom on nearly every national measure of educational attainment.

Even though the "management and control" of local school systems is delegated to local boards of education, the State bears the ultimate responsibility for providing an adequate education to all of Georgia's students. The State cannot allow the quality of education in any school to be contingent on the fiscal capability of the community where it is located.

None of the grim statistics about the academic achievement of Georgia's students is an indictment of the dedicated educators in our state. Without adequate resources, they cannot serve all of our students, including those who need extra help. The failure rests on those who have the legal duty to support their efforts.

The clearest definition of an "adequate education" can be found in the detailed requirements established by the State Board of Education for graduation from high school. A diploma from high school is universally recognized as the gateway to higher education or an entry-level job in today's economy.

Despite the critical importance of graduating from high school, one quarter of Georgia's students do not reach this milestone by the State's own admission, but this is not the full story. According to national experts who use a more accurate methodology than the one used by the State, four out of every ten students in Georgia do not graduate from high school with a regular diploma. The use of a statewide average also masks the severity of this problem in many schools across Georgia and for various groups of students.

An adequate education requires many factors. Capable teachers, effective leaders, active parents, and a supportive community are the most important, but it is still essential to have enough resources. The quality of the instructional program depends on reasonable compensation for teachers and staff, adequate instructional materials, appropriate facilities, modern technology, safe transportation to school, and classes that are small enough to allow the necessary interaction between teacher and student.

Moreover, the required time and effort are not the same for every student. The students who come to school from families with low incomes or have other disadvantages often need extra help. Over half of Georgia's students are eligible for free or reduced-price meals, and a steadily increasing number have a first language other than English.

Money isn't everything, but many of the essential elements are not possible without adequate resources, no matter how smart or hard-working our teachers may be, how much flexibility may be given to local systems, or how much some politicians may argue that money doesn't matter. Even if isolated successes are possible through exceptional efforts, providing an adequate education on a large scale requires the necessary investment in our schools.

The State must do more than provide enough financial support, but this is still a primary obligation which it has neglected. Even though the absolute amount of State funds for K-12 education has increased in recent years, the increases have not kept pace with the growth in enrollment and the effect of inflation, much less the needs of our students. In fact, the total amount of all funds allotted by the State to local school systems decreased on a per-student, inflation-adjusted basis by 18% between Fiscal Year ("FY") 2002 and FY 2009.

There has also been a dramatic shift in the financing of K-12 education in Georgia from the state to the local level over the last decade. Based on the most recent data, it would have been necessary for the total amount of all State funds received by local systems in Georgia in FY 2008 to be nearly \$750 million higher than it was (with the local revenues being reduced to the same extent) to produce the same mix of state and local revenues that existed ten years earlier.

The consequences of chronic underfunding are obvious in antiquated science labs, sparse media centers, and deteriorated buildings, not to mention the trailers that have become a fact of life in many systems, but they are also evident in out-of-date and insufficient textbooks, meager supplies, and unused or broken computers.

Nevertheless, the most damaging problems are not immediately visible, especially those that affect the quality of teaching. Inadequate salaries make it very difficult for many schools to hire the teachers they need, and some systems find themselves training teachers who leave as soon as they are able to find positions in other systems with higher salaries or take jobs outside education with better pay. New teachers, especially those in systems with a low tax base, rarely receive the mentoring and other assistance which could produce significant benefits in teacher retention and effectiveness.

Although the quality of teaching is critical to the success of our schools, the State has consistently failed to assist teachers in staying up to date in their fields and improving their skills through staff development. Georgia's teachers were not even provided the necessary support and training when a new curriculum was introduced. In addition, many systems cannot afford to provide instructional coaches or offer other forms of hands-on training to their teachers, even though these approaches can be very effective in helping teachers raise the level of achievement for all students and reach an increasingly diverse student population.

The easiest way to cut costs is to allow a gradual increase in the size of every class, and this is indeed what has happened across Georgia. Schedules are arranged to assign as many students as possible to each class regardless of what is best for the students.



Course offerings are often limited to the most basic curriculum. It is difficult for students to schedule the courses they need or repeat a required course. Many high schools do not offer any of the Advanced Placement and honors courses that are valuable preparation for college. Foreign language and advanced math and science courses are scarce in many areas. Likewise, there is only minimal art, music, and physical education in many schools across Georgia.

Drama, chorus, and band are especially vulnerable when budgets are cut. So are field trips and extracurricular activities. Foreign language in elementary schools is nonexistent except in a few systems which fund these courses locally.

One of the crucial tasks for Georgia's schools is to provide extra help to the students who need a sustained boost to progress on schedule to graduation. Providing the basic program is not enough. Nevertheless, the interventions to address their needs are not used to full advantage.

Many schools do not have enough qualified teachers for the rapidly growing number of students who have a limited proficiency in English. Pre-kindergarten classes are not offered or located in response to the actual need, because a local system still has to provide space and cover the additional expenses when accepting funds from the Georgia Department of Early Care and Learning for this purpose. Techniques such as Reading Recovery, which are costly but can be very effective, are discontinued or never started. Counseling and the assistance provided by social workers are held to a bare minimum.

There are not enough services for disabled students and enough staff to ensure timely and appropriate placements. The students who get into trouble are expelled or sent to an alternative school that may be little more than a way to keep them out of the regular schools.

"Second-chance" high schools for the students who are struggling in regular classes but could thrive in a non-traditional setting, such as the Performance Learning Centers, are not feasible in the areas where they could do the most good. Many school systems in Georgia cannot afford the extra cost of these schools, and students are lost who could have been rescued.

Instructional technology, which is essential for a relevant education, is limited or not working well in many schools. Despite the progress Georgia has made in the construction of new facilities, inadequate or deferred maintenance quickly takes its toll in many cases.

Why are our schools left without the financial support they need? One of the primary reasons is that the formula used by the State in financing our schools has not been updated in years. The components in this formula are not realistic measures of the costs they are supposed to represent. The total dollar amount of the funding formula and major categorical grants is at least \$1 billion less than what the cost would be to meet the minimum requirements and expectations of State law, and nearly half of this shortfall comes from the lack of adjustments for inflation in the "non-salary" components since the last partial review in 1999.

Local school systems have to make up the difference. Some are able to do so, but many are not because they do not have a large enough tax base per student. A small tax digest per student may even be compounded by a low tax rate in some instances. Regardless of the reason, the State is still ultimately responsible for providing an adequate education to the students in every system.

The goal of the funding method used by the State should be to provide a foundation of financial support in each school based on the needs of the students in that school and the availability of local resources. From that point on, local systems should be able to exceed the foundation in meeting local needs according to the ability and desire of each community. But the funding process does not work correctly if the foundation is not large enough to support an adequate education. Ensuring an adequate foundation in each school would also raise the starting point in the financial support for every school across Georgia.

It may be necessary for a group of plaintiffs to take the State to court once again to enforce the provisions of the Georgia Constitution. The most recent lawsuit was withdrawn in late 2008 after a bewildering series of events. Renewed litigation may still be needed to bring about major changes, as the Whitfield County lawsuit did in 1981, but hopefully the elected leaders of our state will act on their own in fulfilling their constitutional responsibility.

In any event, the State must conduct a comprehensive study on what an adequate education actually costs, provide the financial support that is indicated by this study, and update the components of the funding formula on a regular basis in accordance with Georgia law. At the same time, unnecessary and politically motivated rules should be replaced by a willingness to allow educators to use their discretion in meeting the needs of their students – with a meaningful system of accountability based on multiple measures of student performance.

Regrettably, the deep budget cuts in FY 2009 and FY 2010 along with the prospects of even more to come in FY 2011 have made a bad situation even worse. The financial cuts will lead to larger classes, greater regimentation, and fewer alternatives for the students who need extra help, but even more dangerous is the effect on educators and school officials, who now have to concentrate on getting by instead of making the needed improvements.

It may not be necessary to raise tax rates at the state level, but the wave of tax cuts and exemptions that have eroded the State's tax base over the last decade must come to an end. Otherwise, the State will not be able to perform its basic duty, and the citizens of our state will ultimately suffer, not only in the harm to each community but even more so in lost opportunities.

There must be a greater investment in Georgia's schools, but the additional funds will have to be spent effectively, with strict accountability for results. There will also have to be wise policies and strong leadership at every level in education.

The elected leaders of our state cannot be allowed to neglect their responsibility any longer. The education that might have been good enough at one time is not good enough today. There is a moral – and legal – imperative for the State to accept its duty and perform its responsibility to all of our students.

The challenge facing Georgia demands no less than a concerted, sustained effort to do more for our students than we have ever done before. The benefits will come from a prosperous Georgia that is competitive in the world economy, in the social and physical health of our citizens, and in the well being of every community across Georgia.

## CHAPTER 1

---

# What is at Stake for Georgia?

### Introduction

Georgia faces a grave challenge in education which threatens the future of our state. The failure of our state government to meet this challenge undermines the vitality of our economy and diminishes the quality of life for all of our citizens in every community.

The inadequacies in our schools are being overlooked and downplayed for several reasons, including boosterism at all levels, political posturing on all sides, and the fear of any increase in governmental spending. The underlying problems have existed for many years, but the realities of a new technological era mean our schools have to do more than ever before. There are many excellent schools in Georgia, but it is being naïve if not disingenuous to pretend that education in Georgia is anywhere near what it ought to be. The evidence to the contrary is much too large to be dismissed.

Despite the best efforts of many dedicated educators, Georgia's schools do not provide the full range and depth of instruction that is necessary to prepare our students for today's world. It is essential to stop making excuses and blaming others for this failure. It is time for all Georgians to accept this challenge. The response must begin at the state level, since the State of Georgia has the constitutional responsibility as well as the ability to solve the problems.

All of the funds for public education must be spent wisely and effectively, but the current level of funding is not sufficient to offer an instructional program that prepares all of our students for responsible citizenship, productive employment, and life-long learning. We should not delude ourselves into expecting "excellence on the cheap," and it is a myth that greater flexibility can magically compensate for the lack of adequate resources.

The financial crisis for our schools is deepening, but the worst is yet to come, especially if the State's tax revenues do not rebound by the time when the federal stimulus funds run out. Even though some local systems have reasonable cash reserves, the unrestricted fund balances for many school systems in Georgia are precariously low. These systems simply cannot absorb further cuts in State funding and remain solvent.

Meanwhile, the General Assembly has attempted to restrict the ability of local boards of education in raising local revenues. It is ironic that one of the alleged justifications is that local revenues have increased at a faster rate than State revenues, because local school systems have been forced to increase their taxes to cover shortfalls in State funding for education. Even though most of the proposals to limit taxes and even spending at the local level have not been enacted, the clamor for tax reductions at the state and local level has been loud and unrelenting.

After failing to pass a constitutional amendment to set strict limits on the assessment of property for ad valorem taxes, the State took legislative action in 2009 to “declare a moratorium” on any increase in the assessed value of real property at the start of 2009, 2010, and 2011, with only a few exceptions. Despite the obvious constitutional questions in this regard, the inevitable impact is to curtail local revenues, since local boards of education will have to increase their millage rates, even if the only purpose is to offset the effect of inflation in their expenses.

In view of these factors, it is understandable that most school systems in Georgia are focused on riding out the storm. At the same time, the State seems to be more interested in cutting taxes than meeting its constitutional responsibility in education despite the crucial importance of our schools to a prosperous and healthy Georgia.

### **Overview of the Basic Issues**

Since this is a complex subject, it may be helpful to begin with an overview of the basic issues, which will be explained in greater detail in subsequent chapters of this report.

The State of Georgia has a clear obligation under the Georgia Constitution to provide an adequate education for every child in Georgia. Although the operation of each local school system is delegated to its local board of education, the State is still ultimately responsible for the education of our students.

The funding formula, which is supposed to provide an adequate foundation of state support in every school, is not a realistic measure of the cost of providing even the most basic instructional program in every school. Local school systems have to make up the difference between the actual cost and what the State allots in its formula. This is a substantial problem for all of the schools in Georgia, but it is particularly acute for the students in those school systems which lack the local tax base or in some cases the political ability to cover the deficits in State funding. The recent cuts in State funding have made this situation even worse.

The most precise definition of an adequate education is set forth in the detailed requirements prescribed by the Georgia Board of Education for graduation from high school. Moreover, a high school diploma is clearly a prerequisite for access to higher education or an entry-level job in today’s economy.

No one knows exactly how many of Georgia’s students are reaching this important milestone. The State reports that about one-fourth of all entering ninth graders fail to graduate from high school, but according to recognized national experts, four out of every ten students in Georgia are not obtaining a regular diploma from high school. No matter which estimate is used, the low graduation rate is a personal tragedy for the affected students and a huge detriment to the economic prosperity and well-being of the entire state.

Good schools require capable teachers, effective leaders, active parents, and a supportive community, but they also need enough financial support for a sound instructional program. The need for adequate resources is even greater in those schools where many of the students are economically disadvantaged or speak a first language other than English.

The State of Georgia has been steadily shifting its responsibility in the financing of our schools to the local level. Even though the total amount of State funds spent on kindergarten to twelfth grade (“K-12”) education has increased over time, the increases have not kept up with the growth in enrollment, the effect of inflation, and the needs of our students.

It is the State’s obligation to provide a foundation of financial support in every school, based on the needs of the students who attend that school and the availability of resources in the local community. The State must also provide leadership and other assistance to local schools. From that point on, local educators should be granted discretion in using these resources in the best interest of their students, but with full accountability for the educational results.

Nevertheless, the State is not fulfilling its clear obligation under the Georgia Constitution to provide an adequate education to all of our students, and it is not even following the laws which it has enacted to fulfill this obligation.

### **School Finance Litigation in Georgia**

In 2001, the superintendents of several local school systems in Georgia took the initiative to improve the opportunities for their students. They were deeply concerned about the chronic underfunding of their schools, which was becoming more serious as each year went by. Having become frustrated by the lack of legislative progress, they wondered whether the time had come to turn to the courts, as has been done in many other states. (The non-partisan nature of this effort is evidenced by the fact that it began when a Democratic governor and legislative majority were in office and continued after the election of a Republican governor and legislative majority.)

An organization was formed which was initially called the Georgia School Funding Equity Consortium, but the leaders of this group soon recognized the legal and political necessity of emphasizing adequacy instead of equity. Accordingly, the name was changed to the Consortium for Adequate School Funding in Georgia (the “Consortium”).

The first President of the Consortium in 2003 was Dr. William A. “Al” Hunter, who was Superintendent of the Brantley County Schools at that time. Other members of the initial Board of Directors were Shirley B. Brooks (Ben Hill County), Jeffery C. Welch (Oglethorpe County), Harold L. Wingfield (Polk County), Keith Cowne (Madison County), Judy H. Sellier (Crawford County), Bobby T. Jenkins (Randolph County), Joy B. Williams (Pierce County), John Hudson (Irwin County), and Joseph G. Martin, Jr. (Executive Director of the Consortium).

Other directors in subsequent years were Samuel Light (Elbert County), Tommy Daniel (Peach County), and John Swingle (Wayne County). Dr. Jeffery C. Welch, who was then Superintendent of the Oglethorpe County Schools, became President of the Consortium in 2006.

The recruiting efforts accelerated when the first “austerity cuts” in the funding of education were approved for Fiscal Year (“FY”) 2003. An overture was then made to Governor Sonny Perdue, who agreed in November of 2003 to shield the Equalization Grants to low-wealth systems (as described on page 63) from the austerity cuts and to appoint a task force to determine the actual cost of providing what he described as an “excellent” education for Georgia’s students.

The austerity cuts that had been applied to the Equalization Grants in FY 2004 and proposed for FY 2005 were rescinded, but there was no progress during the legislative session in 2004 toward the goal of providing adequate support for our schools. In fact, the overall austerity cuts were increased, and despite the plan to form a task force, there was little optimism that the State would address the growing crisis in the funding of Georgia's schools.

As a result, a lawsuit was filed in the Fulton County Superior Court in September of 2004 to determine whether the State was fulfilling its constitutional obligation to provide an adequate education for all of Georgia's students. The plaintiffs were the Consortium, five local school systems, and a number of students and parents in those systems.

The case was assigned to Judge Rowland Barnes. The initial steps progressed in normal fashion until Judge Barnes was murdered in the shootings at the Fulton County Courthouse in March of 2005. The case was then assigned to Judge Elizabeth E. Long, who presided over the proceedings for more than three years and ruled on all of the preliminary motions.

The State filed a Motion to Dismiss, contending among other things that the issues in this case are "nonjusticiable" (which means it is not appropriate for the courts to consider matters of this nature). Following extensive briefs and oral argument, Judge Long denied this motion. The State appealed her ruling to the Georgia Supreme Court, which declined to hear the appeal.

The Southeastern Legal Foundation raised questions about whether local boards of education had acted properly in supporting this effort, but after filing a large number of requests under the open-records law, this public-interest legal group ceased making such inquiries, apparently because it did not find any unauthorized actions.

Another group of plaintiffs attempted to intervene in the case, apparently with the intent of using this case as a vehicle to promote vouchers for private schools, but did not succeed.

Later, the State filed a Motion for Summary Judgment, based on its contention that the facts in the case were not in dispute and that the court already had enough information on which to reach a decision without the need for a trial. This motion led to another round of briefs, and the oral argument turned into a "mini-trial." Once again, Judge Long denied the State's motion. Although the defendants did not have an automatic right to appeal this ruling, the lawyers for the State asked Judge Long to allow an appeal to the Georgia Supreme Court. Judge Long did not agree and ordered the start of the trial as soon as possible.<sup>1</sup>

Along the way, there were several attempts to discuss a settlement. Representatives of the plaintiffs and the defendants met in various settings, and there were a number of formal and informal contacts. The plaintiffs made a series of written proposals, but except for one general response, the State never offered a counter proposal.

It took a long time to persuade the representative of the State that the purpose of the lawsuit was not to obtain a certain amount of funds for the specific systems in the Consortium. Instead, the plaintiffs wanted an agreement to improve the financing for all of Georgia's schools.

---

<sup>1</sup> Copies of the various motions, related briefs, and decisions can be viewed on the Web site for the Georgia School Funding Association at [www.casfg.org](http://www.casfg.org).

Despite the time and effort that went into seeking a settlement, the parties never came close to an agreement. Meanwhile, the process of discovery proceeded at a grueling pace. More than 500,000 pages of documents were submitted, and nearly 50 depositions were taken, usually lasting an entire day. The plaintiffs appointed thirteen expert witnesses, who prepared lengthy exhibits for their testimony at trial. The State had three expert witnesses who did the same.

The trial was scheduled to begin on October 21, 2008, but in September of that year, the funding for senior judges was abruptly ended as a result of cuts in State support for its court system. Since Judge Long was a senior judge, she was removed from the case. The lawyers for the plaintiffs tried to keep the case before Judge Long to maintain the continuity of the proceedings, but the lawyers for the State objected.

The case was transferred to Judge Craig L. Schwall, who had been appointed to the Fulton County Superior Court by Governor Perdue in 2005 and had previously expressed his concerns about governmental spending. Because of the importance of this case to the future of Georgia, the plaintiffs then made the difficult decision to have the lawsuit dismissed without prejudice to preserve the opportunity for a new lawsuit at a later date.

Although the identity of the plaintiffs will change, a new complaint is likely to be filed at the appropriate time. The fundamental constitutional issue will no doubt remain the same, but it is possible that the new plaintiffs may take an entirely new approach.

In any event, it is clear that a new lawsuit should emphasize the importance of increasing the State's support to all schools in Georgia. This was always the underlying intent, but it is necessary in building a broad consensus to allay the lingering concerns on the part of some educational and governmental leaders about a "Robin Hood" result (in which the needs of some systems would be met at the expense of other systems).

The goal of any such lawsuit is to get the State to accept its constitutional responsibility in education. This obligation is not conditioned on the prevailing economic conditions or any other factor. There must be an objective process for determining the needs and a structure for supporting our schools that will be viable over time. It may not be necessary to increase taxes, but the wave of tax cuts and exemptions cannot be continued.

However, since the economic recession has delayed the resumption of a legal challenge, this report describes some of the information that would have been presented at the trial if it had occurred in 2008 as originally expected. Much of the data presented in this report relates to the 2006-07 school year, which coincides with FY 2007.

In February of 2009, after the original lawsuit had been voluntarily withdrawn, the Georgia Attorney General issued an opinion on the authority of local school boards to create and use a non-profit corporation for any purpose without express statutory power.<sup>2</sup> Although this opinion is flawed in major respects, the Consortium, which had been the lead plaintiff in the case, chose to resolve any possible question in this regard by making several changes in its

---

<sup>2</sup> Significantly, the opinion by the Attorney General did not address the ability of local school systems to sue the State or use public funds for this purpose, as was requested by the Governor, since these powers have been previously confirmed by the courts of Georgia.

corporate by-laws. The new entity is named the Georgia School Funding Association, its members consist of individuals across Georgia rather than local school systems, and it will not be a named plaintiff in any future litigation.

### **Reasons for the Lawsuit in Georgia**

The purpose of the recent lawsuit was to enforce the State's constitutional obligation in education, based on the legal rights of every student in Georgia. The lawsuit was filed because the State and its leaders have abdicated their responsibility to provide an adequate education for all of the citizens of our state.

Whether measured by high school graduation rates, standardized test scores, or other recognized indicators of educational quality, the performance of Georgia's students as a whole is unacceptably low, both in absolute terms and in comparison with the nation as a whole. The opportunities for the children of Georgia are diminished as a direct result of the State's failure to meet its constitutional duties. The consequences of this failure are a personal tragedy for the affected students and their families, a major detriment to the economic prosperity of the entire state, and a serious threat to the well-being of every community in Georgia.

The fault does not lie with Georgia's educators. They work tirelessly with great skill and dedication and without the compensation and respect they deserve. Nor is it the result of a breakdown in society or irresponsible parents, since most parents genuinely want the best for their children. Moreover, the low levels of academic achievement cannot be blamed on the students of our state or excused by our failure to enable all students to achieve their full potential, regardless of their economic or social background.

The undeniable reality is that the quality of education offered by Georgia's schools has been and still is undermined by low expectations and a chronic lack of resources. The Constitution ratified by the citizens of Georgia places the responsibility for addressing this challenge squarely on the State of Georgia, and it is the State that will have to take the lead in creating and sustaining the educational opportunities that will enable Georgia's children to succeed in the modern world.

A lawsuit may be necessary to bring about the urgently needed changes. In that event, the courts of Georgia would be asked to (1) recognize and declare that the State of Georgia is not meeting its constitutional obligation to provide an adequate public education; (2) order the defendants in the lawsuit to perform the appropriate analyses, with regular reviews, to determine the funding and other assistance to satisfy the State's constitutional obligation and then provide the funding and other assistance that are indicated by these analyses; and (3) impose specific benchmarks and performance measures to hold the State and the other defendants accountable for fulfilling these constitutional requirements in the future.

It is not necessary – and was not the intent of recent lawsuit – to achieve equality in the educational opportunities for Georgia's students or to divert funds from some local school systems to others but only to ensure that every school has an adequate amount of resources to meet the needs of its students.



Those local school systems which have the resources and desire to expand and enrich the instructional program for their students should be able to enhance their schools in whatever way they want, as they are already doing. The only constitutional requirement is that every school must provide an adequate education for its students. There is and should be no restriction on going beyond the basic program to meet local needs and desires. Moreover, raising the floor of State support would have the direct effect of increasing the starting point for all schools.

Likewise, the goal of any such litigation is not to reduce local property taxes or to address the institutional or political concerns of local school boards. The sole purpose is to enforce the State's constitutional obligation to provide an adequate education for every student in Georgia.

### **Impact of Similar Litigation**

There have been school finance lawsuits in 45 of the 50 states.<sup>3</sup> Nearly all of the lawsuits filed after the advent of the standards movement in the early 1990s have been based on the concept of adequacy instead of equity, and the vast majority of these cases have been decided at least partially in favor of the plaintiffs.

The decisions in the lawsuits that went against the plaintiffs were often on the grounds of "justiciability" concerning whether the courts have the authority to review the constitutionality of each state's support for its K-12 schools. This hurdle has already been cleared in Georgia.

The results are hard to quantify, and the outcomes vary widely from state to state. Nevertheless, it is clear that the mere possibility of a lawsuit has caused many states to consider their constitutional responsibility more seriously than they would have. Even when the plaintiffs have lost, the increased awareness has prompted greater support from the state. If nothing else, these lawsuits have been a deterrent to harmful actions. From time to time, members of the Georgia General Assembly have referred to the recent lawsuit when backing away from proposals that would have made the situation in Georgia even worse than it already is.

The history of school finance litigation in Georgia is particularly notable. A lawsuit was filed in 1974 by students, parents, and members of the Whitfield County Board of Education, largely because of the educational disparities between the City of Dalton and unincorporated Whitfield County. The trial court ruled in favor of the plaintiffs, but the Georgia Supreme Court reversed the initial decision on appeal in 1981. But this is not where the story ends. Although the Court did not find the financing system at that time to be unconstitutional, it acknowledged the serious problems cited in the lawsuit and called upon the State to take corrective action.

In the wake of this decision, Governor Joe Frank Harris appointed a commission to study the status of primary and secondary education in Georgia and recommend ways to improve the financing of our schools. Relying on the recommendations of this commission, Governor Harris proposed the Quality Basic Education ("QBE") Act, which was approved by the unanimous vote of both houses of the Georgia General Assembly in 1985. This act was a giant step forward for education in Georgia, and it came as a direct result of the original lawsuit.

---

<sup>3</sup> These cases have all occurred in state courts, since the U.S. Supreme Court ruled in 1973 that education is not a "fundamental interest" under the U.S. Constitution.

Nationally, the lawsuit with the most far-reaching impact is probably the Rose case in Kentucky, which transformed education in that state and led to significant increases in the financial support for its schools. The progress in Kentucky is indeed remarkable.

In New Jersey, the so-called Abbott school systems have received substantially more state funding than they would have without the ongoing litigation in that state. There have been dramatic increases in the level of state support to the schools in Arkansas, Kansas, and Maryland, among others, in comparison to what the funding would have been otherwise. Litigation also led to important school-finance reforms in Iowa, Vermont, Wyoming, and Arizona.

The threat of a lawsuit was very helpful in the political initiatives which led to major legislative successes in Virginia. Interestingly, a lawsuit in Massachusetts lost in 2005 largely because the Supreme Court in that state found that so much had already been accomplished in response to an earlier case that was decided in 1993.

However, there have been some major disappointments. The worse example of all is in Ohio, where the courts ruled in favor of the plaintiffs in several cases, but the state legislature was recalcitrant in every instance.

Progress was being made in Alabama on a school finance lawsuit until there was a change in the composition of the Alabama Supreme Court. Shortly after the election of Chief Justice Roy S. Moore, the court acted unilaterally to dismiss this case in 2002.

The outcome and implications of the decisions in North Carolina and South Carolina are still evolving, but it is clear that the needs of the schools in their small communities and rural areas are now receiving more attention than ever. As a result of the case in Tennessee, the state now provides much more support for teacher salaries generally than it did before.

Regrettably, the economic recession has put everything on hold in most states. The favorable court decisions in New York and the out-of-court settlement in California have been temporarily waylaid. The circumstances are no different here in Georgia.

The commitment by the Georgia General Assembly to the value of public education seems to have waned in recent years. The prospects for meaningful action by the State in providing adequate support to our schools are not promising even when the economy does improve. Another lawsuit may have to be filed, but let us hope this will not be necessary.

A lawsuit does not ensure success, but it may be the only way to disturb the inertia in the political struggle to improve education in Georgia. Even though the federal stimulus funds have cushioned the blow of the cuts in State funding, the stark reality is that our schools may be left in a terrible plight when these funds are gone.

Any such lawsuit in Georgia is likely to focus on the State's responsibility in K-12 education. This is the best way to enhance the opportunities for all of Georgia's children. Additional resources, spent wisely, are necessary to improve our schools, and raising the basic level of State support for our schools through a general increase in the funding formula would benefit every school in Georgia.

## CHAPTER 2

---

# What is the State's Responsibility in Education?

### Constitutional Obligation

The State of Georgia has a clear, unequivocal, and unconditional obligation under the Georgia Constitution to provide an adequate education to every student in Georgia. The State's responsibility in education has been codified and expanded through numerous State laws and regulations, but none of these laws and regulations or even the annual budget can change or dilute the fundamental constitutional principle.

The State's obligation is spelled out in Paragraph I of Section I of Article VIII of the Georgia Constitution, which reads as follows:

*The provision of an adequate public education for the citizens shall be a primary obligation of the State of Georgia. Public education for the citizens prior to the college or postsecondary level shall be free and shall be provided by taxation.*

Therefore, the State of Georgia, acting with and through the State School Superintendent and the members of the State Board of Education, has a primary obligation to provide an adequate public education for every child in this State.

The Georgia Supreme Court has declared that a constitutionally "adequate" education is more than a "minimum" education. Instead, it is an education that is designed to prepare the children of Georgia to function as responsible citizens in society. (*McDaniel v. Thomas*, 248 Ga. 644 (1981)) To function as a responsible citizen, a student must be able to obtain productive employment, pursue higher education, and perform the basic duties expected of every citizen under our form of government (which include voting and serving on a jury).

Moreover, the State has enacted numerous laws to define this obligation and has directed the State Board of Education to enumerate the skills and knowledge that a student must have to graduate with a regular diploma from a high school in Georgia.

It should be noted that the education clause in Georgia's Constitution is one of the strongest in the nation in terms of its clarity and specificity. The constitutional obligation placed on other states in education can be very general or even weak. For example, the State of South Carolina is required by its constitution to do nothing more than provide the "opportunity" for its students to gain a "minimally adequate education." As another example, the state constitution in Missouri calls for the "diffusion of knowledge and intelligence," but it is hard to translate this aspirational goal into a definitive responsibility.

The State can fulfill a major part of its constitutional obligation by providing an adequate “foundation” of financial support in every system. This foundation can be funded through a combination of State allotments and required local revenues. All that matters is that the resulting total be large enough to provide an adequate education for every student and that the availability of these funds not be contingent on some other decision or event.

If the foundation established by the State does not cover the required costs, as is now the case, a local system may still make up the difference, but this will happen only if the local board of education is both willing and able to augment the insufficient foundation. Otherwise, the provision of an adequate education to every student is left to chance.

As shown in this report, the State of Georgia is not providing a foundation of financial support in every local system that is large enough to ensure that each system can carry out the State’s constitutional responsibility. Moreover, the State has not taken the necessary steps for more than twenty years to ascertain what constitutes a constitutionally adequate education and thereby what the amount of the foundation ought to be.

The lack of an adequate foundation of financial support would obviously benefit the schools with the least local resources, but improving their situation would work to the advantage of all schools throughout Georgia by raising the floor of State support for every school.

### **Role of Local School Systems**

As one of its primary defenses in the recent lawsuit, the State relied on the sentence in Paragraph II of Section V of Article VIII of the Georgia Constitution, which reads as follows: “Each school system shall be under the management and control of a board of education, the members of which shall be elected or appointed as provided by law.”

The lawyers for the State argued that this constitutional provision makes local school boards sovereign in their systems and “that very few State laws and regulations concerning K-12 education are mandatory.” They tried to equate the State’s relationship with its school systems to the relationship which the federal government has with the various states in terms of primary and secondary education, but the federal government has absolutely no constitutional obligation for public education in sharp contrast to the “primary obligation” for an adequate education that is imposed on the State of Georgia.

In fact, the State regulates all aspects of public education in Georgia. The State Board of Education, an entity vested with constitutional authority under Section II of Article VIII of the Georgia Constitution, is specifically required by law to “establish and enforce standards for operation of all public elementary and secondary schools and local units of administration in this state so as to assure, to the greatest extent possible, equal and quality educational programs, curricula, offerings, opportunities, and facilities for all of Georgia’s children and youth. . .” (O.C.G.A. § 20-2-240(a))

The powers vested in local school boards have always been grants of limited power and have never conferred unfettered authority. The discretion of each local board exists within the parameters established by the State. Although the Georgia Constitution delegates the “management and control” of local school systems to their local boards of education, the origin

of this provision and its subsequent interpretation by the General Assembly make it clear that this delegation of power is subject to the over-riding authority of the State, as evidenced by the numerous State school laws enacted by the General Assembly and the rules and regulations of the State Board of Education.

For example, the General Assembly has authorized (and in fact requires) the State Board of Education to impose potentially extreme sanctions on individual schools that fail to meet certain student and school performance standards, including the removal of all personnel at a “low-performing” school or the complete restructuring of the school’s governance. (O.C.G.A. § 20-14-41)

Among other things, the State requires local boards of education to (1) pay teacher salaries that are no less than the minimum salary schedule mandated by the State. (O.C.G.A. § 20-2-212(a)); (2) evaluate their teachers and other personnel annually (O.C.G.A. § 20-2-210); (3) comply with minimum qualifications as the State Board of Education may prescribe for employment of personnel (O.C.G.A. § 20-2-211(a)); (4) adhere to State timelines regarding the tendering of teacher employment contracts (O.C.G.A. § 20-2-211(b)); and (5) refrain from hiring any person dishonorably discharged for desertion from the Armed Services (O.C.G.A. § 20-2-211(c)). The State also restricts a local board of education’s authority to demote, dismiss, or “non-renew” an employee with a teaching contract that has been issued for a fourth or subsequent school year (O.C.G.A. § 20-2-942).

The vesting of “management and control” in local boards at the county level was intended to eliminate the previous proliferation of local districts and to consolidate the management and control of disparate school districts in each county under a single board of education. This provision has never insulated local school systems from the General Assembly’s pervasive regulation of public education, nor does it relieve the State from its primary obligation to provide an adequate education.

State statutes directly govern local boards of education in almost every aspect of their operation. In particular, State law mandates the curriculum that local boards of education must follow. The State Board of Education is required to establish competencies that each student is expected to master prior to completion of the student’s high school education, directs the State Board of Education to adopt a uniformly sequenced core curriculum for grades kindergarten through 12, and requires local school systems to employ that curriculum. (O.C.G.A. § 20-2-140)

Each local board’s relationship to the State has always been one in which the State’s ultimate authority takes precedence over whatever autonomy a local board of education may have. The legislative control exercised by the General Assembly over local boards of education, which began when our system of public education was established in 1870, continues unabated today. Consequently, the State’s excuse that it lacks the legal power to ensure the provision of a constitutionally adequate education to all of Georgia’s students ignores the history of our state and the multitude of State laws to the contrary.

## CHAPTER 3

---

# What is an “Adequate “Education?”

### Constitutional Definition

The Georgia Constitution requires the State of Georgia to provide an “adequate” education to all of Georgia’s children. This obligation is stated clearly and succinctly, but the precise meaning of this constitutional provision obviously depends on the definition of the word “adequate.” However, the Georgia Supreme Court and especially the General Assembly have provided extensive guidance in this regard.

In its decision in the Whitfield County case, the Georgia Supreme Court defined an “adequate” education as being “designed to produce individuals who can function in society” as responsible citizens in our democracy.<sup>4</sup> To do so, these individuals must be able to obtain productive employment and qualify for and advance through higher education. In that decision, the Georgia Supreme Court ruled that an adequate education is more than a “minimum” education and that “even a ‘minimum’ education must provide each child with an opportunity to acquire the basic minimum skills necessary for the enjoyment of the rights of speech and of full participation in the political process.” (*McDaniel v. Thomas*, 248 Ga. 644 (1981))

The Constitution mandates that public education is a primary obligation of the State of Georgia, at least in part because each citizen must have certain skills and knowledge to be able to exercise his or her individual rights and responsibilities. Likewise, the existence of an educated citizenry is a prerequisite for a viable representative government and a community in which citizens can rely on each other for the common good.

Because of the importance of an adequate education to the individual citizens and the state as a whole, State law requires parents, guardians, and custodians of school-age children to cause their children to attend a public school or its equivalent for the period of time required by the State. (O.C.G.A. § 20-2-690.1) The value of an adequate education is further evidenced by the prohibition on granting driving permits to persons below the age of 18 who have not completed high school or are not currently in school. (O.C.G.A. § 40-5-22)

The State recognizes the central importance of providing an adequate education for all students, promising the provision of “an equitable public education finance structure which ensures that every student has an opportunity for a quality basic education, regardless of where the student lives . . .” (O.C.G.A. § 20-2-131(3))

---

<sup>4</sup> It is noteworthy that the highest court in New York emphasized the ability to “function productively as civic participants capable of voting and serving on a jury.” The court concluded that “a meaningful high school education” is the appropriate constitutional standard.

## Statutory Definition

In addition to the language in the State Constitution and its interpretation by the Georgia Supreme Court, the Georgia General Assembly has undertaken to define the word “adequate” through State laws and regulations. Most notably, the legislature adopted the QBE Act in 1985 as the means by which the State would fulfill its constitutional obligation. This law equates an “adequate” education with a “quality basic education” in order “to discharge the responsibilities and obligations of the State to ensure a literate and informed society.” (O.C.G.A. § 20-2-131)

The General Assembly went even further by resolving that every student in Georgia should have access to an educational program that provides an “ample opportunity to develop competencies necessary for lifelong learning as well as the competencies needed to maintain good physical and mental health; to participate actively in the governing process and community activities; to protect the environment and conserve public and private resources, and to be an effective worker and responsible citizen.” (O.C.G.A. § 20-2-131(1))

In the QBE Act, the General Assembly emphasized the importance of “providing all children and youth in Georgia with access to a quality program which supports their development of essential competencies in order that they may realize their potential . . .” (O.C.G.A. § 20-2-131(2))

This law established the State’s official policy in O.C.G.A. § 20-2-260(a) regarding the need for adequate facilities as follows:

*It is declared to be the policy of the State of Georgia to assure that every public school student shall be housed in a facility which is structurally sound and well maintained and which has adequate space and equipment to meet each student's instructional needs as those needs are defined and required by this article.*

The General Assembly explicitly acknowledged that the children who are at risk of academic failure will require more intensive educational programs and services than other students, including the provision of “academic intervention programs designed to assist students who are performing below grade level in order to increase their mastery of critical academic knowledge and skills,” and “an alternative educational environment for those students who need a different educational structure in order to properly master critical academic knowledge and skills and to provide an environment where they can stay in school and acquire the knowledge and skills necessary for a productive life.” (O.C.G.A. § 20-2-131(14), (15))

The State’s constitutional obligation is reflected in the requirement for statewide learning standards on which students are assessed to determine their proficiency and which can be used to monitor whether students are receiving the education guaranteed them by Georgia’s Constitution and laws. The State Board of Education is specifically required to “establish competencies that each student is expected to master prior to completion of the student's public school education.” Based upon those competencies, the Board must adopt a uniformly sequenced core curriculum for grades kindergarten through 12. (O.C.G.A. § 20-2-140)

As part of the QBE Act, the General Assembly established general and career programs to provide the children and youth of Georgia with the opportunity to master competencies adopted by the State Board of Education through instruction based upon a uniformly sequenced core curriculum. (O.C.G.A. § 20-2-151) The primary purpose of kindergarten is to provide children with an opportunity to become prepared for the first grade; the primary purpose of the primary grades is mastery of essential basic skills and knowledge to enable students to achieve more advanced skills and knowledge offered at higher grades; the primary purpose of the middle grades is to prepare students academically and socially to enter high school; and the primary purpose of high school is to prepare students for continuation of education beyond high school and for entry into chosen career fields as well as to prepare them to take their places in society as young adults. (O.C.G.A. § 20-2-151)

The State has enacted a number of laws for the purpose of implementing its constitutional obligation in K-12 education. The General Assembly has gone to considerable lengths to give content to the meaning of the term “adequate” and has directed the State Board of Education to set specific criteria and standards in this regard.

Nevertheless, the most comprehensive definition of what constitutes an adequate education is set forth in the specific requirements for obtaining a regular diploma from a high school in Georgia. The State Board of Education has devoted enormous time and effort over many years to fine-tune these requirements and to keep them in line with contemporary standards.

In calling for “adequate yearly progress” in the No Child Left Behind Act, as described in Chapter 5, the federal government has given a further dimension to the definition of “adequate” in terms of the progress which a student, a school, and a school system must make toward the national goal of having every student perform on grade level by 2014.



## CHAPTER 4

---

# How Well are Georgia's Students Performing?

### Student Achievement in Georgia

A number of widely-accepted measures of student performance, including high school graduation rates, nationally standardized test scores, results on Georgia's own assessment tests, and performance under the No Child Left Behind Act, indicate that the educational system used in Georgia, on the basis of the current funding structure, is not effective in providing an adequate education for all of Georgia's students.

The future for many students in Georgia is severely impaired because the schools which they attend cannot afford to provide the educational opportunities required by the Georgia Constitution. Although all students are affected by an inadequate level of State support, the educational deficiencies are the greatest for the students in the systems with the least spending in relation to student needs, particularly for those students who are the most at risk of academic failure and the most likely to drop out of school.

The very low performance measures apply both to the statewide averages and even more so to the averages for many individual systems. Indeed, in many school systems throughout the state, the results are much worse than the low statewide averages. Such widespread deficiencies, occurring consistently year after year, reflect systemic flaws in the funding and other support provided to Georgia's public schools.

The fact that some students are performing at a high level does not negate the fact that many other students are not. Moreover, the reality that Georgia is not doing well as a whole means that those students, schools, and systems that are performing below the statewide average lag even further behind other students, schools, and systems across the country.

While the State would like to dismiss the poor results by blaming individual schools, administrators, or groups of students, it simply is not possible to explain these statewide data in such a narrow fashion. Rather, these results provide undisputable evidence that Georgia is failing to provide an adequate education for all its students.

### Graduation from High School

The Georgia Board of Education has adopted a comprehensive list of requirements for graduation from high school in Georgia. These requirements describe the preparation a student must have to enter the next level in education, obtain an entry-level job, or enlist in the military. As such, they represent the basic elements of an adequate education as defined by the State.

The receipt of a high school diploma is much more important today than only a generation ago. For those students who fail to graduate from high school, there can be no question that the State has not provided them an adequate education.

Nevertheless, many school systems in Georgia lack the resources to provide all of their students with the opportunity to acquire the skills and knowledge that are required to obtain a regular diploma from high school. Without additional support and alternatives that provide extra help or a non-traditional setting, many students are denied the chance they might have had to graduate from high school with a regular diploma.

An extremely high percentage of students in Georgia, and even higher percentages in some school systems, do not satisfy the State's own requirements for graduating from high school. In Georgia during every year, thousands of students drop out of high school and thereby fail to earn a high school diploma. This is a terrible tragedy not only for the students themselves, whose future prospects are seriously diminished, but for all Georgians in terms of the economic prosperity and general well-being of our state.

Many of the drop-outs subsequently take and pass the Test of General Educational Development (GED), but a GED is not a valid substitute for a high-school education, because it does not cover the full range of skills and knowledge offered by a high-school curriculum.

According to the most reliable measures, four out of every ten students entering the ninth grade in Georgia fail to receive a regular high school diploma within four years. Under the methodology developed by Dr. Christopher Swanson for *Education Week*, which is known as the Cumulative Promotion Index, the statewide graduation rate in Georgia for 2007 was only 56.1%. Thus, almost 44% of Georgia's students failed to meet the requirements for graduation in that year. This means that at least 50,000 Georgia students who were expected to graduate in 2007 failed to meet the standards set by the State to earn a regular high school diploma.

Given the importance of a diploma from high school, it would seem that there would be accurate data on the number of students who are reaching this milestone. However, much of the official data on which to determine an accurate graduation rate is incomplete or misleading.

Historically, the State has sought to divert attention from these grim graduation statistics by using inflated measures to report its graduation rates. Despite compelling evidence to the contrary, the State set the "official" graduation rate for 2007 at 72.3%. According to the State, this rate rose to 75.3% in 2008 and then to 77.8% in 2009, but all of these percentages are highly inflated because they are based on a faulty methodology.

Even though the official rate is still cause for concern, it masks the full extent of the crisis. In fact, Georgia's self-reported graduation rates over the past several years typically have been 10 to 15 percentage points higher than the comparable graduation rates calculated for Georgia students by third parties, using nationally recognized methodologies.

The statewide graduation rate is even lower for minorities, economically disadvantaged students, and other subgroups. For example in 2007, only 42% of Hispanic and Latino students and 47% of African American students reached graduation within the normal four-year period according to Dr. Swanson. (For comparison, the rates published by the State for these two groups

of students in 2007 were 60% and 66%, respectively.) Similarly, in many rural and several urban school systems, the graduation rates are well below the statewide average.

Even the State Board of Education has recognized that the State's own method for calculating its graduation rate is flawed and has promised to adopt a more accurate cohort-based analysis as the basis for calculating graduation rates in future years. So far, however, this important and necessary change still has not been implemented. When it is, Georgia's reported graduation rate will fall significantly below the figures reported by the State in recent years.

Georgia is one of many states that use the so-called "leaver rate" in reporting the percentage of students who graduate with a regular diploma. The problem in this method is that it depends on an accurate count of the number of drop-outs over the previous four years as the basis for estimating a "proxy" for the enrollment that existed four years earlier.

For illustration, the Georgia Department of Education calculates the official graduation rate according to a fraction in which the numerator is the number of students "who leave high school with a regular diploma in the standard time of four years" and the denominator is the sum of the number of graduates, the students who receive a special education diploma or a certificate of attendance, and the known drop-outs in each of the previous four years.

However, many of the students who leave school before graduation are omitted from the State's calculations because they are not officially designated as a drop-out.

As reported by Heather Vogell in *The Atlanta Journal-Constitution* on June 7, 2009, a large number of students leaving Georgia's schools every year are counted as transfers, even though they did not enroll in another school.

According to Ms. Vogell, an analysis of enrollment data by her newspaper revealed that 25,800 students who were shown as transferring to other Georgia public schools in 2008 were not picked up by other schools as incoming transfers. The State confirmed it had records of 26,700 students who were marked as transfers to another Georgia public school but did not show up in any further enrollment record. Although the State was subsequently able to locate 7,100 of these students through a further search which used names and other personal details, it could not account for the rest of the missing students or nearly 20,000 students.

It is only natural that local schools, which tend to be optimistic by nature, would not want to treat a student who simply stops coming to school as a drop-out. In fact, they have a clear incentive not to do so. The result is that the tragedy represented by the large number of young people in Georgia who are not graduating from high school is significantly understated.

The simplest way to calculate the graduation rate is to compare the number of graduates in a given year with the number of students who entered the ninth grade four years earlier. This method is usually called the Basic Completion Rate. In this approach, the number of graduates may include the students who take more than four years to graduate, but by the same token, the number of graduates in any year usually includes the students who entered high school more than four years earlier and took more than four years to graduate (as well as some students who may have graduated in less than four years).

When using the Basic Completion Rate, the estimated rate is overstated to the extent that more students are moving into Georgia than are leaving. The new students are counted in the number of graduates but not in the enrollment four years earlier. On the other hand, the estimated rate is understated to the extent that the number of ninth graders includes students who have been retained in the ninth grade for another year.

The Averaged Freshman Graduation Rate (AFGR) is a way to address the bulge in enrollment which often exists in the ninth grade because of the students who are repeating the ninth grade. In this method, the numerator is the number of graduates (which may or may not include the graduates who have taken more than four years to graduate), and the denominator is the average of the eighth graders five years earlier, the ninth graders four years earlier, and the tenth graders three years earlier.

Although the official graduation rate can and should be based on the actual cohort of students who began the ninth grade four years earlier, the AFGR is certainly a more accurate approach than the leaver rate used by Georgia. It is also more accurate than the Basic Completion Rate. In other words, the leaver rate is based on a proxy that relies on self-reported data at the school level, while the AFGR is based on an actual “head count.”

The specific data used in calculating the graduation rate for 2007 is revealing. The enrollment at the start of the ninth grade four years earlier was 131,525, while the average of the enrollment in the eighth grade five years earlier, the ninth grade four years earlier, and the tenth grade three years earlier was 118,729. However, the base used by GDOE in calculating its official graduation rate for 2007 was only 102,032. This means there were at least 15,000 and possibly as many as 30,000 students who were unaccounted for in the GDOE calculations.

After recognizing the serious problems across the county in the reporting of graduation rates, the U.S. Department of Education (USDOE) directed all states to begin using the AFGR as an interim measure until they had the required data for each cohort of students. However, the final rule adopted by USDOE in late 2008 accelerated the schedule by requiring all states to calculate their graduation rates on the basis of an “adjusted four-year cohort” by the 2010-11 school year. At that time, Georgia will have to keep track of the students who entered high school four years earlier, with adjustments to the cohort only for the confirmed transfers in and out of the state as well as deceased students and those who emigrate to another country.

The various graduation rates for each school system in Georgia in the 2006-07 school year are displayed in Table 1, although none of these rates is directly based on the cohort of students who began high school four years earlier.

The alarming conclusion is that the number of graduates in Georgia in 2006-07 based on the AFGR method was only 62.0% of the estimated number of entering ninth graders four years earlier. The Basic Completion Rate, which compares the number of graduates with the actual number of ninth graders four years earlier, was only 55.7% (although the number of graduates in this example is limited to those who graduated within four years). Based on the Cumulative Promotion Index, which is the closest to being a cohort-based approach, the graduation rate for the 2006-07 school year was 56.1%.

**Table 1**

<b>Various Graduation Rates in FY 07</b>										
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
				(A+B+C)/3			(F/E)	(F/B)	(E/D)	
	Fall	Fall	Fall	Average	Graduation	FY 07	FY 07	FY 07	FY 07 Avg.	FY07
	FY 03-1	FY 04-1	FY 05-1	of 8th, 9th,	Class Size	No. of	GDOE	Basic	Freshman	Cumulative
<u>School System</u>	<u>GR08</u>	<u>GR09</u>	<u>GR10</u>	<u>Graders</u>	<u>GDOE</u>	<u>per GDOE</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Index</u>
Appling County	239	241	230	237	217	146	67.3%	60.6%	61.7%	67.7%
Atkinson County	108	113	93	105	78	59	75.6%	52.2%	56.4%	49.2%
Bacon County	139	169	134	147	132	87	65.9%	51.5%	59.0%	57.8%
Baker County										
Baldwin County	401	408	317	375	378	215	56.9%	52.7%	57.3%	51.4%
Banks County	173	203	181	186	166	118	71.1%	58.1%	63.6%	68.6%
Barrow County	723	819	760	767	704	477	67.8%	58.2%	62.2%	59.6%
Bartow County	1,013	1,116	951	1,027	940	627	66.7%	56.2%	61.1%	50.1%
Ben Hill County	276	293	280	283	247	164	66.4%	56.0%	58.0%	61.0%
Berrien County	230	281	222	244	207	160	77.3%	56.9%	65.5%	52.2%
Bibb County	1,795	2,354	1,591	1,913	1,523	895	58.8%	38.0%	46.8%	40.1%
Bleckley County	166	190	161	172	179	129	72.1%	67.9%	74.9%	71.3%
Brantley County	242	261	221	241	227	149	65.6%	57.1%	61.7%	52.6%
Brooks County	198	220	167	195	162	91	56.2%	41.4%	46.7%	54.2%
Bryan County	465	508	458	477	473	387	81.8%	76.2%	81.1%	74.4%
Bulloch County	678	802	684	721	666	492	73.9%	61.3%	68.2%	58.4%
Burke County	336	439	293	356	335	168	50.1%	38.3%	47.2%	43.9%
Butts County	303	373	318	331	264	197	74.6%	52.8%	59.5%	53.7%
Calhoun County	53	55	55	54	51	36	70.6%	65.5%	66.3%	68.0%
Camden County	764	813	723	767	680	510	75.0%	62.7%	66.5%	68.4%
Candler County	127	166	108	134	104	62	59.6%	37.3%	46.4%	52.3%
Carroll County	1,013	1,164	1,110	1,096	971	636	65.5%	54.6%	58.0%	49.3%
Catoosa County	780	857	753	797	735	514	69.9%	60.0%	64.5%	58.7%
Charlton County	171	190	154	172	159	107	67.3%	56.3%	62.3%	63.6%
Chatham County	2,543	3,377	2,103	2,674	2,141	1,327	62.0%	39.3%	49.6%	37.8%
Chattahoochee	35	0	0	12						
Chattooga County	225	250	180	218	160	109	68.1%	43.6%	49.9%	49.3%
Cherokee County	2,349	2,654	2,402	2,468	2,206	1,697	76.9%	63.9%	68.8%	55.9%
Clarke County	848	1,100	780	909	707	413	58.4%	37.5%	45.4%	43.0%
Clay County	35			12						
Clayton County	3,992	5,027	3,460	4,160	2,820	2,025	71.8%	40.3%	48.7%	44.1%
Clinch County	117	104	85	102	91	68	74.7%	65.4%	66.7%	62.9%
Cobb County	8,003	8,852	7,879	8,245	7,750	6,297	81.3%	71.1%	76.4%	69.3%
Coffee County	592	642	553	596	503	304	60.4%	47.4%	51.0%	49.8%
Colquitt County	611	696	582	630	587	350	59.6%	50.3%	55.6%	54.9%
Columbia County	1,567	1,847	1,572	1,662	1,633	1,330	81.4%	72.0%	80.0%	70.4%
Cook County	245	296	226	256	227	147	64.8%	49.7%	57.5%	56.2%
Coweta County	1,383	1,604	1,436	1,474	1,391	1,057	76.0%	65.9%	71.7%	58.0%

Various Graduation Rates in FY 07										
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
				(A+B+C)/3			(F/E)	(F/B)	(E/D)	
	Fall	Fall	Fall	Average	Graduation	FY 07	FY 07	FY 07	FY 07 Avg.	FY07
	FY 03-1	FY 04-1	FY 05-1	of 8th, 9th,	Class Size	No. of	GDOE	Basic	Freshman	Cumulative
<u>School System</u>	<u>GR08</u>	<u>GR09</u>	<u>GR10</u>	<u>&amp; 10th</u>	<u>Used by</u>	<u>Graduates</u>	<u>Graduation</u>	<u>Completion</u>	<u>Graduation</u>	<u>Promotion</u>
				<u>Graders</u>	<u>GDOE</u>	<u>per GDOE</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Index</u>
Crawford County	155	205	177	179	159	99	62.3%	48.3%	55.3%	42.8%
Crisp County	330	392	286	336	313	202	64.5%	51.5%	60.1%	49.8%
Dade County	216	228	191	212	205	151	73.7%	66.2%	71.3%	63.9%
Dawson County	251	260	232	248	254	199	78.3%	76.5%	80.3%	61.8%
Decatur County	436	459	424	440	412	290	70.4%	63.2%	66.0%	59.1%
DeKalb County	7,704	9,128	7,021	7,951	6,213	4,505	72.5%	49.4%	56.7%	45.2%
Dodge County	288	341	266	298	254	203	79.9%	59.5%	68.0%	59.3%
Dooly County	130	159	68	119	78	46	59.0%	28.9%	38.7%	36.1%
Dougherty County	1,182	1,559	1,054	1,265	1,048	645	61.5%	41.4%	51.0%	47.3%
Douglas County	1,458	1,594	1,697	1,583	1,661	1,163	70.0%	73.0%	73.5%	62.7%
Early County	231	244	211	229	216	148	68.5%	60.7%	64.7%	56.6%
Echols County	53	58	51	54	48	38	79.2%	65.5%	70.4%	60.3%
Effingham County	690	862	673	742	726	539	74.2%	62.5%	72.7%	62.0%
Elbert County	300	366	284	317	301	186	61.8%	50.8%	58.7%	48.4%
Emanuel County	341	405	317	354	308	207	67.2%	51.1%	58.4%	60.3%
Evans County	131	157	143	144	138	89	64.5%	56.7%	61.9%	61.6%
Fannin County	250	263	254	256	230	181	78.7%	68.8%	70.8%	68.6%
Fayette County	1,810	2,086	2,005	1,967	1,393	1,275	91.5%	61.1%	64.8%	58.0%
Floyd County	839	941	744	841	739	540	73.1%	57.4%	64.2%	58.5%
Forsyth County	1,549	1,683	1,639	1,624	1,522	1,269	83.4%	75.4%	78.2%	81.4%
Franklin County	301	393	274	323	280	165	58.9%	42.0%	51.1%	45.4%
Fulton County	5,295	6,211	5,484	5,663	4,997	3,979	79.6%	64.1%	70.3%	64.0%
Gilmer County	285	334	304	308	235	179	76.2%	53.6%	58.2%	47.3%
Glascock County	37	42	40	40	41	27	65.9%	64.3%	68.1%	68.1%
Glynn County	978	1,203	899	1,027	883	580	65.7%	48.2%	56.5%	58.5%
Gordon County	475	535	408	473	424	293	69.1%	54.8%	62.0%	67.1%
Grady County	351	378	299	343	264	200	75.8%	52.9%	58.4%	55.0%
Greene County	158	166	132	152	102	69	67.6%	41.6%	45.4%	
Gwinnett County	9,516	11,132	10,209	10,286	8,914	6,887	77.3%	61.9%	67.0%	57.8%
Habersham County	461	548	428	479	395	280	70.9%	51.1%	58.5%	63.9%
Hall County	1,634	2,036	1,668	1,779	1,489	1,005	67.5%	49.4%	56.5%	43.7%
Hancock County	134	158	116	136	106	86	81.1%	54.4%	63.2%	50.5%
Haralson County	319	324	307	317	297	184	62.0%	56.8%	58.1%	53.6%
Harris County	347	410	332	363	352	285	81.0%	69.5%	78.5%	76.8%
Hart County	274	311	245	277	234	161	68.8%	51.8%	58.2%	52.5%
Heard County	176	180	150	169	145	108	74.5%	60.0%	64.0%	63.9%
Henry County	2,230	2,559	2,613	2,467	2,150	1,588	73.9%	62.1%	64.4%	61.6%
Houston County	1,805	2,110	1,750	1,888	1,678	1,312	78.2%	62.2%	69.5%	61.2%

Various Graduation Rates in FY 07										
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
				(A+B+C)/3			(F/E)	(F/B)	(E/D)	
				Average	Graduation	FY 07	FY 07	FY 07	FY 07 Avg.	FY07
	Fall	Fall	Fall	of 8th, 9th,	Class Size	No. of	GDOE	Basic	Freshman	Cumulative
	FY 03-1	FY 04-1	FY 05-1	& 10th	Used by	Graduates	Graduation	Completion	Graduation	Promotion
School System	GR08	GR09	GR10	Graders	GDOE	per GDOE	Rate	Rate	Rate	Index
Irwin County	118	123	109	117	121	81	66.9%	65.9%	69.4%	54.3%
Jackson County	470	561	427	486	423	276	65.2%	49.2%	56.8%	56.9%
Jasper County	138	187	117	147	129	77	59.7%	41.2%	52.3%	43.6%
Jeff Davis County	208	201	207	205	193	147	76.2%	73.1%	71.6%	56.9%
Jefferson County	242	288	241	257	232	178	76.7%	61.8%	69.3%	65.5%
Jenkins County	144	155	142	147	143	93	65.0%	60.0%	63.3%	52.7%
Johnson County	108	97	94	100	83	53	63.9%	54.6%	53.2%	44.8%
Jones County	407	524	382	438	380	262	68.9%	50.0%	59.9%	60.2%
Lamar County	223	244	214	227	166	119	71.7%	48.8%	52.4%	58.2%
Lanier County	116	128	120	121	94	66	70.2%	51.6%	54.4%	49.6%
Laurens County	427	472	420	440	433	299	69.1%	63.3%	68.0%	68.3%
Lee County	439	476	421	445	387	304	78.6%	63.9%	68.3%	60.7%
Liberty County	933	1,005	742	893	697	484	69.4%	48.2%	54.2%	50.1%
Lincoln County	121	126	115	121	112	91	81.3%	72.2%	75.4%	63.0%
Long County	151	203	158	171	143	96	67.1%	47.3%	56.3%	69.4%
Lowndes County	737	815	693	748	662	519	78.4%	63.7%	69.4%	63.1%
Lumpkin County	250	323	232	268	185	154	83.2%	47.7%	57.4%	56.5%
Macon County	176	252	150	193	136	81	59.6%	32.1%	42.0%	37.2%
Madison County	383	416	340	380	359	235	65.5%	56.5%	61.9%	56.3%
Marion County	119	180	150	150	128	87	68.0%	48.3%	58.1%	46.1%
McDuffie County	315	395	312	341	308	224	72.7%	56.7%	65.8%	57.2%
McIntosh County	178	174	148	167	152	93	61.2%	53.4%	55.8%	56.7%
Meriwether County	308	332	296	312	295	183	62.0%	55.1%	58.7%	45.6%
Miller County	89	85	86	87	86	69	80.2%	81.2%	79.6%	76.3%
Mitchell County	248	288	269	268	169	90	53.3%	31.3%	33.5%	20.7%
Monroe County	286	312	278	292	276	195	70.7%	62.5%	66.8%	59.4%
Montgomery County	110	121	95	109	85	59	69.4%	48.8%	54.3%	45.8%
Morgan County	253	306	299	286	242	194	80.2%	63.4%	67.8%	66.2%
Murray County	565	653	526	581	521	299	57.4%	45.8%	51.4%	51.3%
Muscogee County	2,451	3,030	2,546	2,676	2,322	1,636	70.5%	54.0%	61.1%	56.3%
Newton County	1,004	1,333	1,108	1,148	919	674	73.3%	50.6%	58.7%	47.4%
Oconee County	509	524	531	521	353	309	87.5%	59.0%	59.3%	59.5%
Oglethorpe County	180	203	188	190	179	128	71.5%	63.1%	67.3%	53.3%
Paulding County	1,610	1,913	1,675	1,733	1,477	1,100	74.5%	57.5%	63.5%	64.4%
Peach County	312	358	331	334	286	198	69.2%	55.3%	59.3%	53.3%
Pickens County	347	367	369	361	304	233	76.6%	63.5%	64.5%	52.1%
Pierce County	248	252	231	244	230	155	67.4%	61.5%	63.6%	64.0%
Pike County	219	278	204	234	197	145	73.6%	52.2%	62.1%	72.4%

<b>Various Graduation Rates in FY 07</b>										
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
				(A+B+C)/3			(F/E)	(F/B)	(E/D)	
	Fall	Fall	Fall	Average	Graduation	FY 07	FY 07	FY 07	FY 07 Avg.	FY07
	FY 03-1	FY 04-1	FY 05-1	of 8th, 9th,	Class Size	No. of	GDOE	Basic	Freshman	Cumulative
<u>School System</u>	<u>GR08</u>	<u>GR09</u>	<u>GR10</u>	<u>Graders</u>	<u>GDOE</u>	<u>per GDOE</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Index</u>
Polk County	559	545	496	533	485	319	65.8%	58.5%	59.8%	53.2%
Pulaski County	119	147	116	127	133	96	72.2%	65.3%	75.4%	71.7%
Putnam County	207	273	184	221	185	118	63.8%	43.2%	53.3%	63.7%
Quitman County	27									
Rabun County	181	185	152	173	164	124	75.6%	67.0%	71.8%	68.0%
Randolph County	101	176	130	136	117	77	65.8%	43.8%	56.8%	47.5%
Richmond County	2,678	3,305	2,370	2,784	2,244	1,488	66.3%	45.0%	53.4%	44.1%
Rockdale County	1,090	1,266	1,448	1,268	1,049	811	77.3%	64.1%	64.0%	
Schley County	91	81	76	83	66	57	86.4%	70.4%	69.0%	60.7%
Screven County	277	298	246	274	259	187	72.2%	62.8%	68.3%	57.2%
Seminole County	128	165	104	132	114	86	75.4%	52.1%	65.0%	54.6%
Spalding County	830	1,036	725	864	778	428	55.0%	41.3%	49.6%	41.4%
Stephens County	357	397	334	363	310	207	66.8%	52.1%	57.1%	55.7%
Stewart County	42	98	53	64	63	27	42.9%	27.6%	42.0%	27.3%
Sumter County	464	473	375	437	336	202	60.1%	42.7%	46.2%	50.5%
Talbot County	59	74	58	64	48	18	37.5%	24.3%	28.3%	22.1%
Taliaferro County	18	24	15	19	18	13	72.2%	54.2%	68.4%	
Tattnell County	274	303	225	267	206	145	70.4%	47.9%	54.2%	48.2%
Taylor County	126	124	114	121	100	67	67.0%	54.0%	55.2%	43.6%
Telfair County	113	138	115	122	107	79	73.8%	57.2%	64.8%	60.1%
Terrell County	137	152	115	135	98	54	55.1%	35.5%	40.1%	33.0%
Thomas County	384	474	377	412	329	250	76.0%	52.7%	60.7%	56.9%
Tift County	632	657	594	628	586	370	63.1%	56.3%	58.9%	62.9%
Toombs County	226	250	208	228	200	144	72.0%	57.6%	63.2%	69.7%
Towns County	91	202	185	159	66	57	86.4%	28.2%	35.8%	
Treutlen County	100	98	95	98	84	58	69.0%	59.2%	59.4%	47.4%
Troup County	958	1,155	830	981	846	593	70.1%	51.3%	60.4%	54.0%
Turner County	138	146	123	136	129	81	62.8%	55.5%	59.7%	59.9%
Twiggs County	102	146	96	115	102	66	64.7%	45.2%	57.6%	33.1%
Union County	227	267	197	230	178	154	86.5%	57.7%	66.9%	57.5%
Thomaston-Upson	408	438	376	407	357	235	65.8%	53.7%	57.7%	57.5%
Walker County	710	838	596	715	626	347	55.4%	41.4%	48.6%	47.1%
Walton County	797	971	816	861	754	559	74.1%	57.6%	64.9%	58.8%
Ware County	490	530	481	500	399	251	62.9%	47.4%	50.2%	50.7%
Warren County	71	80	68	73	75	42	56.0%	52.5%	57.5%	34.0%
Washington County	305	367	286	319	293	206	70.3%	56.1%	64.5%	61.6%
Wayne County	424	484	437	448	399	255	63.9%	52.7%	56.9%	50.3%
Webster County	37									
Wheeler County	86	94	73	84	69	43	62.3%	45.7%	51.0%	45.6%



<b>Various Graduation Rates in FY 07</b>										
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
				(A+B+C)/3			(F/E)	(F/B)	(E/D)	
	Fall	Fall	Fall	Average	Graduation	FY 07	FY 07	FY 07	FY 07 Avg.	FY07
	FY 03-1	FY 04-1	FY 05-1	of 8th, 9th,	Class Size	No. of	GDOE	Basic	Freshman	Cumulative
<u>School System</u>	<u>GR08</u>	<u>GR09</u>	<u>GR10</u>	<u>&amp; 10th</u>	<u>Used by</u>	<u>Graduates</u>	<u>Graduation</u>	<u>Completion</u>	<u>Graduation</u>	<u>Promotion</u>
				<u>Graders</u>	<u>GDOE</u>	<u>per GDOE</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Index</u>
White County	306	329	298	311	245	197	80.4%	59.9%	63.3%	81.4%
Whitfield County	984	1,117	888	996	737	532	72.2%	47.6%	53.4%	49.9%
Wilcox County	102	117	110	110	88	56	63.6%	47.9%	51.1%	54.3%
Wilkes County	148	185	147	160	95	83	87.4%	44.9%	51.9%	44.1%
Wilkinson County	121	123	124	123	115	96	83.5%	78.0%	78.3%	82.6%
Worth County	366	441	329	379	299	175	58.5%	39.7%	46.2%	43.6%
Atlanta City	4,014	4,131	3,380	3,842	2,708	1,849	68.3%	44.8%	48.1%	41.6%
Bremen City	123	122	116	120	119	111	93.3%	91.0%	92.2%	82.2%
Buford City	208	232	211	217	167	149	89.2%	64.2%	68.7%	60.1%
Calhoun City	197	226	195	206	206	170	82.5%	75.2%	82.5%	69.1%
Carrollton City	280	295	297	291	243	198	81.5%	67.1%	68.1%	72.8%
Cartersville City	287	373	281	314	262	211	80.5%	56.6%	67.3%	49.4%
Chickamauga City	117	149	140	135	135	119	88.1%	79.9%	87.9%	53.5%
Commerce City	100	106	116	107	93	78	83.9%	73.6%	72.7%	73.9%
Dalton City	391	487	368	415	311	229	73.6%	47.0%	55.1%	45.6%
Decatur City	187	244	212	214	187	167	89.3%	68.4%	77.9%	85.6%
Dublin City	271	310	259	280	254	152	59.8%	49.0%	54.3%	49.4%
Gainesville City	310	374	337	340	285	230	80.7%	61.5%	67.6%	53.5%
Jefferson City	127	139	139	135	146	123	84.2%	88.5%	91.1%	73.9%
Marietta City	540	610	555	568	434	342	78.8%	56.1%	60.2%	45.6%
Pelham City	121	143	89	118	106	68	64.2%	47.6%	57.8%	40.8%
Rome City	412	456	392	420	389	231	59.4%	50.7%	55.0%	51.8%
Social Circle City	116	126	110	117	94	82	87.2%	65.1%	69.9%	75.1%
Thomasville City	222	267	250	246	205	127	62.0%	47.6%	51.6%	45.1%
Trion City	98	104	85	96	90	87	96.7%	83.7%	90.9%	76.7%
Valdosta City	535	598	519	551	546	313	57.3%	52.3%	56.8%	46.8%
Vidalia City	176	210	176	187	185	133	71.9%	63.3%	71.0%	61.9%
CCAT	27	16	20	21	12	11	91.7%	68.8%	52.4%	
State Schools			29	10	28	8	28.6%		82.8%	
State Total	116,150	135,091	113,044	121,428	104,123	75,240	72.3%	55.7%	62.0%	56.1%

## National Test Scores

When compared with other students across the United States, Georgia's students are not doing well on nationally standardized tests. Their scores reflect substantial shortcomings in a variety of content areas. Georgia ranks near the bottom of the nation, year after year, on these measures.

For example, the overall scores on the Scholastic Assessment Test ("SAT") for Georgia's students are indicative of serious problems.<sup>5</sup> Even though the SAT is intended to measure aptitude for college instead of actual achievement, the average combined score on the SAT for all Georgia public, private, and home-schooled students in the class of 2007 taking the test was 1,472 on their last try (out of a possible score of 2,400) or 39 points below the national average of 1,511.

In 2008, the combined average score for Georgia fell by 6 percentage points to 1,466, while the average for the nation as a whole remained flat at 1,511. The difference widened to 45 points. In 2009, the average score for Georgia's students dropped by another 6 points to 1,460, while the national average declined by 2 points to 1,509, causing the difference to increase still further to 49 points.

The scores on the SAT are affected by differences in the participation rate from area to area and in the composition of the test-takers, but among the students who take this test, Georgia is still well below the national average. The students in rural areas tend to have lower scores than the students in urban areas, while the scores are the highest in suburban areas. For many subgroups of students, the average combined score is much lower than the overall state average.

Even though state-by-state comparisons can be misleading for the reasons cited above, it is still true that Georgia was 46<sup>th</sup> out of the 50 states in 2007. Georgia's combined SAT score also ranked 46<sup>th</sup> in the nation in 2006 and was last among the 50 states in 2005. Although Georgia education officials claimed to be "proud" of the State's improvement from 50<sup>th</sup> to 46<sup>th</sup> in 2006, the picture is still bleak.

Among the states in which a high percentage of students take the SAT, Georgia's SAT results are also poor. In 2009, Georgia ranked 18<sup>th</sup> among the 22 states with more than half of their students taking the test.

Although these results speak for themselves in showing widespread inadequacies in Georgia's educational system, the State has repeatedly ignored these troubling results to "spin" them into "good news." For example, in 2007, when Georgia students ranked 46<sup>th</sup> in the nation for the second year in a row on composite SAT scores, the State celebrated as "good news" the fact that Georgia's students had "kept pace with the nation" by not falling any further behind. Nevertheless, in testimony under oath, a high-ranking official of the State Department of Education acknowledged the obvious by saying, "I would not agree that is good news."

Students in many Georgia school systems have few opportunities to pass, or even to take, honors or Advanced Placement ("AP") courses in high school. For illustration, 22.2 AP tests were

---

<sup>5</sup> The number of Georgia students taking the ACT (initially known as the American College Test) has been increasing, but this analysis focuses on the more widely used SAT for simplicity.

taken and “passed” in the 2006-07 school year for every 1,000 students in Georgia (in the sense that the test taker earned a “passing score” of 3 or higher). However, in the school systems serving one-third of Georgia’s students who are enrolled in the systems with the least number of AP tests with a score of 3 or higher per 1,000 students, the rate was only 4.5 per 1,000 students versus 30.7 per 1,000 students in the other systems.

In other words, the number of AP tests passed by students in the lowest third of all systems based on the number of such tests was only 15% of the rate for all other students in Georgia. In 73 systems serving 10% of Georgia’s students, the rate was 1.2 per 1,000 students, which was only 5% of the statewide average.

Many high schools in Georgia do not offer a single AP course on site and may not even be able to provide reasonable access to the courses that are available through the Georgia Virtual School over the internet.

The National Assessment of Educational Progress (“NAEP”) establishes national benchmarks for measuring the proficiency levels of fourth and eighth grade students. NAEP testing results and proficiency standards are nationally recognized and accepted.

The performance by Georgia’s students on NAEP reflects the fact that the NAEP standards for proficiency are considerably higher than the minimum standards established by the State of Georgia, as measured by its own CRCT results. Georgia’s academic standards are so low that a student can meet them but still be below proficient according to the NAEP standards. As a result, the percentage of Georgia students who meet Georgia’s academic standards is significantly higher than the percentage of students who meet the NAEP standards for proficiency.

For example, when *USA Today* ranked the states according to “the gap between the percentage of fourth-graders passing state reading tests in 2005 versus those passing the National Assessment of Educational Progress,” the percentages in Georgia were 87% and 26%, respectively, for a gap of 61%, which was greater than all of the other states except the District of Columbia and Mississippi.

When the NAEP tests were administered in 2005, only 26% of Georgia’s fourth graders scored at or above the Proficient level reading, and only 30% were proficient in math. In the same year, only 25% of Georgia’s eighth graders were proficient in reading, and only 23% were proficient in math on NAEP tests.

The results were not much better in 2007. In that year, only 32% and 25% of Georgia’s students scored at the proficient level in math in the fourth and eighth grades, respectively. Only 28% of the fourth graders and 26% of the eighth graders in Georgia were proficient in reading.

Moreover, and perhaps more revealing, 21% of the fourth graders and 36% of the eighth graders in Georgia scored below basic in math, while 34% of the fourth graders and 30% of the eighth graders were below basic in reading.

An outside expert hired by the State in defending the recent lawsuit, who had previously served as the superintendent of a large school system in North Carolina, had to acknowledge such poor achievement rates on the NAEP are not “acceptable for any organization.”

## Georgia Test Scores

In addition to nationally standardized tests, Georgia students are also tested on a regular basis at various grade levels for the purpose of assessing whether they are meeting the minimum levels of proficiency established by the State. (O.C.G.A. §§ 20-2-281, 20-14-33, 2014-41)

State law mandates that Georgia students be assessed in a number of ways, including the Georgia Criterion-Referenced Competency Tests (“CRCT”) for grades 1 through 8 and the Georgia High School Graduation Test (“GHSGT”). (O.C.G.A. § 20-2-281) Georgia students also must pass various End of Course Tests (“EOCT”) to show mastery of certain State-required courses in grades 9 through 12. (O.C.G.A. § 20-2-281(h)) All of these tests were created specifically for Georgia and are not used to assess student achievement by or in any other state.

Georgia school systems administer the CRCT in reading, math, and English/language arts to nearly all students in grades 1 through 8 and in science and social studies in grades 3 through 8. (O.C.G.A. § 20-2-281)

Based on the State’s CRCT testing, large numbers of students are academically deficient and fail to meet even the minimum State standards in reading, mathematics, and language arts. Moreover, many of these students fall further behind as they proceed from year to year through school, because they attend schools that do not have the resources to meet the continuing and changing educational needs of all students, especially at-risk students.

There has been general improvement over time in CRCT scores, but some increase should be expected as teachers become accustomed to the tests and gain a good idea of what to expect. However, the test results still show that in the 2006-07 school year, 19% of eighth grade students failed to meet State standards in math, and 26% did not meet State standards in science. These percentages increased to 22% in math and 40% in science in 2007-08.

Although there were extenuating circumstances related to the tests in social studies, the fact remains that 72% of the sixth grade students and 76% of the seventh grade students failed to meet the State standards in social studies in 2006-07 when a new test was given. The State sought to diffuse the concerns by throwing out some of these results as “flawed” and by allowing re-tests on others. Even though the problems in the tests were still being worked out for the sixth and seventh grades in 2007-08, the fact remains that 41% of all eighth graders did not meet State standards on the CRCT in social studies in 2007-08.

Similarly, test scores on the Georgia EOCT show substantial gaps between the actual knowledge of the students in specific courses and the standards of proficiency required by the State.

In 60% of Georgia’s 370 high schools, at least half of all students taking an EOCT failed one of these tests in the 2006-07 school year. For example, more than half of the students taking Biology failed the ECOT in 47% of the schools. The same was true for more than half of the students taking Algebra I in 40% of the schools.

On a statewide basis in 2006-07, the failure rate on the ECOT was 37% in Algebra I and 38% in Physical Science. These rates changed in 2007-08 to 44% and 37%, respectively.

Moreover, economically disadvantaged and minority students typically fail the Georgia EOCT tests at higher rates, often at rates in excess of 50%. In 2006-07, 53% of African-American students failed the EOCT in Algebra, and 53% failed the EOCT in Physical Science. These percentages changed in 2007-08 to 59% and 51%, respectively.

These test results demonstrate serious problems in meeting the State's minimum curriculum standards. These failures are not mere isolated occurrences, but exist throughout the state on a consistent basis. State School Superintendent Kathy Cox admitted under oath that these EOCT failure rates are "alarming."

A study for the Governor's Office of Student Achievement also found that the failure rate on the ECOT was double or more the percentage of students who received a failing grade in various high school courses during that year.

Even though the GHSGT is not considered to be a rigorous test of a student's mastery of the essential curriculum-based knowledge and skills, the failure rate on this test makes it clear that many students are not sufficiently prepared to meet the State's own academic standards for earning a high school diploma.

In fact, the USDOE refused to permit Georgia to use the GHSGT as an indicator of adequate yearly progress under NCLB. Instead, Georgia was forced to create an "enhanced" (meaning, more difficult) version of the test to use for measuring compliance with the federal standards. Nevertheless, the State continues to use the original, less rigorous GHSGT as the standard for its own high school graduation requirements.

On a statewide basis, the failure rates for first-time takers of the GHSGT in the 2006-07 school year were 4% for English, 8% for Math, 12% for Social Studies, and 26% for Science. These rates changed in the 2007-08 school year to 10% for English, 7% for Math, 13% for Social Studies, and 13% for Science. For comparison, 24% of the students taking the Enhanced GHSGT in 2006-07 failed the test in math (and 23% in 2007-08).

African-American students taking the enhanced math test in 2006-07 failed to pass at a 39% rate, while the failure rate for English Language Learner students in English language arts was 43%. Indeed, in many systems, the proportion of minority and special education students failing the GHSGT and the enhanced GHSGT is much higher than the statewide averages for these same groups.

The data on the high percentage of students failing the GHSGT actually underestimate the problems revealed by this non-rigorous test. Because of the high dropout rates in many Georgia school systems, many struggling students do not progress far enough to take the GHSGT.

In addition, even if accepted into college, many Georgia graduates require further remedial educational services upon enrolling in college. For example, among all of Georgia's high school graduates who entered Georgia's public colleges in the 2008-09 school year, approximately one out of every four needed remedial assistance (also referred to as "learning support").

This high rate leads one to question whether many of the students who do earn a regular diploma from a high school in Georgia are adequately prepared for higher education, and once

again, the extent of this problem varies widely from system to system across Georgia and among various groups of students.

Similarly, more than half of the students who receive a HOPE Scholarship to colleges in Georgia, based on B average in high school, lose their scholarship during their freshman year for one reason or another.

### **Adequate Yearly Progress**

As a condition for the receipt of federal funds under the Elementary and Secondary Education Act of 1965, Title I, Part A ("Title I"), 20 U.S.C. §§ 6301-8923; 6311(a)(1), the State of Georgia is required by NCLB to establish state standards that demonstrate "adequate yearly progress" toward 100% of students reaching proficiency on certain state academic measures, including reading and math assessments, by 2014 in all school districts receiving Title I funds. (20 U.S.C. §§ 6311(b), 6311(h)(4)) The State of Georgia also uses graduation rates as one of its measures of school and system performance. (20 U.S.C. § 6311(b)(2)(C)(vi))

Under federal law, the State of Georgia is required to identify any schools and school systems receiving Title I funds that do not make "adequate yearly progress" ("AYP") on a student achievement measure for two consecutive years as being in "need of improvement," as defined. (20 U.S.C. § 6311(h)(2)(B)) The State must also implement a series of interventions followed by sanctions, ranging from tutoring and transfers to another school to abolishing or restructuring entire school systems, with regard to those schools and systems found to be in "need of improvement" for two or more consecutive years. (20 U.S.C. § 6316(c)(10)(C) and 20 U.S.C. § 7901)

The State of Georgia uses results from its own CRCT tests in reading and language arts and in mathematics in grades 1 through 8, as well as the "enhanced" GHSGT test results and other measures, including graduation rates, to measure "adequate yearly progress" under NCLB. Based on the system employed by the State to score these tests, a student's performance is ranked in one of three categories: (1) not meeting State standards; (2) meeting State standards; or (3) exceeding State standards. On an annual basis, both schools and school systems are separately judged, based on student performance on these tests, as to whether they make "adequate yearly progress."

Many Georgia students and, in particular, a high number of students who are economically disadvantaged, English language learners, special education students, or ethnic minorities are not proficient in reading, language arts, or mathematics and are not graduating from high school. Thus, many schools and many school systems in Georgia have been found not to have made "adequate yearly progress" as defined by NCLB. Such schools and systems have been, and continue to be, subject to corrective actions.

In the 2006-07 school year, almost two-thirds of the school systems in Georgia failed to meet AYP requirements. (The number of systems not meeting AYP increased to 73% and 74% in the 2007-08 and 2008-09 school years, respectively.)

Nearly 400 individual schools, serving hundreds of thousands of students, failed to meet the minimum standards. Moreover, in 2006-07, there were 323 schools in Georgia that had failed AYP for more than two consecutive years and were considered in the category of "needs improvement" under NCLB. (This number fell to 307 in 2007-08, but rose to 334 in 2008-09).

Some Georgia schools fail to make AYP over and over again. In 2006-07, there were 76 schools in the State that had been in “needs improvement” status 4 or more consecutive years and 10 schools that had been in the “needs improvement” status for 8 or more consecutive years.

Although about 80% of the schools in Georgia are meeting AYP (82% in 2007-08, 80% in 2007-08, and 79% in 2008-09), this means of course one out of every five schools across the state is not making AYP. Significantly, 44% of Georgia’s high schools did not meet AYP in 2007-08, 51% in 2007-08, and 53% according to the preliminary results for 2008-09.

The State’s Director of Accountability who leads the group responsible for administering these AYP requirements has testified under oath that the poor performance of Georgia’s schools under the NCLB standards is not indicative of an adequate educational system.

In fact, these results vastly understate the severity of the educational deficiencies in Georgia because, among other reasons, AYP requirements are only based on test results in reading, English/language arts, and mathematics. They do not take into account how Georgia students are performing in other core subjects such as science and social studies.

In explaining this approach, the State’s Director of Accountability has testified, under oath, that “I think you can do without science” and “I think [Georgia students] can succeed in the world without social studies.”

Any review of how the State of Georgia has actually performed in K-12 education clearly shows that the State has failed to fulfill its constitutional obligation. Simply stated, many students in many school systems throughout the state are not receiving the adequate education that is promised to them by Georgia’s Constitution.

# **Has the State Met its Responsibility in Education?**

## **The State's Abdication of its Responsibility**

The system of public education established by the State of Georgia is not providing the educational opportunities our children need and deserve, and it does not come close to satisfying the constitutional mandate.

Despite the best efforts of our teachers and administrators, the educational opportunities available to many students in Georgia do not prepare them with the skills they will need to function in society as a responsible citizen or even to meet the performance and graduation standards set by the State. The systemic educational inadequacies are reflected in the extremely low graduation rates throughout the state, as well as dismal results on standardized tests scores and other measures of student performance.

Despite the myriad of factors that are involved in the educational process, there can be no doubt that the lack of sufficient resources is a major cause of these problems. Georgia's schools do not have the financial resources and other support needed to prepare their students in accordance with contemporary educational standards.

The challenges in Georgia are compounded by the fact that many of our schools must educate high percentages of economically and otherwise disadvantaged students who often need additional levels of support and intervention to succeed. For illustration, 53% of the students now served by Georgia's schools are eligible for free or reduced-price meals based on the income of their families. In many of Georgia's school systems, the percentage of economically disadvantaged students is even higher (some substantially higher) than the state average. This percentage is now rising in suburban systems as well as systems in urban and rural areas.

Yet many of the school systems with the greatest challenges have substantially less local tax revenues than other school systems in Georgia. These systems are unable to offer adequate educational services to all of their students, many of whom are economically disadvantaged. In fact, the State's duty to provide an adequate education to every student requires each school to provide greater help, usually at a higher cost, to the students who have greater needs and thereby have a higher risk of academic failure than other students.

Among other deficiencies, the current school funding system is not reasonably or appropriately designed to determine the level of State funding and support required to meet the constitutional mandate for an adequate public education. The amount of resources provided to the local school systems in Georgia under the current means of financing our schools bears no rational relationship to the actual cost of providing an adequate education for their students.



The members of the State Board of Education approve and recommend educational expenditures to the Georgia General Assembly, on an annual basis, without performing any objective analysis of whether the proposed funding levels would be sufficient to meet the educational standards required by the Georgia Constitution.

Instead, these funding recommendations are created through a political process that is designed to stay within pre-set spending targets, without proper consideration of whether these amounts are sufficient to meet the educational needs of Georgia's students or the requirements of State laws. Indeed, according to the Chair of the State Board of Education, the Board has never discussed the constitutional requirement to provide an adequate public education in any of its meetings during her tenure on the Board since 2003. Although each of these officials has taken an oath to uphold the Georgia Constitution, they have not acted in the manner required to fulfill their constitutional duty.

As a direct result of the State's failure, many school systems in Georgia are forced to address growing student needs without receiving the necessary financial and other support from the State. When local schools are unable to meet this challenge, their students suffer accordingly. This failure impacts not only the students personally, but also the overall prospects for employment, personal income, business development, and tax revenues in every community as well as the incidence of crime, dependency, and unemployment throughout our state.

The erosion of State support for Georgia's schools becomes evident when analyzing the basic data on the financing of K-12 education. Table 2 indicates the steady decline in State support to local school systems from FY 2002 through FY 2009, and Table 3 reveals the massive shift in the mix of state and local revenues over the decade from FY 1998 through FY 2008.

The data in Table 2 are taken from the statewide allotment sheet on the Web site for the Georgia Department of Department (GDOE). They include the combined QBE Formula Earnings, Local Five Mill Share, Austerity Reductions, and Categorical Grants for all local school systems in Georgia. FY 2002 was chosen as the starting point because this is the last year before the imposition of general austerity cuts.

Although the total allotments by the State to local school systems increased by \$1.4 billion or 25% over this period, the change in the absolute dollar amount over time does not indicate the true level of support. Adjustments must be made for the number of students and the effect of inflation. When viewed in this light, the financial support provided by the State to all local school systems in Georgia actually fell by 18% on a per-student, inflation-adjusted basis from FY 2002 to FY 2009, without considering the increasing needs of Georgia's students and the rising expectations for our schools.

This calculation uses the estimate of inflation published by the U. S. Bureau of Economic Analysis for governmental activities, which is more relevant for education than the more traditional and lower Consumer Price Index (CPI). Even when the CPI is used, the decline on a per-student, inflation-adjusted basis was still 7% from FY 2002 to FY 2009.

The data in Table 3 are derived from the revenue reports on the GDOE Web site and include some forms of State support to local systems in discretionary and non-QBE grants that are not reflected in Table 2.

**Table 2**

**Changes in QBE Funds to Local School Systems in Georgia**

(Does not include school construction, bus purchases, and non-QBE grants)  
 (Based on the statewide midterm allotment sheets shown on the GDOE website, although the austerity reduction indicated for FY 09 has been offset by \$157,931,185 in federal stimulus funds)

	FTE	QBE Formula Earnings	Required Local Effort	Austerity Reduction after Stimulus Funds	State Share of QBE Formula	Categorical Grants	Total State Funds	Government Price Index at Mid-Year	Amount in FY 02 Dollars
<b>Total Amount</b>									
FY 02 (midterm)	1,447,332	\$ 6,059,809,700	(1,003,852,755)	-	5,055,956,945	549,114,203	5,605,071,148	103.565	\$ 5,605,071,148
FY 03 (midterm)	1,472,992	6,367,838,458	(1,101,591,191)	(134,933,642)	5,131,313,625	481,929,652	5,613,243,277	107.515	5,407,017,997
FY 04 (midterm)	1,498,777	6,544,028,154	(1,206,225,204)	(283,478,659)	5,054,324,291	487,794,800	5,542,119,091	112.481	5,102,813,485
FY 05 (midterm)	1,528,133	6,734,111,956	(1,263,578,711)	(332,838,099)	5,137,695,146	546,628,422	5,684,323,568	118.192	4,980,852,937
FY 06 (midterm)	1,566,284	7,156,052,001	(1,334,870,641)	(332,835,092)	5,488,346,268	590,082,822	6,078,429,090	125.754	5,005,904,454
FY 07 (midterm)	1,607,844	7,754,461,531	(1,440,071,273)	(169,745,895)	6,144,644,363	640,372,353	6,785,016,716	129.999	5,405,351,243
FY 08 (midterm)	1,627,660	8,268,775,053	(1,542,897,518)	(142,959,810)	6,582,917,725	691,251,680	7,274,169,405	137.230	5,489,684,139
FY 09 (midterm)	1,630,671	8,280,854,933	(1,689,780,574)	(337,792,645)	6,253,281,714	759,179,374	7,012,461,088	140.873	5,155,320,981
<b>Change</b>									
From 02 to 03	25,660	\$ 308,028,758	(97,738,436)	(134,933,642)	75,356,680	(67,184,551)	8,172,129		\$ (198,053,151)
From 03 to 04	25,785	176,189,696	(104,634,013)	(148,545,017)	(76,989,334)	5,865,148	(71,124,186)		(304,204,512)
From 04 to 05	29,356	190,083,802	(57,353,507)	(49,359,440)	83,370,855	58,833,622	142,204,477		(121,960,549)
From 05 to 06	38,151	421,940,045	(71,291,930)	3,007	350,651,122	43,454,400	394,105,522		25,051,517
From 06 to 07	41,560	598,409,530	(105,200,632)	163,089,197	656,298,095	50,289,531	706,587,626		399,446,789
From 07 to 08	19,816	514,313,522	(102,826,245)	26,786,085	438,273,362	50,879,327	489,152,689		84,332,897
From 08 to 09	3,011	12,079,880	(146,883,056)	(194,832,835)	(329,636,011)	67,927,694	(261,708,317)		(334,363,158)
<b>Overall Change</b>									
From 02 to 09	183,339	\$ 2,221,045,233	(685,927,819)	(337,792,645)	1,197,324,769	210,065,171	1,407,389,940		\$ (449,750,167)
% from 02 to 09	12.7%	36.7%	68.3%		23.7%	38.3%	25.1%		-8.0%
<b>Amount per FTE</b>									
FY 02 (midterm)		\$ 4,187	(694)	-	3,493	379	3,873	103.565	\$ 3,873
FY 03 (midterm)		4,323	(748)	(92)	3,484	327	3,811	107.515	3,671
FY 04 (midterm)		4,366	(805)	(189)	3,372	325	3,698	112.481	3,405
FY 05 (midterm)		4,407	(827)	(218)	3,362	358	3,720	118.192	3,259
FY 06 (midterm)		4,569	(852)	(212)	3,504	377	3,881	125.754	3,196
FY 07 (midterm)		4,823	(896)	(106)	3,822	398	4,220	129.999	3,362
FY 08 (midterm)		5,080	(948)	(88)	4,044	425	4,469	137.230	3,373
FY 09 (midterm)		5,078	(1,036)	(207)	3,835	466	4,300	140.873	3,161
<b>Overall Change per FTE</b>									
From 02 to 09		\$ 891	(343)	(207)	341	86	428		\$ (711)
% from 02 to 09		21.3%	49.4%		9.8%	22.7%	11.0%		-18.4%

From FY 02 to FY 09, the total amount of State funds per student to local systems through QBE increased by 11%, but when taking inflation into account, this amount actually decreased by 18% in constant FY 02 dollars based on the Government Price Index as calculated by the U. S. Bureau of Economic Analysis. The total amount of State funds would have to be \$1,159,765,657 greater in FY 09 to maintain the same amount per student in constant dollars that existed in FY 02.

**Table 3**

**Shift in the Mix of Revenues for K-12 Education in Georgia**

<u>Fiscal Year</u>	<u>Local Revenue</u>	<u>Percent Local</u>	<u>State Revenue</u>	<u>Percent State</u>	<u>Total State and Local Revenue</u>
FY 98	\$ 2,775,401,320	39.1%	4,313,762,545	60.9%	\$ 7,089,163,865
FY 99	3,135,012,871	40.2%	4,670,765,289	59.8%	\$ 7,805,778,160
FY 00	3,449,706,225	41.2%	4,922,286,996	58.8%	\$ 8,371,993,221
FY 01	3,697,905,915	40.5%	5,439,669,382	59.5%	\$ 9,137,575,297
FY 02	3,982,493,537	40.7%	5,803,719,925	59.3%	\$ 9,786,213,462
FY 03	4,295,163,553	42.4%	5,825,401,669	57.6%	\$10,120,565,222
FY 04	4,593,260,220	44.6%	5,695,312,766	55.4%	\$10,288,572,986
FY 05	4,834,565,349	45.1%	5,890,066,550	54.9%	\$10,724,631,899
FY 06	5,225,563,917	44.9%	6,400,512,865	55.1%	\$11,626,076,781
FY 07	5,767,032,931	44.5%	7,200,951,318	55.5%	\$12,967,984,248
FY 08	6,141,155,163	44.5%	7,664,037,715	55.5%	\$13,805,192,878
Increase from FY 98 to FY 08	\$ 3,365,753,843		3,350,275,170		\$ 6,716,029,013
Change	121.3%		77.7%		94.7%
% of Total Change	50.1%		49.9%		
Amounts needed in FY 08 to restore the percentages that existed in FY 98					
FY 08	\$ 5,404,720,679	39.1%	8,400,472,199	60.9%	\$13,805,192,878
	\$ (736,434,485)	decrease	736,434,485	increase	

Notes:

- (1) Based on the total local and state revenues shown on the GDOE website.
- (2) Does not include revenues for construction or school nutrition.
- (3) Does not include federal revenues.

As shown in Table 2, the local revenues for K-12 education have grown at a much faster rate than the increase in all State funds to local school systems over the last decade. In effect, it has been necessary for local revenues to increase at a rate that is large enough to compensate for the much smaller increase in State revenues, which have not kept up with the growth in enrollment and the effect of inflation.

In FY 1998, State funds represented 60.9% of the combined total of state and local revenues for school operations (excluding federal programs, school construction, and school nutrition). By FY 2008 (the last year for which such data are available), the State's share of this total had dropped to 55.5%. The magnitude of the shift is shown by the fact that the level of State support would have had to be \$736 million higher in FY 2008 (with the amount of local revenues being that much less) to produce the same mix of state and local revenues that existed ten years earlier in FY 1998.

The shift from state to local revenues is not inherently harmful, but it does increase the dependence of public education in Georgia on local property taxes, exacerbate the inequities from one system to another, and increase the risk that the total level of funding will not be enough to provide an adequate education. The unavoidable reality is that many systems cannot make up the difference caused by a shortfall in State funding.

### **Specific Legal Duties of the State**

It is a well-established principle under our tripartite form of government that the judicial branch has the power as well as the duty to review the constitutionality of actions by the other branches. The courts do not have the right to "take over" our schools, as some have alleged, or to design the school funding formula and other policies, but only to determine whether the legislative and executive branches are fulfilling their constitutional duties.

The courts of Georgia have already taken a strong position in this regard. As part of its decision in the Whitfield County case, the Georgia Supreme Court declared, "Judicial review of legislative enactments is central to our system of constitutional government and deeply rooted in our history." (*McDaniel v. Thomas*, 248 Ga. 632 (1981))

The State of Georgia is charged under the Georgia Constitution with a primary obligation to provide an adequate education for all its citizens. In furtherance of this constitutional mandate, the General Assembly has declared that it is the policy of the State to assure that every Georgian has access to "quality instruction . . . designed to improve upon a student's learning capacity." (O.C.G.A. § 20-2-131) The entire QBE Act sets forth the actions the State will take to implement its constitutional responsibility in education.

The State Board of Education is responsible for the general supervision of the Georgia Department of Education. One of its specific duties is to submit to the Governor and General Assembly a recommended education budget which includes the funds necessary for the operation of the State's public schools. (O.C.G.A. § 20-2-11) The Board is further required to "establish and enforce standards for operation of all public elementary and secondary schools and local units of administration in this state so as to assure, to the greatest extent possible, equal and quality educational programs, curricula, offerings, opportunities, and facilities for all of Georgia's children and youth." (O.C.G.A. § 20-2-240)

## CHAPTER 6

---

### **Does Money Matter?**

#### **The Basic Needs of Every Student**

Good schools depend on having capable teachers, effective leaders, active parents, and a supportive community as well as a sound curriculum. The level of resources is only one of the essential elements, but there must be a reasonable level of financial support for a school to achieve sustained progress. This is especially true when considering the need to make deep and broad improvements in Georgia's schools on a statewide basis.

Despite the importance of adequate resources, it must be emphasized that the existence of adequate or even ample resources does not guarantee success. The funds must be spent wisely and effectively, and the intangible factors, especially the quality of teaching, become critically important once an adequate level of resources has been put in place.

Moreover, the required amount of resources varies widely according to the needs of each student. What works for some students is not enough for others, especially the students who come to school from disadvantaged backgrounds or speak a first language other than English.

In other words, the exact cost varies from school to school in relation to the needs of the students, and the required level of State support varies according to the availability of local resources. The essence of the State's responsibility is to provide a foundation of support that takes all of these factors into account and is enough to provide an adequate education without regard to where a student might live or what his or her background might be.

The consequences of diminished resources may not show up immediately, but over time they become crippling, not only in the instructional program (which becomes even more regimented as the needed alternatives and extra help are dropped and class sizes increase) but even more so in the psyche of local educators, who become more and more accustomed to fewer offerings and less time available for their students.

In addition, the real question is not whether the recent cuts will be restored but what has never been done for our students. Money isn't everything, and there must be strong leadership and effective policies (including some that would actually reduce costs). Even so, it is virtually impossible to address the varied needs of all of our students without providing extra help and additional opportunities, which almost always cost more than the basic program.

The wording of the State's constitutional obligation does not say anything about money. It is possible, therefore, that a future lawsuit may focus solely on accountability for educational results. However, judges are understandably reluctant to delve into educational policy. As a

result, nearly all of the adequacy cases across the country have focused on funding at the outset. Although the initial decisions have generally been to order additional resources, the remedies have also led to increased accountability and other reforms.

The Rose case in Kentucky, which is known for its significant and far-reaching impact, began as a claim based on school funding, but the courts held the entire educational system in Kentucky to be unconstitutional. Although the courts ordered a remedy which was open-ended, it did not include the specific steps that have been widely publicized as part of the educational renaissance in Kentucky. These steps coincided with other efforts to improve education in Kentucky. However, it was clearly the court decision that triggered the reforms.

In New York, the court of appeals (the highest court in New York) ordered a cost study, guided by three retired judges. They came up with an estimate of about \$5 billion for the additional amount of needed state funds, including differential funding for at-risk students. The total amount was eventually reduced to about \$2 billion in the final court order.

In responding to the court's decision, both the outgoing and incoming Governors of New York at that time recommended appropriations that were much higher than the minimum set by the courts, but the remedy in this case has been temporarily sidetracked by the economic collapse in that state. Interestingly, the legislative initiative for implementing the remedy in New York included performance contracts on how the additional funds would be used.

In New Jersey, the courts mandated various efforts to evaluate the performance of the school systems to ensure that the fiscal reforms were being effective. The decision in Arkansas, which was largely about funding, also included accountability standards. Another consequence was a wave of consolidations in very small school districts.

In general, the key factor in school finance litigation has been to prove a constitutional violation based on inadequate financial support, but the legislative remedy often goes beyond the level of funding. With regard to a constitutional responsibility, it is usually easier to prove the "the absence of compliance" than to say what should be done. When all is said and done, however, the plaintiffs still have to rely on the political process for the necessary corrections.

### **Comparison with Other States and over Time**

Recent reports indicate that the level of spending per student for K-12 education puts Georgia near the middle of the 50 states and somewhat below the national average, but aggregates and averages can be very misleading.

According to data compiled by the U.S. Census Bureau, the average expenditure for elementary and secondary education per student in 2006-07 ranged from a low of \$5,683 in Utah and \$6,625 in Indiana to a high of \$15,981 in New York and \$15,691 in New Jersey, with Georgia ranked 25<sup>th</sup> at \$9,127. The average for the United States was \$9,666 per student, which is 6% higher than in Georgia.

However, the average expenditure per student for Georgia as a whole is not an accurate description for all parts of our state. There are vast differences among the schools throughout Georgia. The schools in Metro Atlanta have been adversely affected by the cuts in State funding,

but these consequences, as bad as they are, are minor in comparison with the devastating impact on those systems which were already spending at a low level per student and cannot cover deficits in State funding from local resources.

Within Georgia, the total operating expenditure per student for some systems in FY 2007 was nearly double the amount for other systems, ranging from a high of \$13,744 in Decatur City and \$12,762 in Atlanta City to a low of \$6,367 in Chickamauga City and \$6,952 in Lee County. When ranking the 180 systems on this basis, the expenditure per student for the system in the 18<sup>th</sup> place or 10% from the top (Buford City) was \$9,981, which was 33% higher than the figure for the system that was 18<sup>th</sup> or 10% from the bottom of the list (Berrien County) at \$7,500.<sup>6</sup>

Moreover, the financial condition of the local systems in Georgia varies widely. When State funding is cut during the course of a fiscal year after local school systems have set their budgets for the year, as was the case in FY 2009, local systems have to absorb these cuts out of their unrestricted cash balance (which is precariously low in many systems). As an indication of the differences in the financial condition of local systems, the combined general fund balance at the start of FY 2009 for only 2 systems was as much as the total for 120 other school systems in Georgia (two-thirds of the total number of systems) with 2.7 times as many students.

The state-by-state comparisons have to be put into context because Georgia has a higher percentage of disadvantaged students than most states. These students need far more assistance than other students. (According to the U. S. Census Bureau, 20% of Georgia's children, as indicated by the population under 18 years of age, were living in poverty in 2006 compared with 17% for the nation as a whole. The 2008 KIDS COUNT Data Book, compiled by The Annie E. Casey Foundation, ranked Georgia 40<sup>th</sup> in the nation according to a composite of 10 measures of the social and physical condition of the children in each state.)

Even though the amount of State funding to local systems in Georgia has increased in absolute terms, the increase has not kept up with the combined effect of enrollment and inflation, without even considering the needs of our students. The downward trend is pronounced. Even so, the real problem is more than what is being cut. The greater issue is what our schools have never been able to do for many of our children.

There is also a misunderstanding about the growth in educational costs generally. The substantial increase in spending over the last few decades has been fueled by forces that are national in scope, even though some affect Georgia disproportionately.

Education is a people business, with over 80% of all spending going to personnel. There has been a fundamental change in the labor market. The salaries for all teachers have risen, largely because women, who fill four out of every five teaching positions in Georgia, now have other alternatives in higher-paying careers. Our nation and state are losing much of the "subsidy" that has been contributed by women through artificially low salaries over the years.

---

<sup>6</sup> The figures which are compiled by the Georgia Department of Education are not directly comparable to the data released by the U. S. Census Bureau, as shown by the fact that the statewide average for Georgia in FY 2007 was \$8,428 according to GDOE and \$9,127 according to the Census Bureau.

Another nationwide trend is the substantial increase in spending for special education. Our schools are now making a serious attempt to educate many children who would have been cast aside in previous generations. When the federal government established guidelines for serving all students with disabilities, it promised to pay 40% of the related costs, but has never met more than half of that goal.

A critical variable in analyzing the cost of education is the relative increase in the number of students who are more costly to educate, such as the students who live in families with low incomes or have a first language other than English. The percentage of such students in Georgia has been increasing at a faster rate than enrollment generally.

General administration is often cited as a conspicuous example of wasteful spending. Although there are some exceptions, the central office expenses of most school systems in Georgia are incredibly low. These expenses represent less than 5% of the total expenditures for the entire state. This is not the easy place to achieve savings that many people expect.

Some of the increase in costs could be avoided. For example, it is not cost-effective to set rigid limits on maximum class size. Small variances should be allowed to avoid creating new classes that are unnecessarily small, and the reductions in class size should be targeted to the students who would benefit the most.

The unfortunate reality is that Georgia's schools are being starved financially. There is a minimum level of resources which every school must have to function properly. Although the intangible elements contributed by the teachers, parents, school leaders, and the community are essential, the lack of resources can be insurmountable, especially in providing the extra support needed by disadvantaged students. It is also true that additional investments, if the funds are spent wisely, can produce significant gains in student learning.

Despite the need for local discretion, no amount of flexibility can compensate for inadequate resources. Neither can a new wave of reforms unless they are accompanied by adequate financial and other support. Simple solutions like vouchers to those students who are accepted by private schools and can afford the rest of the tuition would not help everyone else.

Regardless of what other states are doing, especially with the qualifications noted above, the real issue is whether the State of Georgia is providing enough support to meet the needs of the students we have in the circumstances that exist in our state.

### **Correlation with Student Achievement**

In their written briefs, oral presentations, and public statements, the attorneys who represented the State in the recent litigation argued over and over again that the plaintiffs were never able to show a causal relationship or even a connection between the level of spending per student and the degree of academic achievement. This contention misrepresents what the plaintiffs actually said and misses the fundamental point in the analysis.

Education is such a complex process that there may not be a direct correlation between student achievement and any single variable. Even the quality of teaching, which is often cited



as the most powerful influence, is affected by other forces. However, it is certainly possible to illustrate the harmful effect of inadequate resources when they drop below a certain level.

No one can deny the essential roles of teachers, school leaders, parents, and the community. Nevertheless, the quality of teaching and the amount of instructional time and personal attention are clearly affected by the availability of adequate resources. These factors go hand in hand. In other words, even if adequate financial resources are not a sufficient condition for the academic success of a school, they are definitely a necessary condition.

Once a threshold of financial support has been met, the intangible factors exert the dominant effect, along with the family circumstances of each student including the educational background of the student's parents. However, having enough financial support is a prerequisite for an effective instructional program over time. It is always possible for students and teachers to work harder and smarter in specific situations, but to achieve and maintain academic success on a large scale and on a sustained basis, there must be a sound and reliable institutional base.

To add to the complexity, the required level of financial support depends on the needs of each student. Extra time and attention as well as alternative approaches are necessary to provide an adequate education for the students who live in low-income families or have other disadvantages outside school or speak a first language other than English.

The plaintiffs in the recent lawsuit readily admitted that it is difficult to show a direct, one-to-one, relationship between spending and academic achievement at every level of spending. Additional spending does not always translate into a measurable increment of student learning, except at the lowest and highest levels of expenditure per student, as exemplified by the most impoverished schools and the most elite – and expensive – private preparatory schools.

This does not mean, however, that there is not a strong relationship. It only means that the nature of the relationship has to be defined carefully. To the extent that extra time on task requires additional costs, the connection is intuitive. It is a matter of common sense. Even so, demonstrating a close correlation or connection between spending and achievement at every level of spending is difficult because of the complexity of other factors, except when – and this is the key point – the level of financial support does not reach a certain level.

For illustration, Table 4 (along with five charts related to this table) illustrates a simple and pervasive relationship between per-student spending when adjusted for family income and various measures of student achievement.

This table is based on the premise that educational spending has to take into account the relative needs of every student. Although there are many other factors, the student's family income is generally recognized as one of the most important. Therefore, the average expenditure per student for each system has been adjusted in this table to indicate what the base level of spending would have been if the expenditure per student for the students who are eligible for free or reduced-price meals was 40% greater than for all other students.

This analysis could be carried to a greater degree of precision by adjusting the expenditure per student according to the number of students in each instructional program and the relative cost of each program. Nevertheless, the added levels of complexity are not necessary

for the purpose at hand. For example, the differences related to special education are assumed to be roughly the same from system to system. It would also be appropriate to add an adjustment for the number of English Language Learners (for whom the incremental cost should be 50% to 100%), but here again the comparison is intended to be general in nature.

The Federal Title Programs are included in the amount of per-student spending. Even though these funds are not supposed to supplant the State's obligation to support the basic program, the expenditures for these programs should be included in the adjusted total for each system because local systems are receiving funds for these programs largely on the basis of the number of students from low-income families.

The selection of the exact percentage for the effect of economic disadvantage is unavoidably arbitrary. According to a mega-study (i.e., a study of other studies) by Dr. William J. Mathis, one of the foremost authorities on such research, most of the adjustments used in other studies on the needs of low-income students fall between 40% and 60%. Although the federal law for Title I uses a definition for poverty that is lower than the family income related to free or reduced-price meals, the formula for allotting Title I funds incorporates a 40% adjustment for the higher cost of educating economically disadvantaged students.

Once this adjustment is made, all of the systems can then be ranked in terms of their adjusted total spending per student and placed into two groups. The first group consists of the systems with the highest adjusted expenditure per student which serve two-thirds of Georgia's students, and the second group consists of the systems with the least adjusted expenditure per student which serve the other one-third of Georgia's students.

This approach is not perfect. It is only an approximation. The greatest flaw may be in the use of a mean average for each system, which obscures the differences within each system. Even so, the overall relationship shown in Table 4 and the related charts is striking. This analysis does not prove a cause-and-effect relationship, but it illustrates a pronounced contrast in student achievement between two categories of adjusted spending.

As depicted by the charts for Table 4, the academic achievement of the students in the second group – that is, the students who attend schools in the least-spending systems – is markedly less than for the students in higher-spending systems according to every major measure of student performance. Even though there are wide variations among the systems in the first group, the inescapable conclusion is that the students in the second group are performing at a level that is well below the norm for all other students in Georgia.

Unless a cynical and inaccurate argument is made that these students are less able than other students or their teachers are less dedicated than other teachers, the obvious conclusion is that the schools they attend are not able to afford the same quality of instructional program and other opportunities that other schools in Georgia are able to offer their students.

In summary, the students in 113 of Georgia's 180 school systems, which serve 536,000 students or one-third of the total enrollment in Georgia, are receiving an education that is demonstrably less effective than the education offered to the other students in Georgia. This conclusion is magnified by the fact that Georgia compares unfavorably in academic achievement with the nation as a whole.

**Table 4**

<b>Academic Achievement Data for FY 07</b>												
<b>Systems are ranked and grouped by their Adjusted Operating Expenditures per FTE Student (4).</b>												
<b>System</b>	<b>Adjusted Total Op. Exp per FTE (5)</b>	<b>GDOE Graduation Rate (6)</b>	<b>Averaged Freshman Graduation Rate (7)</b>	<b>Cumulative Promotion Index (8)</b>	<b>% Passing Math on GHS GT (9)</b>	<b>% Passing Science on GHS GT (9)</b>	<b>Average Total SAT (10)</b>	<b>AP Tests per 1,000 FTE (11)</b>	<b>CRCT % in Reading Gde. 3 (12)</b>	<b>CRCT % in Lang. Arts Gde. 5 (12)</b>	<b>CRCT % in Math Gde. 8 (12)</b>	<b>Comp. CRCT % (13)</b>
<b>Group 1</b>												
Decatur City	12,211	89%	78%	86%	94%	85%	1,064	86.7	93%	88%	76%	86%
Quitman County (2)	11,095	NR	NR	NR	NR	NR	NR	0.0	67%	74%	79%	73%
Talbot County	10,411	38%	28%	22%	84%	21%	NR	0.0	57%	68%	60%	62%
Clay County (2)	10,090	NR	NR	NR	NR	NR	NR	0.0	83%	61%	47%	64%
Atlanta City	9,819	68%	48%	42%	81%	63%	859	4.8	82%	87%	69%	79%
Taliaferro County	9,315	72%	68%	NR	76%	76%	657	0.0	84%	56%	56%	65%
Webster County (2)	8,789	NR	NR	NR	NR	NR	947	0.0	75%	81%	81%	79%
Buford City	8,438	89%	69%	60%	94%	85%	1,010	23.9	85%	84%	90%	86%
Clarke County	8,406	58%	45%	43%	90%	67%	961	29.6	71%	78%	69%	73%
Rabun County (1)	8,360	76%	72%	68%	95%	82%	962	4.7	90%	86%	80%	85%
Baker County (2)	8,329	NR	NR	NR	NR	NR	NR	0.0	77%	68%	56%	67%
Marietta City	8,128	79%	60%	46%	92%	73%	1,024	11.7	78%	79%	77%	78%
Turner County	7,951	63%	60%	60%	86%	65%	888	0.0	66%	92%	83%	80%
Fayette County	7,939	92%	65%	58%	97%	89%	1,044	56.1	93%	96%	94%	94%
Dawson County	7,939	78%	80%	62%	96%	87%	1,000	8.5	91%	88%	87%	89%
Greene County	7,881	68%	45%	NR	93%	82%	778	0.5	84%	85%	72%	80%
Glynn County	7,843	66%	56%	59%	94%	77%	1,008	23.6	78%	88%	80%	82%
Wheeler County	7,838	62%	51%	46%	90%	72%	NR	0.0	79%	91%	61%	77%
Union County	7,826	87%	67%	57%	91%	78%	964	3.3	94%	94%	91%	93%
Fulton County	7,787	80%	70%	64%	94%	80%	1,067	69.1	88%	91%	85%	88%
Pickens County	7,759	77%	65%	52%	96%	79%	1,011	11.6	87%	87%	87%	87%
Jackson County	7,742	65%	57%	57%	93%	75%	1,001	12.3	92%	90%	86%	89%
Stewart County	7,717	43%	42%	27%	74%	42%	772	0.0	78%	78%	67%	74%
Warren County	7,697	56%	58%	34%	75%	43%	783	0.0	77%	67%	74%	73%
Montgomery County	7,670	69%	54%	46%	87%	72%	924	0.0	76%	86%	61%	74%
Towns County	7,662	86%	36%	NR	92%	87%	949	0.0	99%	95%	82%	92%
Meriwether County	7,619	62%	59%	46%	79%	59%	830	0.0	69%	79%	68%	72%
Oconee County	7,583	88%	59%	60%	97%	88%	1,058	63.1	94%	95%	92%	94%
White County	7,571	80%	63%	81%	97%	82%	979	2.4	94%	90%	83%	89%
Cherokee County	7,568	77%	69%	56%	98%	91%	1,040	27.9	95%	93%	89%	92%
Chattahoochee (2)	7,556	NR	NR	NR	92%	53%	NR	0.0	71%	94%	69%	78%
Putnam County	7,550	64%	53%	64%	88%	70%	914	2.2	83%	92%	79%	85%
Floyd County	7,542	73%	64%	59%	94%	79%	1,031	7.3	90%	92%	89%	90%
DeKalb County	7,522	73%	57%	45%	86%	66%	900	18.5	79%	84%	70%	78%
Miller County	7,506	80%	80%	76%	88%	67%	905	0.0	85%	66%	92%	81%
Walton County	7,471	74%	65%	59%	97%	82%	943	10.7	85%	90%	80%	85%
Fanning County	7,423	79%	71%	69%	89%	66%	1,005	26.7	89%	89%	80%	86%
Wilkinson County	7,393	84%	78%	83%	87%	59%	920	0.0	82%	86%	89%	86%
Camden County	7,357	75%	67%	68%	96%	75%	978	13.4	91%	92%	88%	90%
Dublin City	7,346	60%	54%	49%	92%	74%	946	9.5	87%	85%	82%	85%
Lincoln County	7,331	81%	75%	63%	92%	70%	917	11.3	93%	96%	88%	92%
Calhoun County	7,312	71%	66%	68%	82%	59%	837	0.0	83%	88%	78%	83%
Forsyth County	7,300	83%	78%	81%	97%	85%	1,038	44.0	95%	95%	95%	95%
Houston County (1)	7,286	78%	69%	61%	95%	82%	1,001	22.2	88%	92%	92%	91%
Stephens County	7,274	67%	57%	56%	96%	81%	928	15.0	93%	95%	87%	92%
Appling County	7,271	67%	62%	68%	96%	76%	930	3.8	95%	86%	92%	91%

## Academic Achievement Data for FY 07

Systems are ranked and grouped by their Adjusted Operating Expenditures												
per FTE Student (4)		Averaged										
System	Adjusted Total Op. Exp per FTE (5)	GDOE Graduation Rate (6)	Freshman Graduation Rate (7)	Cumulative Promotion Index (8)	% Passing Math on GHS GT (9)	% Passing Science on GHS GT (9)	Average Total SAT (10)	AP Tests per 1,000 FTE (11)	CRCT % in Reading Gde. 3 (12)	CRCT % in Lang. Arts Gde. 5 (12)	CRCT % in Math Gde. 8 (12)	Comp. CRCT % (13)
Lanier County	7,249	70%	54%	50%	93%	64%	994	0.0	74%	78%	77%	76%
Glascock County	7,247	66%	68%	68%	90%	71%	1,020	0.0	85%	79%	78%	81%
Irw in County	7,240	67%	69%	54%	85%	64%	927	0.0	83%	88%	72%	81%
Ware County	7,233	63%	50%	51%	89%	69%	924	4.5	89%	92%	80%	87%
Chatham County	7,224	62%	50%	38%	91%	65%	905	10.0	80%	83%	75%	79%
Cobb County	7,218	81%	76%	69%	95%	79%	1,032	52.8	86%	88%	86%	87%
Bacon County	7,212	66%	59%	58%	86%	75%	962	0.0	89%	91%	83%	88%
Monroe County	7,199	71%	67%	59%	95%	73%	960	16.8	92%	88%	93%	91%
Pulaski County	7,188	72%	75%	72%	84%	80%	924	7.0	86%	82%	73%	80%
Morgan County	7,181	80%	68%	66%	92%	75%	938	10.3	90%	89%	89%	89%
Clinch County	7,172	75%	67%	63%	92%	77%	807	0.0	85%	92%	79%	85%
Haralson County	7,154	62%	58%	54%	88%	67%	928	3.0	80%	81%	76%	79%
Randolph County	7,132	66%	57%	48%	87%	67%	827	0.8	64%	82%	67%	71%
Catoosa County	7,116	70%	65%	59%	93%	79%	1,010	10.6	94%	91%	86%	90%
Telfair County	7,111	74%	65%	60%	94%	88%	937	0.0	91%	85%	83%	86%
Harris County	7,101	81%	79%	77%	94%	72%	989	16.7	94%	93%	83%	90%
Habersham (1)	7,071	71%	58%	64%	94%	73%	975	10.5	83%	87%	85%	85%
Dalton City	7,066	74%	55%	NR	94%	83%	967	18.4	74%	82%	84%	80%
Baldw in County	7,042	57%	57%	51%	94%	78%	914	3.8	81%	86%	71%	79%
Rome City	7,031	59%	55%	52%	96%	82%	1,085	21.4	84%	92%	84%	87%
Early County	7,026	69%	65%	57%	87%	62%	905	3.4	75%	82%	87%	81%
Terrell County	7,020	55%	40%	33%	80%	49%	810	0.0	79%	88%	58%	75%
Elbert County	7,010	62%	59%	48%	92%	64%	954	2.6	83%	91%	75%	83%
Johnson County	6,984	64%	53%	45%	89%	66%	981	6.0	81%	84%	85%	83%
Mitchell County (1)	6,982	53%	34%	21%	95%	83%	941	0.0	78%	82%	78%	79%
Social Circle City	6,976	87%	70%	75%	93%	77%	996	2.4	83%	87%	83%	84%
Echols County	6,954	79%	70%	60%	92%	59%	936	0.0	97%	75%	89%	87%
Gilmer County	6,930	76%	58%	47%	94%	80%	1,001	7.8	83%	77%	83%	81%
Wilkes County	6,928	87%	52%	44%	94%	73%	956	15.5	88%	86%	85%	86%
Burke County	6,928	50%	47%	44%	90%	60%	905	3.8	77%	80%	81%	79%
Pierce County	6,927	67%	64%	64%	96%	78%	946	5.7	86%	91%	89%	89%
Macon County	6,916	60%	42%	37%	82%	47%	776	0.0	69%	78%	68%	72%
Treutlen County	6,913	69%	59%	47%	78%	66%	991	0.0	88%	71%	81%	80%
Carrollton City	6,891	82%	68%	73%	94%	75%	973	22.7	83%	87%	85%	85%
Lumpkin County	6,890	83%	57%	56%	94%	75%	986	10.5	88%	89%	88%	88%
Oglethorpe County	6,888	72%	67%	53%	85%	70%	956	9.8	90%	83%	84%	86%
Commerce City	6,882	84%	73%	46%	96%	75%	954	8.1	92%	85%	81%	86%
Dooly County	6,861	59%	39%	36%	86%	50%	801	0.0	69%	87%	66%	74%
Madison County	6,856	66%	62%	56%	89%	68%	953	3.0	92%	89%	80%	87%
Troup County	6,846	70%	60%	54%	94%	74%	954	20.2	83%	87%	77%	82%
Brooks County	6,840	56%	47%	54%	89%	61%	841	0.0	81%	85%	78%	81%
Gordon County	6,839	69%	62%	67%	90%	72%	950	5.6	79%	83%	84%	82%
Franklin County	6,822	59%	51%	45%	88%	77%	941	8.5	88%	86%	73%	82%
Taylor County	6,815	67%	55%	44%	84%	70%	909	0.0	85%	86%	74%	82%
Ben Hill County	6,799	66%	58%	61%	83%	60%	916	1.5	82%	87%	81%	83%
Twiggs County	6,797	65%	58%	33%	87%	62%	766	0.0	67%	71%	72%	70%

## Academic Achievement Data for FY 07

Systems are ranked and grouped by their Adjusted Operating Expenditures												
per FTE Student (4)		Averaged										
System	Adjusted Total Op. Exp per FTE (5)	GDOE Graduation Rate (6)	Freshman Graduation Rate (7)	Cumulative Promotion Index (8)	% Passing Math on GHSGT (9)	% Passing Science on GHSGT (9)	Average Total SAT (10)	AP Tests per 1,000 FTE (11)	CRCT % in Reading Gde. 3 (12)	CRCT % in Lang. Arts Gde. 5 (12)	CRCT % in Math Gde. 8 (12)	Comp. CRCT % (13)
Crisp County	6,790	65%	60%	50%	89%	69%	894	5.1	89%	93%	76%	86%
Colquitt County (1)	6,782	60%	56%	55%	94%	76%	975	5.5	81%	85%	81%	82%
Crawford County	6,777	62%	55%	43%	91%	56%	930	5.3	87%	88%	74%	83%
Charlton County	6,771	67%	62%	64%	90%	65%	889	0.0	88%	82%	76%	82%
Hart County	6,766	69%	58%	52%	92%	72%	913	2.2	82%	87%	78%	82%
Cartersville City	6,764	81%	67%	49%	96%	84%	906	19.4	89%	86%	85%	87%
Gwinnett County	6,763	77%	67%	58%	95%	84%	1,031	44.8	89%	90%	90%	90%
Seminole County	6,761	75%	65%	55%	99%	66%	859	4.3	84%	86%	84%	85%
Butts County	6,760	75%	59%	54%	94%	74%	924	12.3	81%	80%	81%	81%
Jasper County	6,755	60%	52%	44%	93%	76%	911	2.9	83%	82%	73%	79%
Lowndes County	6,751	78%	69%	63%	96%	78%	996	12.0	92%	92%	84%	89%
Bulloch County (1)	6,737	74%	68%	58%	95%	75%	1,011	18.7	91%	89%	84%	88%
Pelham City (1)	6,736	64%	58%	41%	92%	69%	925	7.3	69%	84%	82%	78%
Evans County	6,733	65%	62%	62%	84%	71%	922	0.0	81%	88%	94%	88%
Bremen City	6,729	93%	92%	82%	94%	89%	989	13.5	97%	93%	96%	95%
Chattooga (1)	6,728	68%	50%	49%	88%	69%	937	0.0	81%	80%	73%	78%
Paulding County	6,726	75%	63%	64%	93%	73%	952	9.5	86%	87%	83%	85%
Effingham County	6,725	74%	73%	62%	96%	78%	981	9.9	93%	92%	91%	92%
Rockdale County	6,722	77%	64%	NR	92%	81%	975	28.8	89%	92%	82%	88%
Muscogee County	6,715	71%	61%	56%	93%	73%	956	13.8	86%	86%	80%	84%
Banks County	6,692	71%	64%	69%	89%	68%	996	1.5	81%	83%	90%	85%
Group 2												
Polk County	6,688	66%	60%	53%	91%	71%	947	8.5	86%	85%	80%	84%
Thomasville City	6,678	62%	52%	45%	84%	60%	914	11.7	78%	79%	79%	79%
Coweta County	6,676	76%	72%	58%	97%	83%	1,017	25.1	86%	90%	86%	87%
Thomas County	6,671	76%	61%	57%	94%	78%	954	0.0	88%	84%	78%	83%
Carroll County	6,668	66%	58%	49%	88%	72%	966	7.9	83%	88%	70%	80%
Richmond County	6,666	66%	53%	44%	86%	61%	931	9.3	75%	83%	71%	76%
Liberty County	6,661	69%	54%	50%	90%	64%	948	8.9	82%	92%	81%	85%
Walker County	6,643	55%	49%	47%	87%	68%	960	4.1	87%	91%	75%	84%
Columbia County	6,626	81%	80%	70%	97%	88%	1,023	33.0	94%	93%	89%	92%
Dougherty County	6,597	62%	51%	47%	88%	71%	912	4.6	82%	88%	75%	82%
Henry County	6,584	74%	64%	62%	93%	76%	952	26.6	89%	91%	86%	89%
Barrow County	6,564	68%	62%	60%	92%	74%	967	15.2	88%	89%	80%	86%
Cook County	6,551	65%	57%	56%	92%	80%	898	9.7	81%	90%	92%	88%
Lamar County	6,549	72%	52%	58%	83%	65%	882	1.3	89%	80%	80%	83%
Marion County	6,547	68%	58%	46%	94%	63%	954	0.0	85%	85%	81%	84%
Bartow County	6,521	67%	61%	50%	94%	78%	969	10.6	89%	88%	83%	87%
Heard County	6,514	75%	64%	64%	90%	75%	965	9.6	87%	91%	86%	88%
Newton County	6,499	73%	59%	47%	95%	72%	961	4.8	85%	87%	79%	84%
Washington County	6,495	70%	65%	62%	88%	66%	954	8.5	79%	84%	77%	80%
Toombs County	6,473	72%	63%	70%	95%	73%	975	1.4	91%	94%	84%	90%
Sumter County	6,460	60%	46%	51%	85%	56%	869	1.1	76%	78%	71%	75%
Spalding County	6,451	55%	50%	41%	91%	66%	912	7.5	85%	89%	72%	82%
Candler County	6,450	60%	46%	52%	93%	67%	930	0.0	88%	86%	80%	85%
Thomaston-Upson	6,445	66%	58%	58%	90%	66%	952	5.2	80%	79%	76%	78%

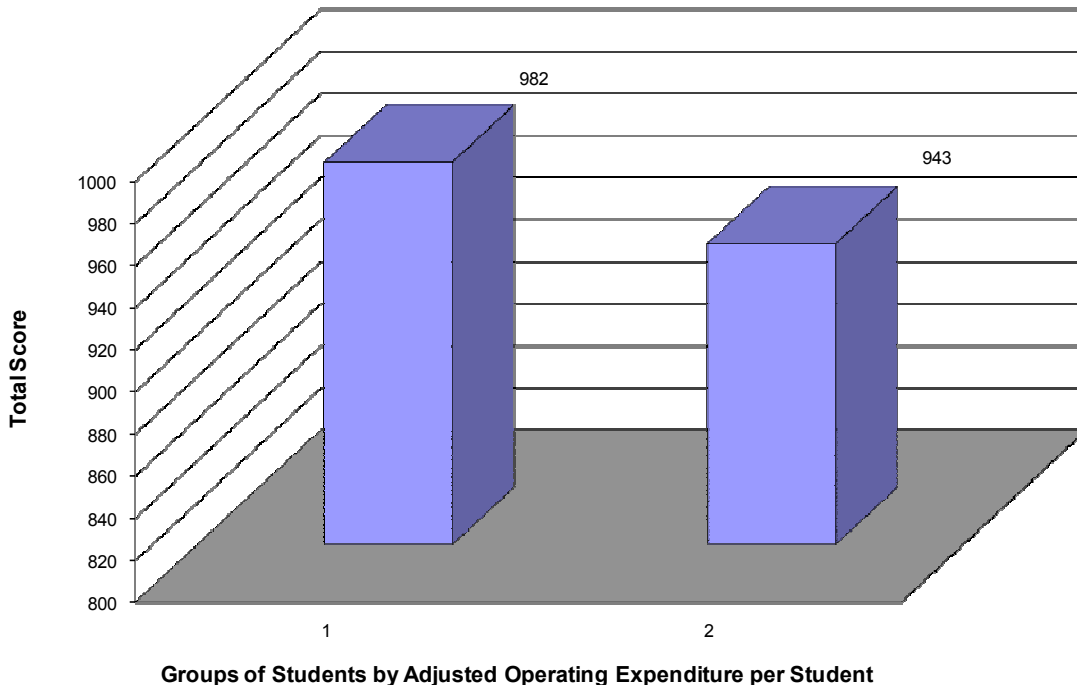
## Academic Achievement Data for FY 07

Systems are ranked and grouped by their Adjusted Operating Expenditures												
per FTE Student (4)		Averaged										
System	Adjusted Total Op. Exp per FTE (5)	GDOE Graduation Rate (6)	Freshman Graduation Rate (7)	Cumulative Promotion Index (8)	% Passing Math on GHSGT (9)	% Passing Science on GHSGT (9)	Average Total SAT (10)	AP Tests per 1,000 FTE (11)	CRCT % in Reading Gde. 3 (12)	CRCT % in Lang. Arts Gde. 5 (12)	CRCT % in Math Gde. 8 (12)	Comp. CRCT % (13)
Dade County	6,443	74%	71%	64%	91%	73%	978	6.1	87%	85%	87%	86%
Grady County	6,427	76%	58%	55%	92%	68%	944	8.3	87%	87%	83%	86%
Jenkins County	6,422	65%	63%	53%	93%	77%	877	0.0	93%	95%	68%	85%
Jefferson City	6,416	84%	91%	74%	97%	84%	1,041	7.6	91%	92%	95%	93%
Tattnall County	6,412	70%	54%	48%	92%	67%	892	1.9	82%	84%	82%	83%
Jefferson County	6,408	77%	69%	65%	79%	47%	869	3.0	83%	87%	85%	85%
Douglas County	6,397	70%	73%	63%	89%	66%	925	12.6	84%	86%	77%	82%
McDuffie County	6,383	73%	66%	57%	90%	69%	929	6.4	88%	87%	85%	87%
Jeff Davis County	6,378	76%	72%	57%	92%	82%	987	1.1	90%	86%	83%	86%
Whitfield County	6,370	72%	53%	50%	93%	70%	1,017	7.3	83%	88%	85%	85%
Jones County	6,357	69%	60%	60%	95%	86%	940	4.8	90%	94%	87%	90%
Bleckley County	6,356	72%	75%	71%	92%	78%	1,045	0.0	97%	95%	88%	93%
Calhoun City	6,354	83%	83%	69%	96%	83%	973	9.0	83%	83%	83%	83%
Laurens County	6,300	69%	68%	68%	91%	71%	935	5.1	90%	84%	84%	86%
Trion City	6,300	97%	91%	79%	96%	87%	1,000	13.3	99%	96%	96%	97%
Coffee County	6,294	60%	51%	50%	88%	61%	914	7.3	86%	85%	84%	85%
Peach County	6,265	69%	59%	53%	97%	73%	866	3.1	79%	82%	78%	80%
Decatur County	6,264	70%	66%	59%	90%	67%	902	3.8	85%	90%	80%	85%
Wilcox County	6,261	64%	51%	54%	87%	67%	931	0.0	88%	84%	70%	81%
Hall County	6,242	68%	56%	44%	97%	82%	993	9.5	82%	83%	81%	82%
Valdosta City	6,239	57%	57%	47%	90%	71%	969	16.0	84%	88%	67%	80%
Wayne County	6,238	64%	57%	50%	91%	76%	928	5.8	85%	83%	82%	83%
Worth County	6,238	59%	46%	44%	92%	69%	887	0.0	83%	90%	82%	85%
Bryan County	6,235	82%	81%	74%	93%	75%	1,007	12.7	93%	95%	90%	93%
Bibb County	6,214	59%	47%	40%	87%	61%	879	8.2	76%	82%	68%	75%
Brantley County	6,154	66%	62%	53%	88%	58%	910	0.3	90%	86%	83%	86%
Pike County	6,137	74%	62%	72%	94%	75%	996	12.7	93%	88%	83%	88%
Lee County	6,126	79%	68%	61%	99%	79%	989	18.5	89%	91%	86%	89%
Atkinson County	6,119	76%	56%	49%	89%	61%	902	0.0	82%	84%	69%	78%
Screven County	6,113	72%	68%	57%	91%	79%	917	18.5	85%	86%	80%	84%
Murray County	6,072	57%	51%	51%	84%	58%	968	1.8	84%	91%	78%	84%
Tift County	6,063	63%	59%	63%	93%	77%	970	13.5	89%	86%	82%	86%
Berrien County	6,033	77%	65%	52%	95%	78%	985	6.2	89%	83%	85%	86%
Chickamauga City	6,027	88%	88%	74%	97%	79%	994	21.7	95%	90%	95%	93%
McIntosh County	6,021	61%	56%	57%	83%	47%	860	6.9	84%	83%	83%	83%
Schley County	5,980	86%	69%	61%	97%	88%	948	6.2	89%	96%	93%	93%
Vidalia City	5,946	72%	71%	62%	91%	83%	1,004	0.0	88%	89%	89%	89%
Emanuel County	5,915	67%	58%	60%	86%	59%	878	0.0	82%	86%	82%	83%
Clayton County	5,747	72%	49%	44%	88%	60%	866	4.7	72%	80%	73%	75%
Dodge County	5,739	80%	68%	59%	94%	75%	962	0.6	90%	94%	74%	86%
Long County	5,654	67%	56%	69%	99%	88%	891	0.0	86%	80%	83%	83%
<u>Not Included</u>												
Hancock County (3)	NR	81%	63%	50%	85%	57%	723	0.0	78%	85%	80%	81%
Gainesville City (3)	NR	81%	68%	54%	95%	84%	969	9.1	87%	92%	81%	87%
Group 1: 2/3 rds of All Students (113 systems)	\$ 7,362	74%	64%	57%	92%	76%	982	28.3	86%	88%	83%	86%
Group 2: 1/3 rd of All Students (65 systems)	6,373	69%	60%	53%	91%	71%	943	10.5	84%	87%	79%	83%
State	\$ 7,016	72%	61%	56%	92%	75%	980	22.2	85%	88%	81%	85%

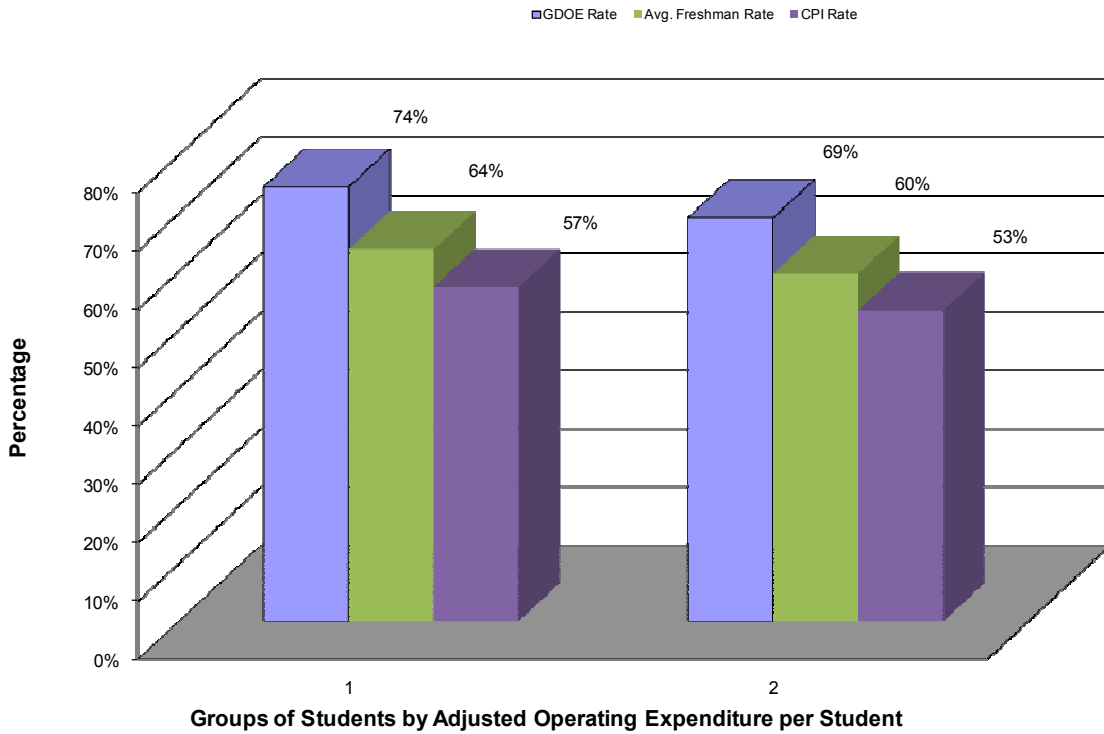
Notes to Table 4:

- (1) Indicates systems with a general local-option sales tax for education, which requires a roll-back in property taxes.
- (2) Indicates systems with an artificially high expenditure per student because they make payments to other systems for educating students who live in their districts.
- (3) Indicates systems that were omitted from the GDOE report on each system's total operating expenses in FY 07 because of local accounting problems.
- (4) Indicates two groups of systems, the first of which has roughly two-thirds of the students in Georgia and the second of which has the other one-third. The averages for each group are determined by weighting the indicated measure for each system by the number of students in that system.
- (5) Calculated by dividing the total operating expenditures for each system (including Federal Title programs but excluding construction and school nutrition) by the number of full-time students, with the number of students who are eligible for free or reduced price meals being increased by 40% to recognize the additional cost necessary to offset the disadvantages for children from low-income families.
- (6) Represents the percentage of students who receive a regular diploma within 4 years as estimated by GDOE.
- (7) Represents the percentage of students who receive a regular diploma in relation to the number of entering 9th graders 4 years earlier, as estimated by averaging the number of 8th graders in 2002, 9th graders in 2003, and 10th graders in 2004.
- (8) Represents the percentage of students who receive a regular diploma as calculated in accordance with the Cumulative Promotion Index developed by Dr. Christopher Swanson for *Education Week*.
- (9) Represents the percentage of students who pass the math or science portions of the Georgia High School Graduation Test on their first try.
- (10) Represents the combined math and verbal scores on each student's last administration of the SAT (and not necessarily the highest scores).
- (11) Represents the total number of Advanced Placement Tests taken by the students in each system with a score of 3 or higher per 1000 students (in total enrollment).
- (12) Equals the average percentage of students who meet or exceed standards on the Criterion-Referenced Competency Tests in the indicated subjects and grades.
- (13) Represents the mean average of the percentages of students who meet or exceed standards on the three indicated Criterion-Referenced Competency Tests.

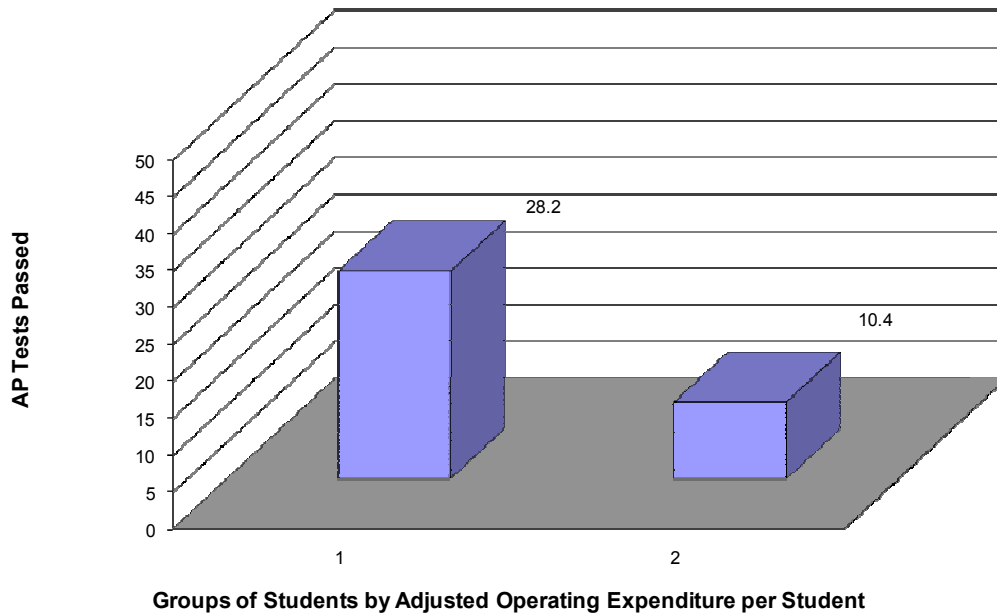
**Chart 1**  
**Average Total SAT Scores in FY07**



**Chart 2**  
**High School Graduation Rates in FY07**

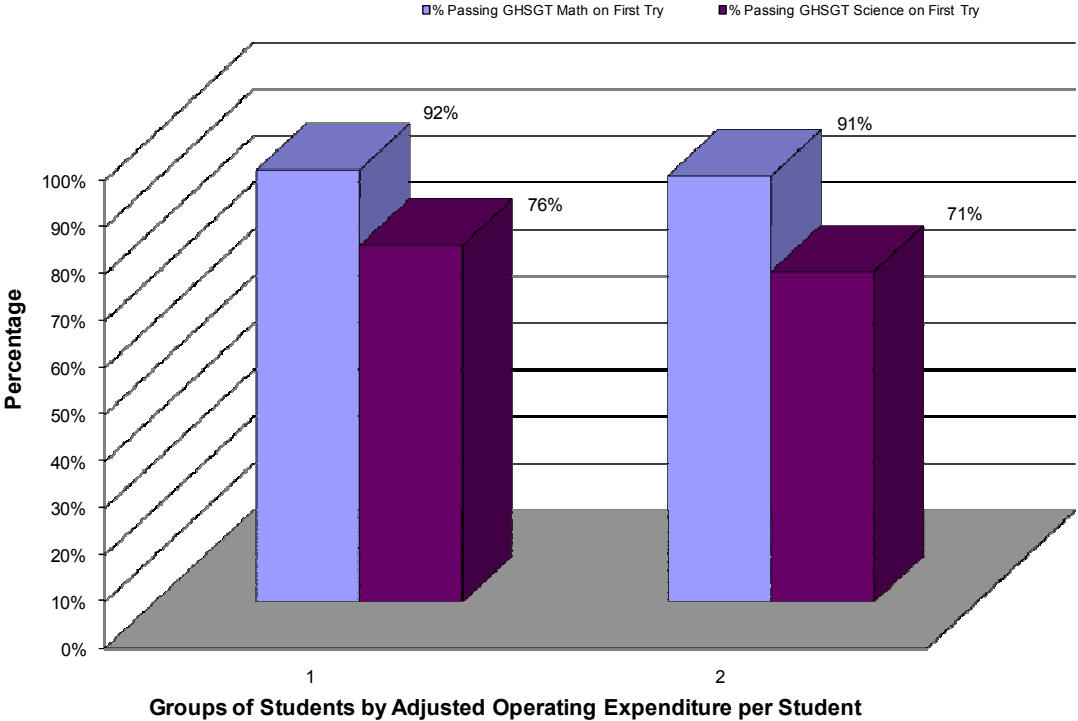


**Chart 3**  
**AP Tests Passed per 1,000 FTE in FY 07**

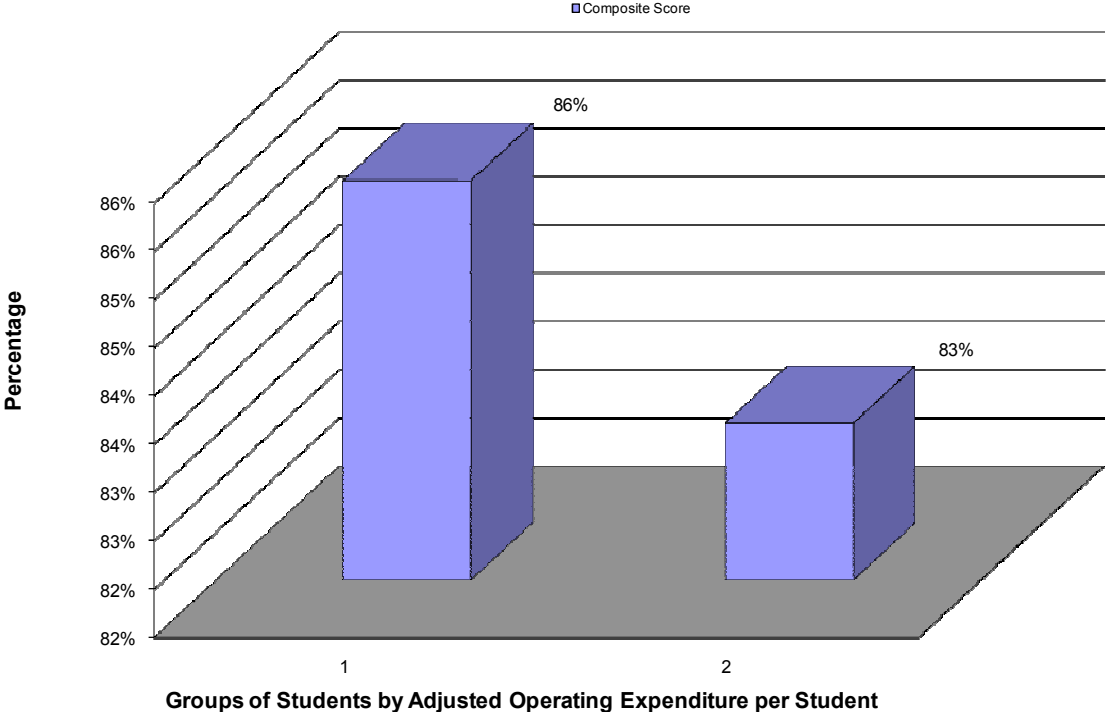




### Chart 4 Georgia High School Graduation Test in FY07



### Chart 5 Percentage Meeting Expectations on the CRCT in FY 07



## CHAPTER 7

---

### **How Well has the State Responded to this Challenge?**

#### **Overview**

The State of Georgia has failed in many ways to meet its constitutional and statutory obligations in providing an adequate education to every student in our state. These failures arise, in large part, from widespread and systemic deficiencies in the way the State finances its schools.

Georgia's current school funding system, while claiming to provide a "Quality Basic Education," does not ensure the opportunity for all students to obtain a constitutionally adequate education. Indeed, the financial resources and other support that the State provides to the local school systems in Georgia are not commensurate with the level of resources and other support that are required to provide an adequate education for every student.

Among other problems, the current school funding system does not adequately address the substantial disparities in student needs or taxable wealth in various school systems throughout Georgia. In fact, the State has not performed the type of cost analysis that would be needed to determine the level of State funding that is required to provide a constitutionally adequate education. Despite a number of false starts, none of the periodic reviews that were originally authorized and then mandated by the QBE Act have ever been performed or implemented in a meaningful way.

There is no way for the State to know whether the funding it provides to local schools is enough to meet the current educational needs and, therefore, no rational basis for State officials to believe that the State is fulfilling its constitutional mandate. This lack of an objective starting point or baseline is one of the major reasons why the State provides inadequate support to its schools and why many of our students do not have the educational opportunities they have been promised.

#### **Quality Basic Education Act**

In 1985, the State of Georgia adopted the Quality Basic Education Act (O.C.G.A. § 20-2-130, et seq.) in recognition of the need to provide "an opportunity for a quality basic education to the citizens of the state and to discharge the responsibilities and obligations of the State to ensure a literate and informed society . . ." (1985 Georgia Laws, 1660) In structure, the QBE Act was intended to identify the components of the public education programs deemed essential for an adequate education and to determine the cost of each component. In adopting this act, the State acknowledged its constitutional obligation to provide "an equitable public education finance structure which ensures that every student has an opportunity for a quality basic education, regardless of where the student lives . . ." (O.C.G.A. § 20-2-131(3))

The QBE Act was based on the recommendations of the Governor’s Education Review Commission, which was created by the General Assembly in 1983 following the Georgia Supreme Court’s decision in the Whitfield County case in 1981. The concerns prompting the creation of this Commission were that “there presently exists a critical need to review the present methods of funding our system of public education and develop ways to correct the inherent inequities that exist” and “there also presently exists a critical need to review the present education that our children receive and to ensure that they receive a basic, quality education that teaches the basic skills to cope with our complex society.”

The Commission was directed to “analyze and assess public education in Georgia, provide a definition of what constitutes an adequate education within the context of the State Constitution, and define what constitutes a basic education.” It was further charged with devising “allocation formulas for State funding that recognize that the cost of educating some students is more than the average cost of educating others.” (1983 Georgia Laws, 599-601)

The QBE Act established a formula (“QBE Formula”) that defines a designated cost per student for each of what are now 19 general programs, based on the instructional needs of the students in each program. (O.G.C.A. § 20-2-161) The cost of each program is calculated through a series of “building blocks” for the various components of the total formula cost, such as the salary and benefits for the classroom teacher; the cost of textbooks and instructional materials; the cost of utilities and facility maintenance; and allocations for specialists, instructional support, and administrative expenses at the school and system levels. (O.G.C.A. §§ 20-2-160 through 161, 20-2-162, 20-2-164, 20-2-166, 20-2-167, 20-2-180 through 186)

Under the QBE Formula, every system is required to contribute a local share based on the revenue which would be generated by five mills of property taxes levied on the “equalized” tax digest for the system. The tax digest is “equalized” to ensure that property in each jurisdiction is assessed on the same basis across the state. (O.G.C.A. § 20-2-164)

In addition to the QBE Formula, various categorical grants are made by the State for certain activities, such as student transportation and school health services, because these costs are not directly related to the number of students. (See O.G.C.A. §§ 20-2-188, 20-2-189)

Despite its original intent, the QBE Formula, as implemented and applied by the State, has ignored the actual costs of providing an adequate education in Georgia. The QBE Formula has failed to recognize the actual cost of an adequate education, for several reasons including:

- a. the use of arbitrary cost allocations or schedules that bear no relation to actual costs;
- b. the failure to include all of the necessary components of an adequate education;
- c. the existence of inappropriate cuts in various components;
- d. the imposition of caps that are not based on educational considerations; and
- e. the failure to make regular adjustments over time, especially in response to the continuing effect of inflation and the increasing needs of Georgia’s students.

## Problems in the Current Formula

The systemic deficiencies in the QBE Formula, as currently used by the State, adversely affect all the school systems in Georgia and create specific educational deficiencies that must be addressed throughout the state as a whole. Some of the specific deficiencies are as follows:

### Educational Support

a. The current allocations in the QBE Formula for textbooks, supplies, and equipment are arbitrary and devoid of any relationship to the cost of these necessary items. There has been only one increase since FY 1991. For example, the allocation of \$40.26 for all of the textbooks used by a typical student in high school is not enough to purchase more than a fraction of one textbook for any one course. The allocation for consumable materials of \$33.21 per year for a student in grades 1-3 amounts to only 18 cents per school day. The allocation for all books, periodicals, CDs, and other materials in the media center is only \$13.03 per student for an entire year. In FY 2007, the QBE allocations for textbooks, instructional supplies, and materials represented only 46.5% of the actual expenditures made for those materials by local school systems. Although this deficit may be absorbed by cutting other needed programs at the local level, such shifts only create further deficiencies in other areas of need.

b. The current allocation for the maintenance and operation of facilities, which includes paying custodians and maintenance workers, performing cleaning and scheduled maintenance, paying utilities, and providing insurance, bears no relationship to actual costs and falls dramatically below the actual costs incurred by school systems for these services. There has been no increase in this allocation since FY 2001. The allocation in FY 2007 was only 46.1% of the actual expenditures by local school systems for this purpose. As a result, many schools systems in Georgia have to divert funds that could be used for instruction and other necessary educational services to the upkeep of facilities or allow their facilities to deteriorate, often incurring even greater expenses in the future because of deferred maintenance and the lack of regular servicing. In terms of its total magnitude, the underfunding of facility maintenance and operation is the largest deficit in the QBE Formula, representing a shortfall of several hundred million dollars every year.

### Staffing

c. The staffing ratios for art, music, and physical education specialists bear no relation to the educational need for these services. The allocation of one position for every 345 students has a historical origin which only a few people can recall. Children enrolled in special education and kindergarten are not included in calculating this allocation.

d. The allocations for psychologists and school social workers have no sound educational basis. The staffing ratios for these positions (one for every 2,475 students) are arbitrary and fail to provide the services needed by school systems with large concentrations of at-risk students. The same is true for counselors. Some of the students with the greatest needs, such as those in special education and high-school remedial programs, are omitted from the student count that determines the number of counselors that are “earned” under the current formula.

e. The teacher staffing formulas ignore basic realities in the necessary staffing of schools. For instance, although high schools are required to allocate a planning period for each classroom teacher, the staffing ratio in QBE for high schools does not factor in these planning periods in determining staffing levels and costs.

f. One of the objectives of the QBE Act is “to attract, retain, and fully utilize highly competent personnel in all public schools of the state.” (O.C.G.A. § 20-2-131(5)) Although experienced and well-trained teachers can enhance student learning, the QBE Formula, as now implemented, provides no funding to school systems to recognize the adjustment for training and experience in a teacher’s salary beyond the base salary for a beginning teacher with a bachelor’s degree in the first year after an experienced teacher with advanced training is employed.

g. The QBE Formula ignores the employer share of Social Security (FICA) contributions based on 6.2% of covered salaries, which many Georgia school systems are required to pay if a prior local board of education did not opt out of Social Security by a certain date years ago.

h. The allocation for sick leave of only \$150 per teacher per year has remained almost the same since the inception of QBE. The last adjustment was in FY 1991. As an example, if a substitute teacher has to be hired for five days during a school year, this allocation would provide only \$30 per day, which would translate into an hourly rate for the substitute teacher that is less than the federal minimum wage. The ability of a local system to replace a teacher who has to be away for sickness or a personal or school-related reason is therefore largely a local responsibility.

i. The allocations for school and system administration, including school operations and central operations, in the current QBE Formula reflect neither the required staffing, nor realistic salaries, nor sufficient operating costs to supervise a school or school system. The schedules used for this purpose are simplistic and artificial and are not representative of the way in which schools and school systems are organized and the types of administrative duties that have to be performed.

#### Staff Development

j. Although the allocation in the QBE Formula for staff development has never been adequate, it has been cut even further in recent years. The QBE Act specifies that staff development shall be funded at 1.5% of base salaries, but the actual allocation for staff development since FY 2002 has been only 1% of base salaries – one-third less than the standard set forth in State law. Such underfunding of professional learning causes direct and predictable harm to student achievement. For example, during the introduction of a new curriculum over the past few years, including significant changes in the content of some subjects such as math and in the sequence of topic as in social studies, teachers were provided very little support in implementing the new curriculum. The Governor’s Education Review Commission and the Governor’s Education Reform Study Commission considered basing this allocation on higher standards, but the final compromise, as written into the QBE Act, was 1.5% of the base salary for a beginning teacher with a bachelor’s degree. (O.G.C.A. § 20-2-182 (h)) The fact that the State is not even following its own

law for an activity that is essential for improving the quality of teaching is a blatant example of the State's abdication of its constitutional duty.

### Intervention and Compensatory Assistance

k. Although at-risk students usually require more intensive educational programs and services in order to succeed in school, the current Remedial Education Program ("REP") for grades 6-12 is restricted to providing instructional assistance only in reading, writing, or mathematics. The number of students who can be served in REP is arbitrarily limited to 25% of the students at each school (or 35% in those schools where 50% of the students are eligible for free or reduced-price meals). This limitation is based solely on financial as opposed to educational considerations. Furthermore, the number of students who actually participate in remedial education is limited by overall deficiencies in the State's funding system, which discourage the use of those programs with smaller classes and a higher cost per student (even when there is a partial adjustment in the program weight).

l. The primary means of assisting students who need extra help is the Early Intervention Program ("EIP") in grades K-5, but the availability of this program to the students who need this assistance is hampered by the very low threshold of academic progress for a student to be eligible for EIP. There are also regulatory constraints, such as a financial bias in the class-size limitations in favor of self-contained classes, although this delivery model may not be the best one for all students. The "make-whole" adjustment to compensate for the impact on the funding of the regular classes when students are served in EIP during part of the day has been discontinued.

m. Alternative Education programs are essential in enabling many students to succeed academically and graduate. Many of these students would otherwise drop out of school. However, as currently funded and structured under QBE, alternative education programs are so inflexible that they are used primarily for students who are disruptive and have been assigned to an alternative school as a form of punishment, rather than as a means to reduce the very high drop-out rate in Georgia. The funding of alternative education under the current formula is arbitrarily based on 2.5% of the students in grades 6-12, regardless of the actual need for these programs and the statutory intent to serve all students who are either disruptive or "more likely to succeed in a nontraditional setting." (O.C.G.A. § 20-2-154.1(b)) Based on deficits in the funding formula and the arbitrary limitation on the funding of alternative education, many school systems are unable to provide the alternative education programs that would make a major difference in student outcomes, including graduation rates. Additionally, many systems are unable to offer alternative education programs and flexible scheduling in classes that would make completion of school a realistic option for many students who must work to support themselves and their families. The cost of operating a Performance Learning Center ("PLC"), which is touted by the State as an effective form of non-traditional instruction, is far beyond the funds provided by the State for the operation of a PLC in accordance with the intended model.

n. The QBE Formula includes a provision for Instructional Extension which ostensibly provides 20 days of additional instruction for students at-risk of academic failure. However, the funding for this program is based on 10% of a school system's students, regardless of the actual number of students in need of those services. In many

systems, the funding is inadequate to provide the needed assistance to large numbers of students, who are therefore more likely to fail or drop out of school.

### Categorical Grants

o. The categorical grant for student transportation is based on arbitrary cost and usage assumptions, which have little relation to reality and fail to fund much of the student transportation that must be provided by school systems to ensure student safety. The use of arbitrary assumptions in addition to an incomplete funding model causes the grants to local school systems to be only a fraction of the actual costs of providing safe transportation of students to and from school. The categorical grants by the State to local school systems for student transportation covered only 25.4% of the costs incurred by local systems for this purpose in FY 2007. Because of arbitrary limitations in the State's school transportation formula, the majority of transportation costs have to be funded from other sources, with the result that funds be diverted from other educational needs. As in the case of facility maintenance and operation, the underfunding of transportation represents a shortfall of several hundred million dollars every year.

p. School systems are legally required to offer school-based nursing services using health care professionals, including non-licensed personnel who work under the supervision of a licensed nurse. (O.C.G.A. § 20-2-771.2) School nurses play a critical role in reducing illness-related absences, providing medical interventions, identifying health barriers to a student's education. However, as a result of limited and fixed State funding for the school health nurse program (which was set at \$30 million in FY 2001 and has remained at this level in every year thereafter until it was cut by 3% in FY 2010), many schools systems in Georgia lack the funding to support this program adequately. The amount of State support for the school health nurse program bears little relation to the actual needs and benefits or the cost of providing such services.

One of the primary ways in which the State has avoided its responsibility in the funding of the basic instructional program defined in the QBE Act is by setting its funding formula (before the reduction for the Local Five Mill Share in calculating the State share) at a level that is artificially low in relation to the minimum cost of providing this program.

When including the effect of the austerity cuts, the total amount of the basic formula in QBE and the related categorical grants for transportation and nursing services in FY 2007 was at least \$1 billion less than a conservative estimate of the cost of providing the basic QBE program in that year. This means that the minimum costs required by QBE were underestimated in FY 2007 by at least \$700 per student, which is equivalent to \$17,500 for a class with 25 students and nearly \$280,000 per year for a school with 400 students.

Table 5 provides detailed estimates to indicate the underfunding of the QBE Formula and the major categorical programs, based on the assumptions that are explained in the footnotes to this table. It should be emphasized, however, that eliminating the deficits indicated in this table would not be enough to provide a constitutionally adequate education. The purpose of this table is only to demonstrate that the "non-salary" cost components in the QBE Formula and the major categorical grants are woefully unrealistic.

## **Lack of Regular Updates**

The systemic inadequacies of the QBE Formula also have been further exacerbated in recent years by across-the-board reductions in State funding on top of the lack of appropriate adjustments for inflation. These explicit and implicit cuts have widened the gap between the amounts in the QBE Formula and the actual cost to provide a constitutionally adequate education.

The State Department of Education has failed to perform any recent analysis on the impact of inflation on school budgets to determine whether current funding levels are sufficient to meet student needs, or even consistent with the original funding targets in QBE as adjusted for inflation. Rather, the State's education officials have abdicated their responsibility for such matters and have left them solely to the discretion of the Governor and his staff, based on the explanation that the Governor sets the fiscal parameters for the State.

Although the State contends that its overall spending for K-12 education has increased substantially over time, it ignores the fact that the allocations for many of the specific components of the current QBE Formula have not been adjusted appropriately to account for inflationary increases for many years. Although teacher salaries have been increased over time, this fact is routinely used by the State to disguise the fact that the funding for many other important expense categories has remained stagnant, or even declined, over time.

A large portion of the underfunding of the QBE Formula relates to the lack of adjustments for inflation in the "non-salary" cost components. Table 6 indicates the underfunding that results solely from the lack of adjustments for inflation since 1999, which was the last partial review of the QBE Formula for FY 2001. The estimates for inflation are based on the governmental price index published by the National Bureau of Economic Analysis, but using the Consumer Price Index, which reflects a lower rate of increase, would still indicate a serious problem in the updating of the estimates for the current cost of these components.

## **Other Aspects of School Funding in Georgia**

Because the QBE Formula and categorical grants leave school systems with substantial shortfalls in funding for their most basic educational services, equipment, supplies and operational costs, every school system throughout the state is required to rely on other revenues to make up the deficits in the funds needed to provide the basic program prescribed by QBE, without even considering what would be necessary to provide their students with an adequate education.

While some systems may be able to cover these deficits from local funds or other sources, many school systems in Georgia are not. In any event, whenever such additional local resources must be used to make up for inadequacies in the State's funding formula, those resources cannot be used for other needed instructional programs and services.

There two primary sources of funds for Georgia's public schools are: (1) State allotments to local school systems and (2) property taxes levied by local boards of education (or related governments) on the assessed value of real property in each local school system. The State allotments account for about 52% of the total operating revenues for Georgia's schools, and local revenues, nearly all of which come from property taxes, cover about 41% of the total.



**Table 5**

**Minimum Underfunding of QBE in FY 07**

Line	Categories	[A] Actual General Fund Expenditures	[B] Related QBE Allotments to School Systems	[C] Required Local Funds in Excess of QBE	[D] Required Salary Costs in QBE	[E] Other Costs to Comply with QBE	[F] Minimum Expenditures for QBE	[G] Per FTE in FY 07	[H] Minimum Underfunding of QBE	[I] Per FTE in FY 07
1	Direct instruction - Salaries	\$ 8,308,733,920								
2	Pupil Services - Salaries	271,946,522								
3	Subtotal	\$ 8,580,680,442	6,287,033,694	2,293,646,748						
4	Social Workers & Psychologists (1)		75,148,362	(75,148,362)						
5	20 Days Additional Instruction		55,876,014	(55,876,014)						
6	Special Ed. Itinerant		774,409	(774,409)						
7	Special Ed. Supplemental Speech		2,923,019	(2,923,019)						
8	Subtotal for Salaries (2)	\$ 8,580,680,442	6,421,755,498	2,158,924,944	6,421,755,498	-	6,421,755,498	3,994	-	-
9	Textbooks, Supplies, & Other (3)	309,105,258	143,713,368	165,391,890	-	278,194,732	278,194,732	173	(134,481,364)	(84)
10	Nursing Services (4)	53,712,980	30,000,000	23,712,980	-	48,341,682	48,341,682	30	(18,341,682)	(11)
11	Instruction & Pupil Services	\$ 8,943,498,680	6,595,468,866	2,348,029,814	6,421,755,498	326,536,414	6,748,291,912	4,197		
12	Media Center - Salaries (2)	232,839,784	160,611,466	72,228,318	160,611,466	-	160,611,466	100		
13	Media Materials (5)	21,292,459	20,950,859	341,600	-	20,950,859	20,950,859	13	-	-
14	School Administration (2,6,7)	828,388,049	360,440,890	467,947,159	349,145,027	11,295,863	360,440,890	224		
15	General Administration (1,2,7)	293,112,838	125,182,971	167,929,867	100,437,090	24,745,881	125,182,971	78		
16	Instructional Support	520,946,986	-	520,946,986	-	-	-	-		
17	Staff Development (8)	-	35,892,274	(35,892,274)	-	53,838,411	53,838,411	33	(17,946,137)	(11)
18	Facility Maintenance (9)	1,039,272,376	479,152,547	560,119,829	-	864,621,331	864,621,331	538	(385,468,784)	(240)
19	Mid-term hold-harmless	-	12,892,998	(12,892,998)	-	12,892,998	12,892,998	8		
20	Transportation (9)	654,762,482	166,452,130	488,310,352	-	530,421,292	530,421,292	330	(363,969,162)	(226)
21	Sparsity Grants	-	6,319,039	(6,319,039)	-	6,319,039	6,319,039	4		
22	Migrant Education	-	259,509	(259,509)	-	259,509	259,509	0		
23	Other	33,396,672	-	33,396,672	-	-	-	-		
24	Totals (10)	\$ 12,567,510,326	7,963,623,549	4,603,886,777	7,031,949,081	1,851,881,597	8,883,830,678	5,525	(920,207,129)	(572)
25	Austerity Reductions			169,745,895					(169,745,895)	(106)
26	Local Funds in Excess of QBE			4,773,632,672				5,525	(1,089,953,024)	(678)
27	Percent of Actual Expenditures	100%	63%						-9%	
28	Percent of QBE Allotments	158%	100%					5,525	-14%	
29	Count of Students for QBE	1,607,894								

Notes:

- (1) The QBE Allotments for Pupil Services include those in Central Administration for Social Workers and Psychologists, since this is where the related expenditures are reported.
- (2) The minimum funding of QBE assumes that the number of positions, salaries, and benefits in the QBE Formula represent the minimum staffing and personnel costs required by QBE. The QBE allotments for the certificated positions in Direct Instruction and Pupil Services represent 73% of the actual expenditures for this purpose.
- (3) The minimum funding of QBE is based on 90% of the actual expenditures in FY 07. For comparison, the overall estimate in the preliminary IE<sup>2</sup> cost model (without equipment, technology, or employee travel) is \$287 per FTE (based on \$300 per FTE in grades K-5, \$275 per FTE in grades 6-8, and \$275 per FTE in grades 9-12).
- (4) The minimum funding of QBE is based on 90% of the actual expenditures in FY 07, which are shown as non-salary costs since they do not involve certificated positions. For comparison, the overall estimate in the preliminary IE<sup>2</sup> cost model is \$87 per FTE (based on \$110.04 per FTE in grades K-5, \$83.26 per FTE in grades 6-8, and \$51.14 per FTE in grades 9-12).
- (5) The minimum funding of QBE is based on the QBE allotment for Media Materials in FY 07, which curtailed the actual expenditures to nearly the same amount.
- (6) The QBE allotments for School Administration include \$5,361,125 in the Categorical Grant for Principal Supplements.
- (7) The minimum funding of QBE is based on the QBE allotments for salary costs (except for Social Workers and Psychologists) and the small allocations for non-salary costs in School and General Administration.
- (8) The minimum funding of QBE is based on an allocation equal to 1.5% of the base salaries for the certificated employees as specified in the QBE Act.
- (9) The minimum funding of QBE is based on 90% of the actual expenditures in FY 07 for non-salary costs and the same percentage of salary costs that the QBE allotments for the salaries and benefits related to Direct Instruction and Pupil Services bear to the actual expenditures for this purpose. For comparison, the estimates in the preliminary IE<sup>2</sup> cost model are \$600 per FTE for Facility Maintenance and \$358 per FTE for Transportation.
- (10) The QBE Allotments include the Local Five Mill Share, which is part of the funding for the basic program in QBE, but do not include the Equalization Grants, which are intended to enable systems with a low tax base to exceed the QBE program on the same basis as other systems.

The minimum underfunding of QBE (shown in Column H) is the amount by which the QBE Allotments (shown in Column B) are less than a reasonable estimate of the expenditures to comply with the minimum requirements in QBE (shown in Column F), such as the state salary schedule for teachers and the specified staffing ratios for certificated positions. However, these estimates do not reflect the cost of an adequate education. The expenditures needed to comply with the minimum requirements in QBE (shown in Column F) are calculated by combining the QBE Allotments for all certificated personnel costs (shown in Column D) and estimates for the various non-salary costs (shown in Column E). The data for General Fund Expenditures come from the Report Card for FY 07 (excluding federal programs, construction, and school nutrition), and the data for QBE Allotments come from the GDOE Statewide Allotment Sheet for FY 07.

**Table 6**

**Inflation-Adjusted Funding of QBE in FY 07**

Line	Categories	[A] Actual General Fund Expenditures	[B] Related QBE Allotments to School Systems	[C] Required Local Funds in Excess of QBE	[D] Required Salary Costs in QBE	[E] Other Costs Adjusted for Inflation	[F] Inflation Adjusted QBE Allotments	[G] Per FTE in FY 07	[H] Deficits in QBE Allotments to Cover Inflation	[I] Per FTE in FY 07
1	Direct instruction - Salaries	\$ 8,308,733,920								
2	Pupil Services - Salaries	271,946,522								
3	Subtotal	\$ 8,580,680,442	6,287,033,694	2,293,646,748						
4	Social Workers & Psychologists (1)		75,148,362	(75,148,362)						
5	20 Days Additional Instruction		55,876,014	(55,876,014)						
6	Special Ed. Itinerant		774,409	(774,409)						
7	Special Ed. Supplemental Speech		2,923,019	(2,923,019)						
8	Subtotal for Salaries (2)	\$ 8,580,680,442	6,421,755,498	2,158,924,944	6,421,755,498	-	6,421,755,498	3,994		
9	Textbooks, Supplies, & Other (3)	309,105,258	143,713,368	165,391,890	-	151,592,246	151,592,246	94	(7,878,878)	(5)
10	Nursing Services (4)	53,712,980	30,000,000	23,712,980	-	43,188,033	43,188,033	27	(13,188,033)	(8)
11	Instruction & Pupil Services	\$ 8,943,498,680	6,595,468,866	2,348,029,814	6,421,755,498	194,780,279	6,616,535,777	4,115		
12	Media Center - Salaries (2)	232,839,784	160,611,466	72,228,318	160,611,466	-	160,611,466	100		
13	Media Materials (5)	21,292,459	20,950,859	341,600	-	40,325,982	40,325,982	25	(19,375,123)	(12)
14	School Administration (2,6,7)	828,388,049	360,440,890	467,947,159	349,144,726	14,438,888	363,583,614	226	(3,142,724)	(2)
15	General Administration (1,2,7)	293,112,838	125,182,971	167,929,867	100,437,088	43,188,033	143,625,121	89	(18,442,150)	(11)
16	Instructional Support	520,946,986	-	520,946,986	-	-	-	-		
17	Staff Development (8)	-	35,892,274	(35,892,274)	-	61,035,656	61,035,656	38	(25,143,382)	(16)
18	Facility Maintenance (9)	1,039,272,376	479,152,547	560,119,829	-	608,700,432	608,700,432	379	(129,547,885)	(81)
19	Mid-term hold-harmless	-	12,892,998	(12,892,998)	-	12,892,998	12,892,998	8		
20	Transportation (10)	654,762,482	166,452,130	488,310,352	-	236,955,339	236,955,339	147	(70,503,209)	(44)
21	Sparsity Grants	-	6,319,039	(6,319,039)	-	6,319,039	6,319,039	4		
22	Migrant Education	-	259,509	(259,509)	-	259,509	259,509	0		
23	Other	33,396,672	-	33,396,672	-	-	-	-		
24	Subtotals (11)	\$ 12,567,510,326	7,963,623,549	4,603,886,777	7,031,948,778	1,218,896,154	8,250,844,932	5,131	(287,221,383)	(179)
25	Austerity Reductions			169,745,895					(169,745,895)	(106)
26	Basic Instructional Program in QBE			\$ 4,773,632,672				5,131	(456,967,278)	(284)
27	Percent of Actual Expenditures	100%	63%						-4%	
28	Percent of QBE Allotments	158%	100%					5,131	-6%	
29	Count of Students for QBE	1,607,894	FTE							

Notes:

- (1) The QBE Allotments for Pupil Services include those in Central Administration for Social Workers and Psychologists, since this is where the related expenditures are reported.
- (2) The inflation-adjusted funding of QBE assumes that the number of positions, salaries, and benefits in the QBE Formula represent the minimum staffing and personnel costs required by QBE and that these allotments have increased at the rate of inflation because of changes in the minimum salary schedule for certificated positions.
- (3) The inflation-adjusted QBE Allotment is based on the per-student allocations in FY 01 adjusted for inflation. For comparison, the estimate in the preliminary IE<sup>2</sup> cost model (without equipment, technology, or employee travel) is \$287 per FTE (based on \$300 per FTE in grades K-5, \$275 per FTE in grades 6-8, and \$275 per FTE in grades 9-12).
- (4) The inflation-adjusted QBE Allotment is based on the total allocation in FY 01 adjusted for inflation. For comparison, the estimate in the preliminary IE<sup>2</sup> cost model is \$87 per FTE (based on \$110.04 per FTE in grades K-5, \$83.26 per FTE in grades 6-8, and \$51.14 per FTE in grades 9-12.)
- (5) The inflation-adjusted QBE Allotment is based on the per-student allocation in FY 01 adjusted for inflation.
- (6) The QBE allotments for School Administration include \$5,361,125 in the Categorical Grant for Principal Supplements.
- (7) The inflation-adjusted QBE Allotment is based on the per-student allocations in FY 01 for the non-salary costs in School and General Administration adjusted for inflation.
- (8) The inflation-adjusted QBE Allotment is based on the per-student allocation in FY 01, which equaled \$38.11 per FTE, adjusted for inflation.
- (9) The inflation-adjusted QBE Allotment is based on \$379.53 per FTE in FY 07, which equals the per-student allocation in FY 01 with inflation. For comparison, the estimate in the preliminary IE<sup>2</sup> cost model is \$600 per FTE.
- (10) The inflation-adjusted QBE Allotment is based on \$156.20 per FTE in FY 07, which equals the per-student allocation in FY 01 with inflation. For comparison the estimate in the preliminary IE<sup>2</sup> cost model is \$358 per FTE.
- (11) The QBE Allotments include the Local Five Mill Share, which is part of the funding for the basic program in QBE, but do not include the Equalization Grants, which are intended to enable systems with a low tax base to exceed the QBE program on the same basis as other systems.

The minimum underfunding of QBE (shown in Column H) is the amount by which the QBE allotments in FY 07 are less than what they would have been if the non-salary components in FY 01 had been updated to FY 07 at the Government Price Index calculated by the Bureau of Economic Analysis. However, these estimates do not reflect the cost of an adequate education. The inflation-adjusted QBE allotments (shown in Column F) are calculated by combining the allocations for the certificated personnel that were required by QBE in FY 07 (shown in Column D) and the inflation-adjusted non-salary costs for other school operations (shown in Column E) that existed in FY 01. The data for General Fund Expenditures come from the Report Card for FY 07 (without federal programs, construction, and school nutrition) and DE46 reports by local systems, and the data on QBE Allotments come from the GDOE Statewide Allotment Sheet for FY 07.

However, the mix of state and local revenues for each school system varies widely across the state, largely as a reflection of the property tax base per student and millage rate in each system. The range in FY 2008 from the system that is 18<sup>th</sup> from the top in terms of its dependence on state funds (Tattnall County) to the system that is 18<sup>th</sup> from the bottom (Monroe County) is from 74% to 48%. (These percentages are 83% and 49% when federal funds are excluded.)

Additional funds are provided through federal aid, which represents about 7% of the total, but most federal funds for school systems are allocated as categorical grants for specific purposes. They are supposed to supplement the funding of the regular instructional program. By law, they cannot be used to “supplant” the funds that are provided through the funding formula.

A further source of revenues, which is limited to specific uses such as school facilities and infrastructure, is the Education Special Purpose Local Option Sales Tax (ESPLOST). There are other miscellaneous sources from system to system, but they are minor in the big picture.

### Local Property Taxes

The local property tax is the principal source of funds for local school systems in covering the shortfalls in the QBE Formula.<sup>7</sup> Indeed, except for a few other sources that were previously authorized and are relatively minor in size, the Georgia Supreme Court ruled in 1996 that the property tax is the “exclusive” source of local revenue for the operation of school systems in Georgia, except for those limited sources previously authorized under the Georgia Constitution. (*Atlanta Independent School System et al. v. The City of Atlanta*, 266 Ga. 657 et seq. (1996))

The ability to raise local funds varies widely among school systems because of large variations in property wealth per student across the state. For illustration, most Georgia systems fall below and many far below the statewide average for the equalized assessed valuation of taxable property per weighted full-time equivalent (“WFTE”) student (the “property tax base per student”). In these systems, it is not feasible to overcome the shortfalls in the State’s funding system by simply raising the local millage rate for school operations. Instead, the deficits in State funding inevitably lead to reductions in educational quality and services, which result in diminished levels of student achievement.

In FY 2007, the average property tax base per student ranged from a low of \$23,353 per student in Pelham City to a high of \$571,217 per student in Towns County, which is nearly 25 times greater. The range from the system that was 18 places or 10% from the bottom, Berrien County, to the system that was 18 places or 10% from the top, Fannin County, was from \$80,891 per student to \$246,337 per student, for a range of over 3 times. Since the overall state average in FY 2007 was \$171,078 per student, it is easy to see why some systems have to levy more mills of property tax than others to cover the deficits in the QBE Formula.

Even though this problem is the most acute in the systems with the lowest property tax base per student, it is a steadily increasing problem for all school systems in Georgia, as the State continues to shift its responsibility in the financing of K-12 education to the local level.

---

<sup>7</sup> There are eight local systems which have a 1% local-option sales tax for school operations, which was authorized through a local referendum in each system, but in every case the proceeds from this tax are used to reduce property taxes on a dollar-for-dollar basis

### Required Local Effort

The Local Five Mill Share is meant to compensate for the differences in property tax base per student in the funding provided through QBE. In concept, each local system absorbs a portion of the cost of the basic instructional program supported by the QBE Formula based on its relative taxable wealth. This share takes the form of a “charge-back” for each system from the amount which the system has “earned” through the QBE Formula.

There is no direct payment by a local system to the State for this purpose. In effect, the Local Five Mill Share functions like a property tax levied by the State. It is even recognized in the State budget as a credit against the appropriation for the QBE Formula.

Determining the “equalized” property tax digest in each system is a complicated process, which includes “sales-ratio” studies by the State Auditor, but it seems to work reasonably well. (In this context, “equalized” means that the process for assessing the value of real property for tax purposes is the same in every jurisdiction in order to meet the test of “uniformity in taxation.”)

Basing the required local effort on the revenue that would be generated by five mills is purely arbitrary. However, the funds that would have been raised by levying five mills of local taxes on an equalized digest have generally been about 20% of the total QBE Formula for the entire state. In fact, there is now a provision in the QBE Act to prevent the Local Five Mill Share from exceeding 20% of the total formula amount.

The required local effort or Local Five Mill Share, as it is now called, is a source of great misunderstanding. Some systems, especially in Metro Atlanta, contend that their Local Five Mill Share is “sent to other systems around the state.” It is true that their allotments from the State are reduced to the extent of their required local effort, but it is also true that these systems receive their proportionate share of the total amount of the Local Five Mill Share for all school systems, since the total funding for the QBE Formula statewide includes the Local Five Mill Share that has been “contributed” by every school system. In colloquial terms, they are putting something into the pot, but getting back their share of the total pot.

### Equalization Grants

Additional State aid is provided in the form of Equalization Grants, which are intended to enable the systems with lower taxable property per student to supplement the basic program on the same basis as wealthier systems in terms of their property tax base per student. Equalization Grants are based on the number of mills (up to 15) that are levied above the first 5 mills for each system’s required local effort. (O.C.G.A. §§ 20-2-165, 20-2-166) For each mill above 5 mills, Equalization Grants treat qualifying systems as if they had the property tax base per pupil of the school system at the 75th percentile when ranking all systems by their property tax base per student.

Because of the large number of small systems, the taxable wealth per student of the benchmark system used to calculate Equalization Grants may be less than the average taxable wealth per student for the state as a whole. In this situation, even if Equalization Grants were fully implemented, low-wealth systems receiving Equalization Grants would still have an effective property tax base per student that is below the state average.

As originally contemplated in the QBE Act, it was assumed that the Equalization Grants would be provided in addition to a QBE Formula that was expected to fund the cost of a quality basic education. However, because the level of funding through QBE has failed to keep pace with the required educational costs, many school systems throughout Georgia have been forced to use their Equalization Grants in large part to cover deficits in the QBE Formula. As a result, the Equalization Grants are not being used for their original purpose of enhancing the educational program for students in low-wealth systems to the level that is possible in the benchmark system.

Nevertheless, the total amount of Equalization Grants was slashed by more than 20% in FY 2010 from the level in FY 2009 and even more from what the grants would have been. These cuts harm the school systems with the least resources even more than other systems.

### Related Issues

The potential availability of revenues from local property taxes and Equalization Grants bears no necessary relationship to the need for resources required to make up for the shortfalls in the QBE Formula. Despite the State's contentions to the contrary, these revenue sources simply are not enough to compensate for the deficits in the amount of State funding that is required to provide an adequate education to the all the students in many school systems throughout Georgia.

In fact, a comprehensive review of financial data for FY 2006 by Dr. Jeffrey D. Williams revealed that a large number of school systems could not reach the statewide average for operating expenditures per student even if they increased their property tax rate for school operations to the usual constitutional limit of 20 mills and received a larger Equalization Grant based on the higher millage rate.

By failing to ensure an adequate "foundation" of financial support for every school system in Georgia, based on a realistic estimate of the cost of providing an adequate education, the State has in effect allowed the fulfillment of its constitutional obligation to become dependent on the fiscal capacity and decisions of local boards of education. Unless there is a State-supported foundation to ensure the resources needed to provide an adequate education in every system, the State has no assurance that every student in Georgia will obtain an adequate education.

A further limitation on the capability of many systems in Georgia to raise funds for education is the low personal incomes of the residents in their district. These systems have lower median household incomes than the state average and also tend to have smaller property tax bases per student. As a result, many such systems have to rely on lower-income taxpayers as well as a smaller tax base per student in trying to cover the shortfalls in the State's funding formula.

On the other hand, a high property tax base is sometimes accompanied by a low level of personal income. Some parts of the state, especially in Northeast Georgia, have complained that they have relatively high property-tax digests for various reasons, such as hydroelectric plants and recreational property, but do not have an equivalent level of disposable income to compensate for the effect of a higher required local effort and the lack of Equalization Grants. These systems have advocated a two-step process in determining the local wealth of each school system, with the first step being based on the property tax base per student and the second step being an adjustment for the personal income of the residents, presumably the median household income.

## School Facilities

Although it is “the policy of the State of Georgia to assure that every public school student shall be housed in a facility which is structurally sound and well maintained and which has adequate space and equipment to meet each student's instructional needs . . .” (O.C.G.A. § 20-2-260(a)), the State’s capital outlay program for school facilities does not ensure that all school systems are able to provide such facilities for their students, especially when the need for new or renovated facilities exceeds their ability to generate the required local funds.

Although local school systems can still issue general obligation bonds for this purpose, the primary local funding source for school facilities is the Education Special Purpose Local Option Sales Tax (“ESPLOST”). An ESPLOST can generate a substantial amount of funds for school construction, technology, and other capital expenditures, if approved by the voters in a local referendum. The amount of revenues depends on the level of taxable retail sales within each county, which is often related to the location of regional shopping centers.

Many school systems in Georgia lack sufficient sales activity to generate enough funds through an ESPLOST to meet their educational facilities needs. Some systems are experiencing such rapid growth that the revenues they can obtain from an ESPLOST have to be leveraged to support bond issues that extend far beyond the five-year limitation on the initial ESPLOST. In effect, the continued debt service on the bond issues is predicated on the renewal of each ESPLOST prior to its expiration.

The State’s capital outlay program for new and renovated facilities is severely hampered by unrealistic limits on allowable costs, a required local match that does not fully adjust for differences in the ability of school systems to generate local revenues, and the requirement that systems wait on the accumulation of local funds for all costs not covered by a State capital outlay grant before starting a project.

Supplemental programs have been created from time to time in an effort to address the specific needs of “low-wealth” and rapidly growing systems, but these programs have fallen far short of the actual facility needs of many school systems, even if they have an ESPLOST.

ESPLOST funds can also be used to meet other infrastructure needs including technology. However, because many systems must devote most or all of their ESPLOST revenues to the accumulation, often over extended periods, of sufficient local funds to qualify for State capital outlay grants, they are not able to use ESPLOST funds for other infrastructure needs.

Many systems, including those with rapid growth or a low tax base per student, are unable to keep up with their facility needs or have to have other local funds to this purpose. Moreover, the growing dependence on ESPLOST for technology, buses, and other infrastructure needs represents further increases in the use of local funds to meet basic needs.

### **Commissions, Task Forces, and Study Committees**

The original QBE Act recognized the need to ensure that the QBE Formula provides an adequate education to Georgia’s students over time by calling for periodic studies on a regular basis to evaluate the effectiveness of existing program weights with recommendations for needed

changes and adjustments to the funding formula. In particular, the law authorized the Governor “to appoint a task force every three years for the purpose of reviewing the effectiveness of existing program weights and recommending to the General Assembly any changes needed.” (O.C.G.A. § 20-2-161(f))

Following the passage of the QBE Act in 1985, the General Assembly created a series of study committees and commissions to review and make recommendations regarding the sufficiency of funding for the schools and students in Georgia, although only one of these groups undertook the periodic review of the components in the QBE Formula which was originally contemplated in 1985 and made mandatory in 2000.

In authorizing these reviews, the General Assembly often acknowledged the State’s ongoing failure to fund the QBE Formula and Categorical Grants fully. This failure has also been recognized by the various study committees and commissions, whose recommendations have been ultimately ignored or, if adopted, have not been fully implemented.

#### Weights Task Force

The initial task force to review the QBE components (including the “program weights”) was appointed in 1988 and completed its work in 1989 after recommending several adjustments to be initiated in FY 1991. Its informal recommendations (in the form of a working document) included a few improvements in funding, but for the most part the only ones to be implemented were those that involved reductions in the allocations for certain cost components.

Although no other formal QBE weights task force was appointed to review the weights and components in QBE thereafter (even after this review became mandatory in 2000), several study committees and commissions examined QBE and the funding of K-12 education over the next 20 years. However, none of these groups conducted any systematic and comprehensive evaluation to ensure that the cost components in QBE were properly determined, updated, and modified to reflect the actual cost of delivering a constitutionally adequate education for Georgia’s students.

#### Committee on Public Education Formula Funding

In 1993, the General Assembly created the Governor’s Committee on Public Education Formula Funding (“PEFF”), declaring that this Committee “shall study the progress achieved since QBE became effective, as measured against the objectives and goals” of QBE and “shall establish for each school system the percentage of federal, state, and local funds expended for direct instruction for each year since 1985.” It was supposed to report on a variety of achievement and funding issues including “programs that were dropped or were not established because of lack of funds.”

The PEFF Committee was directed to make recommendations by December 1994 concerning needed adjustments to funding and other formulas as well as statutory and rule changes to further the purposes of the QBE Act. Nevertheless, after this group began to consider recommendations that would increase the State budget for K-12 education, the committee was disbanded before it was able to present any recommendations. (1993 Georgia Laws, 1992 -1994)

### QBE Blue Ribbon Study Committee

In 1996, the General Assembly authorized the creation of the Blue Ribbon Study Committee on Funding of the Quality Basic Education Act. Specifically, the General Assembly recognized that the QBE Act was adopted “to provide an equitable public education finance structure which ensures every student an opportunity for a quality basic education, regardless of where the student lives, and to ensure that all Georgians pay their fair share of this finance structure.” However, it recognized that the “costs for underfunded items such as maintenance and operation and sick leave and unfunded items such as Social Security and Medicare continue to increase at alarming rates” and that school boards were forced to fund these increasing costs solely through property tax revenues. This Committee was charged with undertaking a “study of the conditions, needs, issues, and problems mentioned above or related thereto” and making appropriate legislative recommendations. (1996 Georgia Laws, 1651-1654)

After a year of work, the Blue Ribbon Study Committee issued a preliminary report in December of 1997. It noted the existence of significant gaps between the various components in the QBE Formula and the actual expenditures by local systems related to these functions. Its report also identified specific underfunded cost components in instruction, transportation, and facility maintenance. The General Assembly then re-authorized the Blue Ribbon Study Committee so that it could make specific recommendations for actions and changes to the QBE Formula based upon its previous work. (1998 Georgia Laws, 960-963)

In late 1998, the Chair of the Blue Ribbon Study Committee released a report on its findings and recommendations. The conclusion was strongly worded as follows: “. . . the very foundation of public education in Georgia . . . may be cracking under the stress of a shift in the way the weight of the school finance burden is distributed.” The report also stated, “As more and more of the actual and necessary cost of providing a Quality Basic Education for all of Georgia’s students has shifted to the local level, there have been steadily increasing problems in both adequacy and equity in the financing of public education in Georgia.”

The report of the Blue Ribbon Study Committee made several major recommendations, including, among others, that the QBE Formula be revised to support more guidance counselors, teachers, and media specialists as well as reduced class sizes and that a comprehensive review of the funding formula be made every two years. This review would include an evaluation of whether the funding formula was based on the actual cost of providing a quality basic education for each child and an examination of the proper allocation of costs between local and state sources. The report warned that “if state funds are not available to carry out QBE programs . . . the current problems related to adequacy and equity would become even more serious.”

Ultimately, however, all but one of the members of the General Assembly who were then serving on the Blue Ribbon Committee would not sign the proposed report, and no legislative action was taken to address the findings or recommendations of this committee.

### Governor’s Education Reform Study Commission

In 1999, the General Assembly established the Governor’s Education Reform Study Commission. This Commission was charged with reviewing the State’s implementation of key provisions of the QBE Act and making recommendations for methods to raise student



achievement and improve underachieving school systems and schools. It was also charged with evaluating and reporting on the needs and processes to maximize a seamless transition from Georgia's high schools to its post-secondary institutions. (1999 Georgia Laws 1068-1070)

In December 2000, the Education Reform Study Commission issued its initial report and made extensive recommendations. In the area of funding, the Commission recommended that the periodic review of the QBE components become mandatory and that a comprehensive study be conducted "with the aid of additional data and professional assistance to define adequacy in terms of the costs necessary to support a desired level of student achievement in a range of representative school systems."

Its report further recommended that the State "allocate enough funds to cover the actual and necessary cost of providing a Quality Basic Education for every student in Georgia" and "ensure that every student in Georgia's schools is offered a Quality Basic Education without regard to the local resources of the student's school system . . ."

The General Assembly adopted the A+ Education Reform Act of 2000 and enacted substantive changes in the provisions of the QBE Act. (2000 Georgia Laws, 618-754) For example, the A+ Reform Act included provisions for the reduction of class sizes, which were intended to be a key vehicle in the delivery of a quality basic education to all students. However, as the result of systemic inadequacies in the QBE Formula, these reduced class size provisions have not been fully funded by the State, and the intended limits on maximum class sizes have been subsequently suspended or repealed.

#### Closing the Gap Commission

The A+ Reform Act called for creation of the Georgia Closing the Achievement Gap Commission. (O.C.G.A. § 20-2-286) This Commission was charged with the responsibility to review the significant achievement gaps that exist for at-risk students in Georgia, including groups of students disaggregated by ethnicity, sex, disability, language proficiency, and socioeconomic status and to develop appropriate strategies to address such gaps.

The Closing the Achievement Gap Commission held only four meetings. Although the differences in educational needs and academic achievement remain entrenched, this commission was unable to make much progress in addressing these fundamental problems.

#### QBE Review Task Forces

The A+ Reform Act, which took effect on July 1, 2000, made mandatory the previously permissive provision in the QBE Act for the appointment of a task force every three years to review the effectiveness of existing QBE program weights and make recommendations to the General Assembly for needed changes. This requirement, as set forth in O.C.G.A. § 20-2-161(f), reads as follows:

*As the relative costs of the various program components will change over time and as some components will need to be added or removed, the Governor shall appoint a task force every three years for the purposes of reviewing the effectiveness of existing program weights and recommending to*

*the General Assembly any changes needed. This task force shall be comprised of members or staff of the General Assembly, the State Board of Education, the Governor's office, and representatives of local school systems.*

The initial three-year period for the mandatory review ended on June 30, 2003, but the IE<sup>2</sup> Task Force, which could have served in this role, was not formed until February 2004 and did not convene for its first meeting until August 2004. Even then, this group did not perform what was by then a mandatory review of the QBE Formula by the time when it ceased meeting nearly four years later.

### IE<sup>2</sup> Task Force

In 2004, Governor Sonny Perdue appointed an education finance task force for the purpose of “Investing in Educational Excellence.” Among other things, the task force was expressly assigned the responsibility for conducting a comprehensive study of the costs needed to provide an appropriate level of educational services to Georgia’s students.

In December 2004, Governor Perdue stated, “I have asked the Task Force publicly and privately to engage an independent person or firm to study our school finance system. They are rapidly moving in that direction.” The Task Force hired the education arm of IBM and directed it to perform such a study of the actual costs required to educate Georgia’s students.

The initial work done in connection with that study showed that the funds provided by the State are far less than the amount needed to fund public education in Georgia. Subsequently, the leadership of the IE<sup>2</sup> Task Force ended its official work before completing this study.

The Task Force never released to the general public any of its work papers and spreadsheets related to the preparation of a cost model. Such a cost study, if completed, would have demonstrated the substantial increase in State funding that would have been required to cover the cost of the prototype schools recommended by various committees of the Task Force.

The IE<sup>2</sup> Task Force offered some helpful suggestions (such as expanding the Remedial Education Program to the middle grades and including Equalization Grants in the midterm adjustments) that were recommended by the Governor and adopted by the General Assembly, but its major accomplishment was the broad recommendation to increase the “flexibility” of local school systems in exchange for entering into “performance contracts” with the State.

Despite the efforts of some of its members, the IE<sup>2</sup> Task Force did not formally address the pervasive and systemic deficiencies present in the State’s current educational funding system or complete an independent study of the actual cost of education in Georgia. Although the Task Force could have performed the required review of QBE and its funding components, it did not submit any findings or recommendations in this regard.

### Overall Result of these Studies

Regardless of the good intentions and expertise of the various commissions, study committees, and task forces discussed above, the historical record makes it clear that the actions

and recommendations of such bodies have accomplished little to ensure that the State provides Georgia's children with a constitutionally adequate education.

In particular, contrary to the clear language and intent of the QBE Act, especially as amended by the A+ Reform Act, the State of Georgia has never completed any comprehensive study, nor has it otherwise sought to make a valid determination of the cost of the programs and services necessary to provide a constitutionally adequate education to all students in Georgia.

Therefore, since the Georgia school funding system is not based on any reasonable analysis of the actual costs required to provide the required educational services and meet the needs of Georgia's students, this system is not rationally designed or implemented to satisfy the requirements of the State Constitution.

### **Austerity Cuts**

Beginning in FY 2003, the State of Georgia imposed a series of general "austerity" cuts in its funding to local school systems in addition to other cuts in specific components within the QBE Formula, such as staff development (in FY 2002), media materials, facility maintenance and operation, and central administration in large systems.

These reductions, along with additional cuts in transportation and other categorical grants, have reduced State funding for local school systems in Georgia by a cumulative total of more than \$2 billion below the already inadequate funding levels that would have been provided under the QBE Act.

Applying an arbitrary reduction to the amount of funds generated through a formula that is already unrealistic in terms of the State's own expectations is a further violation of the State's constitutional obligation in education, especially when such cuts are perpetuated year after year.

The austerity cuts, which make general reductions in the funding to all school systems in Georgia, have severely undermined the ability of many systems to provide their students with an adequate education that meets contemporary standards, as required by the Georgia Constitution, particularly in those systems that already suffer from low tax revenues. In some instances, these funding cuts have been imposed after school systems already had entered into contracts with their certificated employees, set their budgets for the school year, and levied their local property taxes for the fiscal year, making it even more difficult, if not impossible, for those systems to absorb the State's reduced financial support.

Over the period from FY 2003 through FY 2009, the State has imposed across-the-board cost reductions in the QBE Formula totaling \$1.7 billion (averaging nearly \$250 million per year) in the allotments to local school systems in Georgia (as shown in Table 1). There have been substantial additional cuts in the funding of categorical grants for transportation, principal supplements, and sparsity during this period.

Moreover, the austerity reductions were continued after the fiscal condition on which they had been justified had passed. In every one of those years, the members of the State Board of Education accepted and approved these cuts by recommending to the General Assembly education budgets with these austerity reductions in the amount of State funding.

Thus, as a legal matter, the members of the State Board of Education have knowingly violated their constitutional responsibilities by recommending education budgets that they knew did not provide an adequate education for Georgia's students. These budgets included cuts in the funding of the formulas that are supposed to represent the minimum level of required funding, even though these formulas were known to be unrealistic and inadequate.

### **Federal Stimulus Funds**

Under the American Recovery and Reinvestment Act (ARRA) in 2009, the Federal government awarded over \$1.5 billion in Fiscal Stabilization Funds to Georgia, 81.8% of which was designated for education and 67% of which was included in the first phase for use in FY 2009 and FY 2010.

The intent of ARRA is to use these funds as quickly as possible to restore the funding for both K-12 and higher education in FY 2009 and FY 2010 to the levels that existed in the higher of FY 2008 or FY 2009. To date, however, Governor Perdue has chosen to defer \$166 million of the funds in the initial phase to FY 2011, when it will be combined with the allocation of \$416 million in the second phase.

The Governor of each state has considerable discretion on when the Education Stabilization Funds are released to local school systems, but the funds that are being withheld could be used to mitigate the harmful effect on Georgia's schools in FY 2010.

The State contends that these funds will be needed in FY 2011; but the fact remains that these funds are currently available, they are supposed to be used as soon as possible to restore education funding to the levels defined in ARRA, and their use at this time would help in spurring the economy as well as supporting our schools, colleges, and universities.

Deferring these funds to FY 2011 increases the likelihood that the federal stimulus funds for Georgia will actually be used to supplant the State funds that would have gone to education. It also has the effect of reducing the pressure on the State to preserve its revenue base (which has been allowed to erode over time), since local schools will wind up bearing the brunt of the continuing tax cuts and exemptions at the state level.

These actions represent another example of the State's abdication of its constitutional responsibility in education, because funds that could have been used to support Georgia's schools are being deferred to a future year even when drastic cuts are being made in the funding of K-12 education in Georgia. The practical effect is that these funds will be used to support the overall State budget instead of the intended purpose of restoring State support for education.

## CHAPTER 8

---

# What is the Impact of the State's Failure?

### General Consequences

Because of inadequate financial resources, many school systems in Georgia are not able to provide the educational programs, services, materials, equipment, transportation, and facilities that are needed to provide an adequate education for their students. These systems have always been hard pressed to do so, but the recent cuts in State funding have lessened their financial ability even further.

#### Staffing

Many school systems in Georgia lack sufficient numbers of trained and qualified staff to provide an adequate education for all of their students, many of whom are diverse in terms of academic proficiency, racial/ethnic background, primary language, and income level.

Even though the statewide average for teacher salaries in Georgia compares favorably with other Southern states, the overall average is pulled up by the much higher salaries that are paid by some systems, especially in Metro Atlanta, in comparison with other systems across the state. The differences are even greater for the official salary schedules from one system to another.

For illustration, the salary for a beginning teacher with a bachelor's degree in FY 2007 ranged from a high of \$41,971 in the Atlanta Public Schools, \$40,812 in the DeKalb County School System, and \$40,170 in the Cherokee County School District to a low of \$32,609 in the Irwin County Schools and \$33,009 in the Echols, Elbert, and Commerce City systems, according to a survey of 69 school systems conducted by the Metropolitan Regional Educational Service Agency in August, 2007. It is likely that the systems with lower salaries are the ones which did not respond to the survey.

The differences in the average salaries among the school systems in Georgia are not as great as in the beginning salaries, but only because the years of service tend to be much higher for the teachers in the low-wealth systems than in the state as a whole. Since the enrollment in these systems is either stable or declining or at least not growing as much as in other parts of the state, they are not hiring as many new teachers at the lower end of the salary scale. The fact remains, however, that the compensation for comparable positions when taking years of service and degrees into account is much lower in these systems than in other systems.

The reality for many school systems in Georgia is that they lack the funds necessary to recruit, hire, and retain experienced and effective educators beyond the teachers who often have

other ties to a local community. Difficult working conditions in many of these systems, including extraordinary demands on existing staff (often resulting from too few staff at various levels), make these schools less attractive places to work. These systems are unable to provide the financial incentives that are often necessary to attract high-quality candidates.

The salaries in many school systems in Georgia are less than the amounts needed to attract and retain teachers and administrators on a competitive basis. The inability of many Georgia school systems to provide competitive salary supplements or other attractive benefits prevents these systems from obtaining the highly effective teachers and the other staff they need to provide an adequate education for all of their students.

As one of the consequences of inadequate staffing, teachers in many systems are not certified in all of the specific subjects they teach. Some systems find themselves as the training ground for new teachers who leave as soon as they are able to find positions in nearby systems with higher salaries or take jobs outside education with better pay. A formal program for mentoring and other support to new teachers, as is common in other professions, does not exist in most schools and especially those with low resources, even though the benefits in higher retention and improved teaching quality are known to be significant.

Many school systems in Georgia have been unable to hire, and in fact have had to eliminate, many positions for paraprofessionals who can be instrumental in helping students develop basic skills during their early elementary school years and in delivering essential support for special education and related services for students with disabilities.

These school systems also have insufficient resources to hire and retain qualified personnel to fill the need for psychologists, school social workers, and special education leadership positions, in large part because of the high number of at-risk students from low-income families or other disadvantaged circumstances. The valuable services that these professionals can provide are often stretched or not available at all.

The lack of adequate State funding has forced many school systems in Georgia to eliminate or fail to replace other essential positions such as assistant principals, counselors, attendance specialists, maintenance staff, bus drivers, and clerical personnel, thereby forcing the remaining staff to perform many additional functions on a double-duty basis. These cutbacks are occurring in an environment where the State also has been imposing increasing obligations on school systems for record keeping, data entry, and documentation, which further increase the burden on the local staff.

### Staff Development

Adequate training and staff development for the existing faculty at each school is essential in enabling teachers to maintain and improve their skills. Because of the significant cuts in State funding for staff development, in addition to the general under-funding of our schools, many local systems in Georgia are unable to provide their staff with the ongoing professional learning to meet the needs of their students.

Inadequate State funding for staff development also impairs the ability of these systems to implement new curriculum content and standards. As the curriculum changes and

expectations rise, there is an increasing need for additional training and staff development for both teachers and school leaders.

Instructional coaches would enhance the effectiveness of many teachers, but many systems cannot afford to provide this valuable assistance. The small number of math and science coaches once provided by the State has been reduced even further in recent budget cuts.

### Courses and Programs

Because of budget cuts and other deficiencies in State funding, many Georgia school systems cannot afford to offer – and in many cases have been forced to cut – teaching positions and associated courses in a variety of important subjects such as foreign languages, advanced math and science, vocational and career education, business and agriculture, middle school electives, music, art, drama, and physical education. The teaching of foreign languages in elementary schools now depends entirely on the availability of local funds for this purpose.

Course offerings are especially vulnerable. Many high schools in Georgia do not offer Advanced Placement and honors courses, which are instrumental in helping students do well on the SAT and ACT and succeeding in college. It is often very difficult for students to schedule a repeat or make-up class for courses they did not pass on an earlier try. Foreign language and advanced math and science courses are scarce in many of Georgia's high schools. Likewise, music, art, and physical education are limited in many elementary and middle schools.

With teachers and administrators spread beyond capacity in many of these systems, important extracurricular activities that require teacher supervision, such as chorus, band, drama, and debate, must be cut or eliminated altogether, despite widespread recognition that such activities enhance student learning by improving their engagement and attendance.

One of the most sinister aspects of inadequate funding is the tendency to resort to regimentation. It is well known that children learn in various ways, but the most efficient way to deliver instruction on a large scale is to develop a basic curriculum and teach it in the same way to all students. This is certainly a way to cut costs, but it also has the effect of neglecting the children who do not learn in the prescribed way or need more time or extra help or would benefit from a non-traditional format or setting.

The pressure to increase the size of individual schools, often into large schools where students lose their personal identity, is another example of where economic efficiency is not in the best interest of the students and not even cost-effective in terms of academic results. The provisions of the QBE Act, especially the incentives in capital funding, have accelerated and in some cases even required the trend to larger schools in Georgia.

As the result of inadequate State funding, vocational and career education programs and classes have been slashed in many Georgia school systems. These cuts in vocational courses detrimentally affect the opportunities for students to continue their vocational education beyond high school as well as their access to a full range of career fields. In many cases, such reductions may cause students to lose interest and drop out of school altogether.

After-school programming, including teacher tutoring, has been eliminated or cut to the bare minimum in many school systems. The absence of such programs and assistance deprives these students of a valuable resource, which has been shown to increase student achievement. Effective techniques, such as Reading Recovery, which require additional costs are discontinued or never started.

### Class Sizes

Inadequate funding also has eroded the State's prior efforts to use reduced class size as a means for increasing educational access and achievement, as contemplated in the A+ Education Reform Act of 2000. As the result of inadequate State funding, many school systems in Georgia are forced to maximize class sizes, as opposed to more effective educational approaches or the desire to provide a broad range of educational services to meet the individual needs of a wide range of students. In many of these systems, the organization of classes and programs according to the principle of maximizing class size has resulted in the curtailment of remedial intervention programming as well as honors, advanced placement, and gifted programs.

Classes are arranged to assign as many students as possible to each class regardless of what is best for the students. The importance of reducing class sizes, especially in schools with a high percentage of disadvantaged students, is lost in the pressure to hold down costs generally.

### School Day and Year

Some school systems in Georgia are now reducing the number of school days by exercising the authority granted to them through a law enacted in 2009. Some systems are reducing the number of school days in each week from five to four as a way to cut costs. Even though a few minutes are being added to the remaining school days, there is every reason to believe the amount of effective instructional time will decrease.

In addition, the first of what may be even more furloughs have begun in many systems. Although the furloughs at the school level have been limited to the "planning days" when students are not present and although most teachers proceeded ahead with the necessary preparations for school anyway, it is inevitable that such furloughs will harm the quality of the instructional program. Eliminating planning days also reduces the opportunities for needed staff development. Equally important is a depressing effect on teacher morale.

In sharp contrast to this trend is the notable example of the Knowledge is Power Program (KIPP) Academies, which have demonstrated how important a longer school day and a longer school year can be in academic achievement, especially for the students who might not succeed otherwise. There is no substitute for the high expectations and hard work at the KIPP Academies, but the additional time "on task" has been a major factor in their success.

At this critical time of rising expectations and increased global competition, the State of Georgia is moving in exactly the wrong direction in terms of the length of the school day and school year. The other industrialized nations of the world generally offer more than 180 days of instruction. In some countries, students attend school for 225 or more days every year. Our global competitors expect and get more time and effort from their students, while Georgia is reducing instructional time.



## Textbooks and Supplies

Local boards of education are required by law to purchase all textbooks, supplementary materials, equipment, and supplies necessary for their respective schools. (O.C.G.A. § 20-2-1013) Nevertheless, because of inadequate funding by the State, many school systems in Georgia lack the resources to purchase all of the textbooks, equipment, and supplies needed for their schools or to provide sufficient instructional materials for all students.

Out-of-date and insufficient textbooks, meager supplies, and sparse library shelves are prevalent in many Georgia schools. Many systems have been unable to purchase appropriately sequenced textbooks and instructional materials as part of a properly structured curriculum that will support appropriate student growth in learning over a series of grade levels. While never sufficient in the past, State funding for books and other materials in media centers was cut in half in FY 2003 and has been only partially restored.

Many school systems in Georgia lack sufficient funds to purchase teacher manuals or other necessary supplemental materials for textbooks that improve the quality the instruction of students in the required curriculum. In addition, these systems lack sufficient funds to purchase necessary equipment for certain science, vocational, and technology labs, which would improve student achievement in those subjects. The science labs in many schools are inadequate for the even the most basic needs and often obsolete for modern instruction.

Even with the “gift cards” recently provided to many teachers (but now discontinued), the resources available for classroom supplies and materials are so inadequate in many schools that teachers are often forced to choose between purchasing necessary supplies and materials with their own personal funds or having their students go without these items.

Many teachers are forced to restrict the use of printing and copying supplies. Similarly, teachers are often constrained in the development and production of instructional materials by the shortages of such materials and equipment.

Because of these problems, many schools throughout Georgia are forced to rely on contributions or donations by parents or parent organizations to obtain essential materials, supplies, and books. Yet the fund-raising capability in many schools with high proportions of low-income families is not sufficient to pay for the additional materials that are required for the daily operation of their classrooms. In any event, the provision of an adequate education cannot be allowed to become dependent on private donations.

## Transportation

Because of insufficient resources, many school systems Georgia have been unable to purchase new school buses or replace aging buses in a timely manner and in accordance with the State’s recommended replacement cycle. (Ga. Comp. R. & Regs. r. 160-5-3-.11) As a result, many of these systems have had to cut or consolidate bus routes, often necessitating excessively long bus rides for many students and alterations in school schedules. The school day for some special education students has been abbreviated because of limited student transportation.

Many school systems in Georgia have been forced to eliminate or significantly curtail field trips for their students. For many disadvantaged students, field trips are one of the few opportunities for exposure to environments outside their immediate neighborhoods. The reduction of these experiences has a negative impact in the breadth of learning and ultimately the academic performance or engagement of these students.

### Instructional Technology

As a result of inadequate resources from the State, many school systems in Georgia have been unable to acquire, maintain, update and support the computer equipment, software, and other technology necessary to provide students with the instructional opportunities and technological competence required by State standards and consistent with best practices. The computers that are available to the students in these systems are often insufficient in number, obsolete, or poorly maintained. In addition, many systems are unable to purchase updated or appropriate software or have insufficient numbers of qualified staff for training and support to help their teachers and students make effective use of the technology that is available.

Although one of the three original purposes of the Georgia Lottery was to expand the use of technology in K-12 education, the State has not provided any direct funding for computers or instructional technology since FY 2003 (when recognizing the funding in the budget for FY 2002 that was intended for use in FY 2003). All subsequent expenditures for this purpose have been locally funded. Therefore, access to modern technology now depends entirely on the availability of local resources for this purpose.

### Facilities

A number of rapidly growing school systems are unable to provide enough classroom space for their students in permanent facilities. Many schools are overcrowded or have to rely on trailers for extended periods of time. Other schools have antiquated or deteriorated facilities. In either case, the students suffer from facilities that are not conducive to learning.

Many systems have also eliminated or postponed non-instructional expenditures in ways that harm the educational environment by deferring needed facility maintenance and repairs and reducing the level of regular upkeep. The condition of the restrooms in many schools is often a reflection of inadequate staffing and oversight.

Largely because of ESPLOST, Georgia has done a reasonably good job in financing the construction of new facilities, except in rapidly growing and low-wealth areas. A new school is an immediate source of pride for a local community, but inadequate and deferred maintenance often takes its toll over time.

### Special Education

Many students with exceptionalities require special education services, which are mandated by state and federal law, but the schools they attend are often unable to provide adequate services to all of the students who need such services. The necessity of improved services for students in special education is particularly acute in light of state accountability

standards pursuant to NCLB, which adopt (with only a few exceptions) the same performance standards for students with disabilities as for all other students.

Despite the requirements to improve the academic performance of students in special education, many school systems in Georgia do not have sufficient resources to establish or maintain adequate levels of services for students with disabilities. For example, these students are often served in inadequate classrooms by teachers without the necessary qualifications, with insufficient opportunities for individualized instruction, inadequate assistive technology and equipment, and a lack of qualified paraprofessionals and teachers to support the placement of students in regular classrooms with non-disabled peers, as is required by law in many instances.

The special-needs students in many systems are harmed in important ways. The ability of disabled students to succeed as independent adults is directly tied to the education they receive, and these deficiencies have life-long effects. The opportunities for mainstreaming exceptional students and other forms of inclusion are constrained by the lack of sufficient personnel, and the more these students are segregated from other students the less able they will be to interact effectively with others in the future.

#### Early Childhood Education

Many Georgia schools have students who enter kindergarten at a severe disadvantage because they do not have the basic skills and knowledge or literacy skills which they need as a foundation for success in school. These students would benefit considerably from early childhood education.

The State of Georgia's pre-kindergarten program was created in recognition of national research concerning the efficacy of pre-kindergarten education as an intervention that increases the probability of educational success. Many school systems in Georgia are unable to provide pre-k education for all of the families who need those services, and privately operated centers cannot be relied upon to meet all of the remaining need.

As a result, these systems often have substantial waiting lists for pre-k programs. Likewise, many of these systems also lack the financial resources needed to provide early childhood education for disadvantaged or special-needs children.

The number and geographic location of pre-k centers operated by school systems is based more on the availability of space rather than the actual need for such services, because a local system still has to provide the necessary space. Moreover, a local school system cannot include space for pre-k centers in its Local Facilities Plan, which is a prerequisite for State capital outlay funds and often becomes the basis for the projects included in an ESPLOST referendum.

A local system also has to cover a number of related expenses beyond the amount of funds it receives from the Georgia Department of Early Care and Learning for this program.

#### Alternative Education

Despite the large number of students throughout Georgia who are not receiving a high school diploma, the State provides insufficient funding to maintain viable dropout prevention

programs in many school systems throughout the State. While alternative school programs, including those with a non-traditional format and setting, such as the Performance Learning Centers, have been effective in offering a “second chance” for students who would not graduate otherwise, many systems lack the resources to create and sustain such programs.

Moreover, even where alternative schools are available, the students are often grouped with students from a broad range of grades in one class, making the provision of educational services to these students nearly unmanageable. These students become even more at risk of failure upon their return to the regular education program.

While helpful, the partial funding of “graduation coaches” does not fully address the underlying needs in equipping many of our students with the skills they need to proceed toward graduation or offering the courses they need to stay on schedule.

Most school systems in Georgia are unable to provide the non-traditional schools and other specialized services that are necessary to address a variety of factors that contribute to the high dropout rates across the state. Even though many high school students have children of their own or must work to help support their families financially, most systems in Georgia are unable to provide non-traditional schools with flexible hours or the child care that may be required to enable these students to progress to graduation.

Many Georgia students are victims of abusive home situations or have suffered bullying by their peers or others. Others have been involved with gangs or other criminal behavior. Still other students encounter language difficulties in their classes and especially when taking the GHSGT. These and similar circumstances cause many student to fall behind academically and eventually drop out school. The additional services to meet the needs of these students are not available in many schools throughout Georgia and cannot be provided adequately without substantial, additional financial support from the State.

#### Intervention and Compensatory Assistance

Education research clearly recognizes that students who are at risk of failure by virtue of their economic disadvantage, disability, or limited English proficiency require far more intensive instructional support than other students in order to gain an adequate education. However, many school systems in Georgia cannot offer the range and intensity of remedial and intervention programs to prevent students at-risk from falling behind or dropping out, despite the fact that many of these systems often have a high percentage of at-risk students.

These school systems are unable to offer summer school programs to students who are not being promoted in the elementary and middle grades or credit recovery summer programs for high school students who have failed courses. Moreover, since many systems cannot afford to provide student transportation for summer programs, the students without independent transportation are often unable to attend the summer programs that are available.

There is often insufficient funding to offer students the opportunity to take “make-up” classes during the course of the year for classes they may have previously failed. As a result, students in the elementary and middle grades who have failed certain subjects may often be promoted despite the fact that they are unprepared to succeed academically. Similarly, in high

school, such students may fall behind in their course credits toward graduation with the result that they are more likely to drop out of school.

The Early Intervention Program (“EIP”) is designed to provide elementary grade students at risk of failure a strong educational foundation and extra support at an early age when educational intervention can be most efficient and effective. (O.C.G.A. §20-2-153) EIP is the successor to the Special Instructional Assistance Program, which was originally a categorical program but became a general QBE program as part of the A+ Reform Act in 2000.

The original concept was sound in the sense that it was intended to provide a sustained boost for the students who are likely to need extra help in progressing on schedule instead of waiting for them to fall behind before extra help is available. However, EIP has morphed over time into more of a remedial program and does not begin to meet the actual need.

The very low academic achievement threshold above which students are not eligible for EIP prevents many students who need the assistance provided through EIP from being served. In addition, financial disincentives, including the effect on the staffing of the regular classes whenever EIP students are pulled out or served in the same classroom with another teacher, reduce the extent to which eligible students are served.

Although many students participate in EIP for less than a full day and do not represent a full-time equivalent student for funding purposes, the FTE count reflects the overall usage of EIP services based on the combined effect of the number of students in EIP and the amount of time they receive this assistance during the school day.

The need for EIP certainly has not decreased over time, but the use of EIP (as measured on a full-time equivalent basis in relation to the number of students without disabilities in the elementary grades) has declined steadily from 12.8% in FY 2003 to 12.2% in FY 2004 to 10.1% in FY 2005 to 8.9% in FY 2006 to 8.2% in FY 2007 to 8.1% in FY 2008, before rising slightly to 8.4% in FY 2009.

Moreover, the percentage of students participating during any portion of the day was 25.9% in FY 2003, 20.7% in FY 2004, 19.0% in FY 2006, 18.3% in FY 2007, and 18.4% in FY 2008. (The participation rate for FY 2009 is not yet available.)

In contrast, the percentage of students eligible for free and reduced price meals has increased from 45% in FY 2003 to 46% in FY 2004 to 48% in FY 2005 to 50% in FY 2006 to 50% in FY 2007 to 51% in FY 2008 to 53% in FY 2009.

Many students are able to overcome economic disadvantage on their own, but the linkage between academic achievement and family income is so clear that the number of low-income students is one predictor of the need for the extra support provided through EIP.

#### English for Speakers of Other Languages

Many school systems in Georgia have had significant increases in their populations with limited English proficiency and face daunting challenges in meeting the needs of those students. While the State provides some funding for a limited number of class periods per day of English

for Speakers of Other Languages (“ESOL”), neither this funding nor the program itself is adequate in conjunction with local funds to provide these students with the instructional resources and support necessary to participate effectively in the regular instructional program.

As a result, many systems are unable to provide adequate ESOL programs or to address the other issues in educating multi-language and multi-cultural student populations. Because of shortages in State funding, little or no professional development is available in these systems to train teachers in strategies and techniques for addressing the specific challenges of educating students in a multi-cultural context.

Statistics reported by the State on the “Report Card” by the Governor’s Office of Student Achievement for 2006-2007 indicate that the number of students who were receiving services through ESOL (shown as 3.5% of all students) was demonstrably less than the number of students who were classified by the State as being Limited English Proficient (shown as 5% of all students).

Moreover, as reported in *Education Week*, the passing rate for English Language Learners (“ELL”) in Georgia was 20 percentage points less than the rate for all students on the CRCT in mathematics (grades 4 and 8 averaged) in 2006-07. The gap in CRCT results in reading on this basis was even greater at 26 percentage points. Only 3% of ELL students scored proficient or above on the NAEP in math in 2006-07 (grades 4 and 8 averaged).

### Summary

The lack of adequate resources deprives many students throughout Georgia of qualified teachers and school leaders trained in the most effective instructional techniques, appropriate class sizes, high-quality early childhood education, appropriate programs for students with disabilities and English Language Learners, meaningful counseling, sufficient non-traditional programs, sustained intervention programs, adequate textbooks and materials, modern technology, up-to-date media centers and labs, safe and reliable transportation, facilities that are conducive to learning, and a safe and orderly environment, all of which are necessary to educate our students in a way that will enable them to succeed in their future academic, occupational, and civic endeavors.

The school funding system in Georgia fails to ensure that all students are provided with the fundamental educational rights guaranteed by the State Constitution. The greatest harm is suffered by the students who drop out of school and whose future prospects are thereby severely limited. Even for the students who eventually graduate from high school and want to continue their education, these deficiencies place them at risk of markedly lower achievement, hindering their acceptance by colleges and universities, making them more likely to need remedial courses before taking the general college curriculum, or blocking them from admission to higher education altogether.

These consequences are enduring and very difficult to overcome. They plague the affected students throughout their lifetimes, diminishing their ability to support themselves, avoid economic dependency, and participate constructively in the economic and civic life of Georgia and the United States.

The pervasive problems described above result from systemic deficiencies throughout Georgia. They are caused in large part by the chronic lack of the resources needed to educate all of our students properly. An enormous amount of evidence reveals the lack of adequate educational opportunities in many schools. The growing needs of an increasingly diverse population will make this challenge even greater in the future and will require even more financial resources, which many school systems in Georgia simply do not have.

### **Additional Information on Specific Examples**

The adverse consequences of inadequate funding are manifested in the daily activities of schools across Georgia. These consequences are varied, serious, and widespread; but instead of citing a long list of specific instances in this report, reference is made to the many examples that are described in the Plaintiffs' Reply Brief to the Defendants' Motion for Summary Judgment in the recent lawsuit. A copy of this brief can be found on the page on the website for the Georgia School Funding Association at [www.casfg.org](http://www.casfg.org).

These examples are taken from six illustrative systems. They are the Ben Hill County Schools, a small system in Middle Georgia; the Charlton County Schools, a very small system in Southeast Georgia; the Elbert County Schools, a small system in Eastern Georgia; the Murray County Schools, a system of moderate size in Northwest Georgia; the Polk County Schools, a system of moderate size in Northwest Georgia; and Wayne County, a system of moderate size in Southeast Georgia.

Each of these systems is well-managed and focused on the needs of its students, but they lack the funds that are required to provide sufficient educational opportunities for their students.

The examples cited in the referenced brief are based on the depositions, affidavits, and exhibits that were obtained during the process of discovery leading up to the trial that was scheduled to begin in October of 2008. They are representative of the systemic problems affecting all school systems in Georgia, although the specific nature and severity of the problems varies widely from system to system.

## CHAPTER 9

---

### **What Should be Done?**

#### **Legal Findings and Conclusions**

Based on the foregoing review of the constitutional and statutory requirements related to education in Georgia, it is clear that the State of Georgia is obligated to provide an adequate education to every student in Georgia. This conclusion also means by implication that the students of Georgia have a constitutional right to obtain an adequate education in accordance with the Georgia Constitution.

The Georgia Supreme Court has declared that an adequate education must provide each student with the opportunity to acquire the skills necessary for the enjoyment of the rights of speech and full participation in the political process. To be meaningful, this level of education must be enough to enable every student to act as a responsible citizen in our democracy, obtain productive employment, and qualify for and advance through higher education.

As an extension of the State's obligation, its duly constituted officials who have taken an oath to support and defend the Georgia Constitution have the responsibility to ensure that the State provides an adequate education to every student in Georgia.

Although the specific obligation set forth in the Georgia Constitution has meaning independent of legislative interpretation, the General Assembly has adopted the Quality Basic Education Act as the means through which the State of Georgia carries out its responsibility in providing an adequate education to all of Georgia's students.

The General Assembly has equated an "adequate" education with a "quality basic education," declared its intent to assure that each Georgian has access to a quality education program, and defined a quality basic education through a multitude of statutes and regulations that describe the essential inputs necessary for a quality basic education as well as the expected outcomes in terms of various academic standards.

Despite this clear, unequivocal, and unconditional responsibility, the State of Georgia has not taken the actions that are required to fulfill its constitutional duty and the laws that have been enacted to implement its responsibility. A careful examination of Georgia's public education system reveals many violations of the Georgia Constitution and the QBE Act, including the following:

- a. The State has failed to provide the financial resources and other support necessary to ensure that every student in Georgia receives an adequate education as guaranteed Georgia Constitution;



b. The State has failed to carry out the clearly stated intent as well as the minimum requirements of the QBE Act and the related laws and regulations;

c. These failures adversely affect many Georgia school systems by interfering with their ability to perform their constitutional responsibilities in the education of their students, as delegated to them by the Georgia Constitution and General Assembly, and

d. The rights and responsibilities of many Georgia schools systems, as well as their school board members and officers, as set forth in the Georgia Constitution and State laws, have been impeded unlawfully.

It follows, therefore, that the State School Superintendent and the members of the State Board of Education, by executing or implementing Georgia's public education system, including the funding of Georgia's schools, have acted in ways which:

a. violate the constitutional right of Georgia's students to receive an adequate education as further defined by relevant statutes and regulations;

b. adversely affect the financial affairs of many Georgia school systems and prevent these systems from fulfilling their constitutional responsibilities in providing an adequate education to their students and complying with the related laws and regulations; and

c. violate the rights and responsibilities of many Georgia school systems as well as their board members and officers as set forth in the Georgia Constitution and State laws.

In the event of future litigation to decide whether the State is meeting its constitutional obligation in education, these findings and conclusions – which are compelling on the basis of both the actual facts and the applicable law – will inevitably lead to a decision in favor of the plaintiffs. Nevertheless, it is possible, and indeed preferable, that the elected leaders of Georgia will come to accept the State's responsibility in education without the need for another lawsuit.

Regardless of the route that is followed, the attention will eventually turn to the appropriate remedy. There may have to be litigation over the State's constitutional and statutory responsibilities to spur the needed actions, but in any event, there will still have to a political response in terms of the public policies that are necessary to improve the opportunities for all of Georgia's students.

The most effective remedies will emerge from an active process of citizen participation in every community across Georgia. This report concentrates on the legal and legislative actions to strengthen our schools, but the key to reaching the ultimate goal is the steadfast commitment by parents, educators, business leaders, and concerned citizens in demanding that their elected officials fulfill their legal and moral responsibility to their constituents and in working to improve the opportunities for all of our children.

Although the process in these two states was aided by legal actions, the civic and business involvement guided by the Prichard Committee in Kentucky and the Campaign for Fiscal Equity in New York are vivid examples of the power of civic engagement in forging a consensus and supporting elected officials in taking the necessary actions.

## Legal Actions

If there is a future lawsuit in this regard, one of the goals would be a court order to require the executive and legislative branches of state government to accept their constitutional duty and bring all of Georgia's schools to a constitutionally acceptable standard. The courts do not have the responsibility or even the prerogative to tell the other branches how to achieve this goal but only to insist that the State perform its obligations as set forth in Georgia Constitution.

Unless the State changes its current direction, it is likely that there will be renewed litigation when school leaders across Georgia reach the conclusion that the State is not going to meet the needs of our students, regardless of the conditions in our economy, without being pushed by students, parents, educators, civic and business leaders or compelled by a court order.

The first task in any such lawsuit must be to prove that the current outcomes do not represent an adequate education for many students in Georgia and that these deficiencies result from either the actions or inactions of the State. The constitutional provision is an obligation and not just an aspiration. Once this premise is established, the focus can shift to the concerted and sustained efforts the State must undertake to solve the obvious problems.

It is of course critical to increase the financial support for education, but other necessary steps include better oversight and evaluation, more effective interventions, and targeted efforts to improve the performance of the students who are performing at the lowest levels as well as a broadened curriculum and enhanced opportunities for all students to achieve their full potential.

Once an adequate level of resources has been put in place, the other elements of the remedy must be multifaceted in nature. The courts should not dictate what those steps should be, but it is reasonable to describe the expectations and general standards for what the necessary monitoring, oversight, interventions, and supplemental support might be, including meaningful parental involvement, to provide a constitutionally adequate education.

As the culmination of any such lawsuit, the courts can be expected to affirm the right of every student in Georgia under the Georgia Constitution to obtain (1) an adequate education which enables the student to function in society as a responsible citizen in our democracy, (2) the necessary academic and vocational skills to secure productive employment, and (3) sufficient academic and vocational skills to pursue post-secondary education or vocational training.

In light of the current educational outcomes for Georgia's students and the State's failure to meet its responsibilities, as well as the course of litigation around the country, the courts would almost certainly be asked to declare that the manner in which Georgia's public education system is being implemented is unconstitutional and in violation of Georgia law. Similarly, the courts would likely find that the State School Superintendent and the members of the State Board of Education, through their implementation of Georgia's public education system, including the method of funding its schools, have violated and continue to violate the constitutional and statutory rights of Georgia's school systems.

For all of these reasons, the potential outcome of any future lawsuit would be an order by the courts to enjoin the State Board of Education from further executing or implementing

Georgia's public education system, unless the State completed within a reasonable period of time the following actions:

- a. perform, or direct to be performed, appropriate analyses of a comprehensive and objective nature to determine the level of funding that the State must provide to satisfy the intent of the Georgia Constitution and the QBE Act (or any other law that takes its place), including the additional support needed by various students;
- b. perform, or direct to be performed, appropriate analyses of a comprehensive and objective nature to determine the other forms of educational support, oversight, evaluation, and intervention that the State must provide to satisfy the intent of the of the Georgia Constitution and the QBE Act (or any other law that takes its place);
- c. establish and maintain a school funding system to ensure that all students in Georgia receive the adequate education guaranteed by the Georgia Constitution;
- d. establish and maintain the educational support, oversight, evaluation, and intervention that are necessary to ensure that all students are able to obtain a constitutionally adequate education;
- e. undertake regular reviews to keep the funding formulas and other support for K-12 education up-to date and based on current needs to ensure continued compliance with the Georgia Constitution; and
- f. create, adopt, and accept specific benchmarks and performance measures to be used in holding the State accountable for doing whatever is necessary to fulfill its constitutional duty to provide an adequate education for all students in Georgia.

Despite the fears of many Georgians from affluent areas, this remedy would not require a redistribution of the allotments to local school systems beyond the mechanisms already present in QBE. It would not lead to a "Robin Hood" situation in which funds are taken from some local school systems to meet the needs of other systems. Instead, it simply means that the State must provide a reasonable foundation of financial support and other assistance to each school in Georgia. Those local schools which currently exceed this foundation or may do so in the future would still be free to make such choices on their own.

Increasing the level of State support for the basic instructional program would benefit every local system in Georgia. Some systems will always be able to do more for their students than other systems, but the essential elements of an adequate education should be available to every student.

### **Educational Policies**

In concert with the possible legal actions, there is a related and pressing need to reform the policies that govern Georgia's schools. Many of the present rules were enacted for political rather than educational reasons. They do not reflect the time-honored principle that educators should be provided the necessary guidance and resources but then allowed to practice their profession in the best interest of their students, subject to accountability for results.

Resources should be targeted to the greatest needs, but from that point on, the specific means of instruction should be tailored to the needs of each student. Even though there must be a challenging curriculum, clear standards, and meaningful measures of academic performance for all students, teachers should be able to adjust their instructional strategies and techniques to the learning styles and experiences of their students. There is no specific instructional program or delivery method that works equally well for all students.

Minority groups now account for a majority of the students in Georgia's schools, and the number of Latino students is increasing at a faster rate than any other group over the last decade. The diversity in backgrounds, as well as the variety of learning styles among all students, underscores the need for flexibility in the approaches used to reach all students.

Education may be the sector of our economy that has been the least changed by the advent of new technology. There must be an accelerated attempt to incorporate technology into the instructional program, but with the understanding that education is likely to continue as a process based on the interaction between teacher and students for many years to come.

There is clearly a need for greater financial support of our schools, but this is only a means to an end. The ultimate goal should be to improve the educational opportunities for every student in Georgia. In that vein, the State of Georgia must take bold actions to strengthen all aspects of Georgia's schools. Some of these policies are as follows:

#### Financial Support

Although QBE is a sound framework for funding Georgia's schools, the components on which it is based must be continuously updated. The basic elements of the formula, as well as the regulations that now hamper its implementation, can and should be improved.

In any event, the method used to finance K-12 education in Georgia must be comprehensive, simple, and transparent. One example is shown in Appendix 1. This example is not intended to replace a comprehensive cost study, but only to illustrate a method for funding Georgia's schools that would be sustainable over time.

Regardless of the method, it is essential to review the funding model periodically, especially the inputs, to ensure that it is kept up-to-date. For example, the state constitution in Oregon requires the legislature to conduct a study every two years on whether its budget for education is sufficient to meet the state's education goals.

#### Teaching as a Profession

Because of the vital importance of having a capable teacher for every class, our schools will have to redouble their efforts in attracting and retaining capable teachers, especially in view of the large number of teachers approaching retirement. It is critical to enhance the teaching profession. There will always be turnover whenever teachers take time off to care for their children or other family members or move to other occupations, but every person entering the teaching profession must see the potential for a rewarding and meaningful career over time.

The State has adopted legislation to recognize master teachers, but there is still a great need to define a clear career path for teachers, which would include distinct levels within the teaching profession. Each level would be based on demonstrated competence with increasing responsibilities and compensation at each level. In one example of a career path, a new teacher would receive mentoring and other support, move when ready to a professional status with employment rights tied to performance, assume the duties of a mentor to new teachers at the appropriate time, and ultimately become a master teacher at the top of the profession.

For the sake of their fellow teachers and especially their students, those teachers who do not meet minimum levels of performance, after repeated offers of assistance, should not be allowed to continue in this vital profession. As difficult as it will be, a sensible and realistic way must also be found to base a portion of the compensation for teachers on their effectiveness in the academic achievement of their students or even in the overall performance of their schools without relying solely on their individual years of service and academic degrees.

One of the continuing needs is to develop a pipeline of future school leaders and provide mentoring and other support to administrators. The “principal” teacher at each school is one of the most demanding leadership positions in our society. It is also essential for principals and other supervisors to be instructional leaders and not just administrative managers.

#### Accountability and Flexibility

Georgia must set internationally benchmarked standards, but it is also crucial to invigorate our schools by allowing more latitude to our teachers and school leaders in achieving educational goals. The model represented by charter schools that have been authorized by and report to a local system is a good example of the concept of allowing flexibility from rules but expecting results in terms of student performance.

There should be clear accountability for student achievement, based on multiple indicators of educational results, coupled with (1) interventions for specific needs, (2) meaningful rewards for school improvement, (3) sanctions for failing to meet standards or make substantive progress, and (4) the absence of rules that hamstring teachers and local systems.

As an example of needed flexibility, local school systems should be able to adjust salary schedules and vary staffing patterns as necessary in attracting teachers for hard-to-fill positions and meeting specific student needs. Likewise, our schools should be encouraged to lengthen the school day and school year. Many of the industrialized nations around the world recognize the fundamental need for more “time on task.”

Some observers have advocated rewarding school systems for the number of diplomas issued or other measures of success in addition to the number of students enrolled. There is a certain appeal to this concept, but the reality is that the schools with the greatest challenges need the most support. Schools are not designed to earn a profit or even to reduce the cost to local taxpayers below the actual needs. This is where a strong and reliable system of accountability comes into play, not only to correct problems but also to reward educators for their effectiveness in achieving educational goals.

One hallmark of accountability is to focus attention on those struggling schools that continue to under-perform year after year so that decisive actions can and will be taken to rescue these schools. Georgia continues to shy away from this difficult but essential task.

Most of the current methods of accountability focus on how many students meet minimum standards. That is certainly a valid consideration, but equally important is finding ways to encourage and support our students in making the most of their specific talents. We should give as much attention to developing strengths as we do to correcting weaknesses.

Given the importance of accurate and complete data in any reliable systems of accountability, it is astounding how much information schools generate and how little of it is translated into useful information for wise planning and meaningful accountability. It is incredible in this technological era that the State cannot keep track of its entering ninth-grade students over the next four years.

The need for an accurate and timely student information system has been clear for over a decade, and there have been repeated appropriations, work groups, and promises in this regard. Nevertheless, Georgia still does not have a longitudinal, cohort-based system to compare the progress of the same group of students over time as opposed to comparing this year's students with last year's or even to determine how many of the students entering high school actually graduate with a regular diploma four years later (or even five or more years later).

#### Alternatives and Early Intervention

There is a pressing need to offer more and better alternatives for the students who are not succeeding in the regular instructional program offered by Georgia's schools. The reality is that many students need non-traditional approaches in learning the basic curriculum and in gaining the necessary preparation for higher education and productive jobs. Georgia will not be able to increase its very low graduation rate until our schools are able to meet these varied needs.

The best way to close the entrenched achievement gap between various groups of students in Georgia's schools is to identify the children who are in danger of falling behind and then provide targeted, sustained support to enable them to progress on schedule without falling behind in the first place. Remedial education is still necessary, but it is far more important and cost-effective to prevent the need for remediation in the first place. Whenever a student is pulled out of a class or confined in a self-contained class, the task becomes even harder. Reducing class sizes on a blended basis may be the simplest and most effective way to achieve this goal.

Our schools should offer transitional grades and other forms of intensive help to rescue the students who are in danger of not being promoted to the next grade, especially at the gateway points. For the most advanced students, there should be a much closer and seamless connection with the technical colleges, community colleges, and public and private colleges.

The ultimate goal should be to adopt and then follow a personalized education plan for every student. Regrettably, the pressures for efficiency and the least possible cost lead to regimentation and standardization, not in the sense of high standards but in the sense of uniformity. The challenge for our schools is to operate as economically as possible but to give

each student the attention that is needed to meet his or her individual needs and help each student develop his or her particular talents.

### Parental Involvement

Active parents and a supportive community can help a school excel by encouraging their children, supporting the staff, and setting the tone that permeates everything at the school.

A school must still have capable teachers, guided by effective leaders, and the level of resources must be enough to support a sound instructional program with additional time and alternatives for the students who need extra help. Nevertheless, energized parents can be the crucial difference in the school's overall performance.

It is certainly true that some parents have more time to devote to this endeavor than others, and some may have more savvy than others in "working the system." This means the barriers, usually in the form of perceptions, must be removed at every level to make parents feel comfortable in dealing with their schools. Moreover, policymakers at the local and state level must not be reluctant to hold parents accountable for the conduct of their children at school.

Policies should be designed to make parents feel welcome and seek their input, but the key is to stress the crucial role of parents in the educational process and to create a sense of community for every school even if the students come from a wide area.

### Other Issues

Despite the controversial nature of these issues and the incorrect assumptions which are often made in this regard, there should be an openness to consider the consolidation of some small school systems in Georgia - but only when the affected students would benefit from an improved curriculum and other services and when the combined total cost could be reduced. In many cases, the geographic area to be served is so large that merging one or more very small systems into one or more systems that would still have a relatively small enrollment would not make much of a difference in the total cost for a consolidated system.

There are many reasons why it would make sense to increase the required local effort for all school systems, assuming that the additional funds would be used to increase the overall QBE Formula. Likewise, many school leaders have been willing to increase their property tax rates for education – and have done so – to the extent that each local economy can support.

### Needed Revenues

Updating Georgia's tax code would go a long way in generating the revenues to provide an adequate education for all of Georgia's students. It may still be necessary, however, to adjust some tax rates at the state level. The needs of our students and the importance of education to the prosperity of our state will continue regardless of the level of State revenues. In view of the severe cuts in the funding of Georgia's schools, it is especially hard to justify tuition tax-credits for private schools, tax credits on the sale of existing homes, or even the sales tax holidays. The collection of the existing taxes, especially the sales tax, must be improved.

According to the Georgia Budget & Policy Institute, the State's total revenues are now considerably less as a percentage of the Georgia economy than they were during the decade of the 1990s (generally about 6% of total personal income in each year of the 1990s compared with about 5% today). The tax "burden" on Georgia's individual and corporate taxpayers is much less than in most states, and Georgia ranks 43<sup>rd</sup> among the states in state tax revenues per capita.

To a considerable extent, the current financial crisis for Georgia's schools is not just a result of the economic recession. It is also the inevitable consequence of repeated, intentional, and successful efforts to modify Georgia's tax code in ways that work to the advantage of politically influential groups.

The eventual cost to all of our citizens from failing to produce an educated citizenry will be much greater than whatever the marginal savings in State taxes might be. Moreover, the pressure on local property taxes would be eased if local systems did not have to cover the deficits in State support for the basic instructional program.

There is a common misconception regarding the level of State support to our schools. Although the total dollar amount has increased over time, the increase has not been nearly enough to keep up with the steady growth in enrollment, the continuing effect of inflation, and the increasing needs of our students. Local systems have stepped in to compensate for the shortfall, but as previously noted, their ability to do so varies widely from system to system.

The goal should be to achieve an appropriate mix of state and local taxes that is fair to all taxpayers and generates the revenues needed for public education and other essential services. Local systems should have local sources of revenue in meeting local needs, and the combination of revenues from all sources should provide stability in the funding of Georgia's schools without being susceptible to volatile swings from over-reliance on any one source.

In any event, local revenues should be used for the intended purpose of supplementing the basic instructional program in every school according to the needs and desires of the local community and not to replace the foundation of support that the State is supposed to provide.

### **Conclusion**

In a vernacular that is familiar to many Georgians, the key to improving our schools is more emphasis on blocking and tackling instead of long passes and trick plays. The legal actions and educational policies described above would build on the existing strengths in our schools while curbing the problems that are holding our educators back from what they want and know how to do for our students.

The academic achievement by Georgia's students, especially our dismal graduation rate, is cause for deep concern. The needed improvements will not occur, however, without bold actions to provide adequate support to all of our schools, remove unnecessary restraints at the school level, and raise the expectations for students and teachers alike.

The task won't be easy, but it can be done. The future of our state depends on how well the citizens of Georgia and their elected leaders respond to this crucial challenge. As the first and indispensable step in this journey, the State of Georgia must accept and then fulfill its obligation in education under the Georgia Constitution.



## **Appendix 1: Illustrative Plan for the Financing of K-12 Education in Georgia**

Shown below is the outline of a comprehensive approach for financing K-12 education in Georgia. The ideas in this plan are general in nature and require further refinement. Its only purpose is to show that it is possible to have a funding method that is simple, transparent, and designed to meet the constitutional test of providing an adequate education to every student.

The current QBE Formula is a good framework, but some of its elements can and should be improved. In any event, there is an urgent need for a careful review of the cost components in whatever method the State may use to fund local systems. If the starting point is not realistic, the internal relationships break down, and the final result is skewed.

Although this plan is nothing more than a hypothesis for further study, it suggests several reforms that are critically needed. The most important is to define a “foundation” of support based on State funds and a required local share that is large enough to support an adequate education for every student in Georgia. The QBE Act was designed with this purpose in mind, but it has been hampered by so many arbitrary assumptions, internal constraints, and unrealistic cost components that the results do not come close to meeting the original goal.

The basic elements of this plan are as follows:

1. The State of Georgia would provide a foundation of financial support that is enough to offer a basic instructional program for all of the students in every school, with the cost of the basic program being estimated in a comprehensive and realistic way.

The foundation would cover the following costs:

- a. the general costs per student in four groupings of grade levels (kindergarten, grades 1-5, grades 6-8, and grades 9-12) for the entire school day, and
- b. the additional costs for the part of the school day which each student spends in Special Education, English to Speakers of Other Languages, Gifted Education, the Early Intervention Program (in grades K-5), Alternative Education (in grades 6-12), and Remedial Education (in grades 6-12).

The foundation would include the following components:

- a. regular classroom teachers, based on the current staffing ratios for each grade level unless or until new ratios are developed,
- b. paraprofessionals, counselors, subject specialists, technology specialists, media specialists, psychologists, and school social workers, based on the current staffing ratios unless or until new ratios are developed,
- c. textbooks, library books and media, supplies, equipment, travel, and instructional technology, based on a reasonable amount per student at each organizational level but in no event less than 75% of the statewide average per student for such expenditures in the most recent year for which such data is available,

d. staff development, based on the demonstrated need for updating the skills of all teachers but not less than 1.5% of the State's salary schedule for the covered positions,

e. facility maintenance and operation, based on the cost per student of maintaining a typical school building at each organizational level but in no event less than less than 75% of the statewide average per student for such expenditures for each organizational level in the most recent year for which such data is available, and

f. reasonable estimates of the cost for the required supervision of a typical school and school system, but not less than 10% of the salaries of the instructional staff at each school for school administration and 3% of the certificated salaries at the school level for central administration.

Unless and until a new compensation plan has been adopted, the salaries for all certificated positions would be determined in accordance with the State's minimum salary schedule then in effect. There would be one overall adjustment for training and experience based on all of the certificated employees in each system.

The local system would have to provide the full number of teachers required by the staffing ratios at each of the organizational levels, but would have flexibility in the staffing of individual classes so long as any single class did not exceed the base class size for its grade level by more than 25%. The staffing ratio for high schools should be adjusted to reflect the required planning period.

The detailed expenditure controls should be replaced by simply requiring that all State funds for instruction be spent at each school for that general purpose. It would then be possible to avoid having to develop a separate salary adjustment for training and experience for every program and type of position.

For simplicity if nothing else, the prescriptive and artificial staffing ratios for school and general administration should be replaced by easy-to-understand simple and low "overhead" rates as are typical of many business organizations.

The current Early Intervention Program would be modified to provide the assistance needed by all eligible students in grades K-5 to perform at grade level on a sustained basis. The funding for this initiative would be based on the number of students in each school who (1) meet the current criteria for eligibility or (2) are eligible for free or reduced-price meals and have not met grade-level expectations for at least two consecutive years. The classes in which these students are taught would be reduced in size at a ratio of 1 teacher for every 11 eligible students on a blended basis or according to the delivery method selected by the school.

The current Remedial Education Program would be modified to provide the assistance needed by all students in grades 6-12 who are not making satisfactory progress toward graduation from high school, with no limit on the number of eligible students in each school.

Similarly, the current Alternative Education Program would be modified to serve all of the students who need a non-traditional setting to graduate from high school as well as the students who have been identified as being disruptive.

2. The State would provide system-wide grants to cover the basic costs of an adequate education that are relevant to the entire system as opposed to individual students.

Student transportation would be a system grant based on the specific needs in each system, but as a check of the reasonableness of such grants, the statewide total would not be less than 75% of the actual statewide expenditures in the most recent year for which such data is available. There would also be a system grant to cover the extra costs caused by extreme sparsity and isolation in the location of specific schools.

3. The State would pay 80% of the total cost of the basic instructional program and system-wide grants for the state as a whole, and the remaining 20% of the total cost would be apportioned among all local school systems in relation to the taxable wealth of each system.

Although the concept of an 80%-20% split is already embodied in State law through a cap on the Local Five Mill Share, the specific percentages are less important than the goal of creating a partnership, in which the dollar amount of the state and local shares would change together. Under the current approach, the required local effort is equal to the revenues generated by five mills of property taxes, regardless of the cost of the various instructional programs.

Under this plan, the total local share would be apportioned among all local school systems according to the percentage of the total statewide equalized property-tax digest that is represented by each system. However, since the ability to pay property taxes also depends on the taxpayer's income, the required local effort would be reduced for those systems in which the median household income is less than the median household income for the entire state. The amount of the reduction would be a percentage, possibly half, of the difference between the median family income in that system and the median family income for the entire state.

4. Because of the importance of local discretion, local systems would be able to spend the funds for the foundation and other services in the way they believe is the most beneficial to their students, subject to overall standards, limits on maximum class sizes, a minimum salary schedule, and accountability for the academic performance of their students.

The amount of the foundation would be based on a certain organizational structure and staffing pattern, but each school should have the latitude to adopt other organizational forms and instructional approaches, so long as the local system accepted the responsibility for any incremental cost and was able to demonstrate improved student achievement.

5. To meet local needs and desires beyond the foundation, local systems would have the authority to levy property taxes in excess of the required local share for the purpose of increasing their salaries above the State minimum salary schedule and enriching or expanding the services to their students.

The intent of the foundation and system-wide grants is to ensure the availability of an adequate education for every student in every school, including the children who have disabilities, do not speak English as their first language, or need extra help, but local systems should have the right to expand or enrich the instructional program for their students through local funds.

6. The State would provide grants to enable all systems to increase salaries and expand services on the same basis as the system at a defined level of taxable wealth.

These grants would be similar to the current Equalization Grants, except for the fact that the benchmark would be the statewide average for the equalized property-tax digest per weighted student instead of the property tax base per student for the system at the 75<sup>th</sup> percentile.



**GEORGIA SCHOOL FUNDING ASSOCIATION**

**P.O. Box 9013  
Atlanta, Georgia 31106  
404-872-9651**

**[www.casfg.org](http://www.casfg.org)**