Quick Definition

Education finance refers to the various formulas and systems by which public schools are funded. Many education policymakers and practitioners consider the funding of public schools to be the most critical issue in public education. Running schools—and improving them—cannot take place without the proper resources. As a policy issue, education finance is both complex and controversial. Determining how to best allocate funds to support improvements in state and local education systems is always a contentious political issue. Across the country, states and local school districts are grappling with funding formulas, tax reforms, education litigation, and the adequacy of school funds, all of which have a direct impact on the quality of local education systems.

Relevancy to Georgia

For many decades, the financing of public schools was seen as a local issue, and school districts' spending decisions were based almost solely on the amount of money they had available. Beginning in the 1950s, however, states gradually became more active participants in school funding. Greater state involvement most often led to the establishment of detailed state funding formulas, which directed funds to districts with greater financial needs or specific student populations such as special education students and students with limited English proficiency.[1]

In the early 1970s, the country saw a transformation in school finance as evidenced by the rise of litigation challenging the wide variations in per-student funding that existed in most states. Numerous lawsuits were filed on behalf of individuals in low-wealth districts who argued that their schools were unable to provide the same quality of education available in wealthier districts.

More recently, the focus of school funding debates has moved from equity in the distribution of funds to the adequacy of the funding provided. The concept of school finance adequacy is that if states have established performance measures (for example, test scores, graduation rates, and/or dropout rates), there should be sufficient funding available to allow all schools to meet those measures.[2]

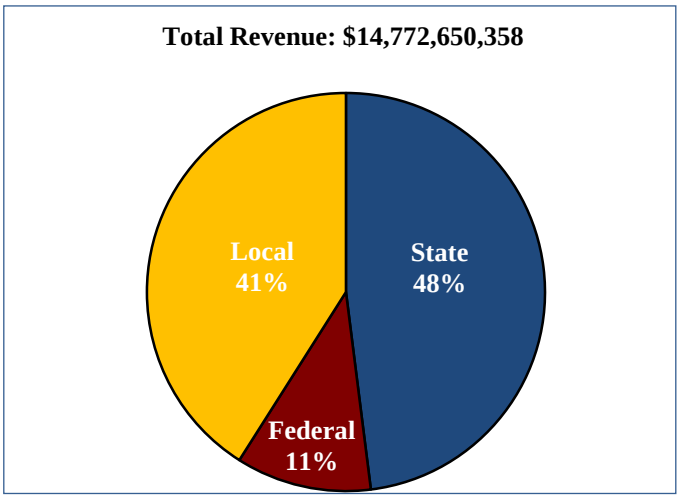
Revenue

In Georgia, as in all states, K-12 education represents the biggest item in state and local budgets. As Georgia's population and student enrollment continue to grow, the need for increased revenue is even more critical, as is the need for policymakers to understand the complexity of the school finance issue.

The total revenue for public education in each state is comprised of a combination of federal, state, and local funds. During FY 2011, the total revenue for Georgia's public school systems was a little more than $14.7 billion. This amounted to an average of $9,001 for each full-time equivalent student enrolled in Georgia's public schools.[3] Figure 1 shows the sources of public education revenue from federal, state, and local sources in FY 2011, as reported by the Georgia Department of Education. The largest share of revenues in this year came from state tax dollars.

[1] Education Commission of the States. "Finance." Retrieved from http://www.ecs.org.
[2] Ibid.
[3] Georgia Department of Education. "Local, State, and Federal Revenue Report: Fiscal Year 2011 Financial Data Collection System." Retrieved from http://www.doe.k12.ga.us.

Figure 1. Georgia Public School Revenue by Source, FY 2011



Source: Georgia Department of Education. "Local, State, and Federal Revenue Report: Fiscal Year 2009 Financial Data Collection System."

Federal Funds

The federal funds that Georgia receives for public education are allocated for specific federal programs that serve children historically considered at-risk. For example, in compliance with the Individuals with Disabilities Education Act (IDEA), Georgia applies federal funds to educational services for special education students. Federal Title III funding supplements state funds to provide services to students who are English language learners. Federal Title I funding supports schools with high numbers of low-income students by funding academic enrichment programs. The federally-assisted National School Lunch Program (NSLP) ensures that economically disadvantaged students who qualify for free/reduced lunch can receive a meal at school. Additionally, local school systems with a military base also qualify for special federal funds. Federal funds can be used only for the programs for which they are allocated; neither states nor districts have the ability to apply these funds to any other program area.

State Funds

States distribute education funds to school districts through a funding formula set forth in state law. State funding formulas typically have two distinct parts – the "foundation" (or base) and "categorical" funding. In most states, the foundation amount is designed to

cover the basic cost of education, while categorical funding is applied to specific initiatives such as special education, reduced class size, and summer-school programs.[4]

In Georgia, the majority of state funds for public schools is provided according to the Quality Basic Education (QBE) formula, which was established by state legislation in 1985. The total amount of state revenue received by local districts is comprised of three components: QBE earnings; categorical grants; and equalization grants. Combining these three components, the total amount of state education revenue *proposed* for FY 2012 is $5,637,291,565

Table 1. Georgia State Funding For Fiscal Year 2012

		QBE Earnings		Categorical Grants		Equalization Grants
State Funding for Public Education	=	(Direct and indirect instructional costs, from which a local share of funds is deducted)	+	(State funds for specific education expenses, such as transportation.)	+	(Additional funding for school systems with lower property wealth)
$5,637,291,565		$5,036,120,103		$165,012,883		$436,158,579

Source: Georgia Department of Education. "Earnings Sheet for FY 2012." February 7, 2012.

QBE Earnings

QBE earnings serve as Georgia's primary mechanism for funding public schools. The QBE earnings are used to fund both direct and indirect instructional costs. Direct costs include the cost of putting a teacher in every classroom and special instructional programs such as remediation, gifted education, and English to Speakers of Others Languages (ESOL) programs. Indirect costs include funding for central administration, school administration, and facilities maintenance.

The QBE formula for direct instructional costs allocates funding based on the number of full time equivalent (FTE) students in a particular educational program. The formula includes 19 direct instructional programs, which are funded according to their respective program "weight." Program weights are given in recognition that some students are more expensive to educate than others. The benchmark weight of 1.00 is assigned to a student in grades 9-12 who attends regular classes and receives no special services—the "least expensive" student to educate. All other students receive weights higher than 1.00; these weights are used to determine the total cost of a given instructional program.

[4] Education Commission of the States. "Finance: Funding Formulas." Retrieved from http://www.ecs.org.

Table 2. Georgia's Quality Basic Education (QBE) Funding Formula, FY 2012		
Program	**QBE Weight**	**QBE FTE Cost**
Kindergarten	1.6601	$4,523.82
Kindergarten EIP	2.0517	$5,591.07
Primary Grades (1-3)	1.2861	$3,504.84
Primary Grades (1-3) EIP	1.8045	$4,917.37
Upper Elementary Grades (4-5)	1.0326	$2,813.80
Upper Elementary Grades (4-5) EIP	1.7988	$4,901.89
Middle Grades (6-8)	1.0164	$2,769.77
Middle School (6-8)	1.1218	$3,056.88
Grades 9-12 (*Base*)	1.0000	$2,725.07
Vocational Labs (9-12)	1.1841	$3,226.78
Special Education I	2.3960	$6,589.37
Special Education II	2.8189	$7,681.67
Special Education III	3.5912	$9,786.38
Special Education IV	5.8253	$15,874.43
Special Education V	2.4597	$6,702.83
Gifted Program	1.6686	$4,546.99
Remedial Education	1.3136	$3,579.72
Alternative Education	1.6038	$4,370.57
English for Speakers of Other Languages	2.5337	$6,904.61
Source: Georgia Department of Education. "Weights for FTE Funding Formula: FY 2010."		
Notes: EIP is the Early Intervention Program intended for elementary students who are at-risk of not meeting grade-level standards. Schools that have middle school configuration (grades 6-8) receive additional funds based on the premise that operating a middle school requires more funds than simply having a middle grade (6, 7, or 8) within a school.		

It is important to note that local school systems do not receive the entire amount of funding determined from the QBE formula from the state. Local districts are required to levy property taxes of at least five mills within their communities as a basic local commitment to the funding of public schools. The local five mill share is then subtracted from a district's total QBE earnings, and the reminder of the balance is paid by the state. (Local funding of schools is discussed in more detail below.) Thus, as shown in Table 3, QBE earnings for a school system are equal to the sum of direct and indirect instructional costs minus the local district's five mill share.

Table 3. Calculation of QBE Earnings for Georgia's Public Schools
QBE "Earnings" = (Direct & Indirect Instructional Costs) - (Local 5 Mill Share)

The QBE was enacted in 1985 and has not been changed to reflect the current funding needs in Georgia's schools, such as technology use in the classroom. Georgia's Education Finance Commission is currently reviewing how schools are funded in

Georgia, particularly with regard to core student funding, funding equity, and state and local funding partnerships.[5] The Commission has delivered two sets of interim Recommendations – in August 2011 and January 2012 – which were acted on by the General Assembly during the 2012 Legislative Session. These changes included 1) changes to the funding of school nurses to provide a greater level of state support, 2) the financial support for professional learning associated with statewide strategic initiatives (i.e. implantation of Common Core), 3) changes to the Capital Outlay Program, and 4) shifting the reporting requirements related to home schooling reports to the Department of Education and away from the local districts.

The Commission's final recommendations were adopted on September 19, 2012, and all recommendations with a fiscal impact were prioritized for funding. Included in the final recommendations include changes in funding of:

1. Classroom technology and infrastructure,
2. School counselors,
3. Student support services,
4. Professional learning,
5. Central and school administration,
6. Equalization funds, and
7. Capital outlay.[6]

For a complete summary of the recommendations, see the Georgia DOE reports page: State Education Finance Study Commission.

Categorical Grants

Local school systems receive additional funding from the state of Georgia in the form of categorical grants. These grants can include funds for transportation, sparsity (designated for areas with sparse populations), and low-incidence special education students.

Equalization Grants

Because not all counties in Georgia have equal property tax wealth, there is significant variance in the amount of funds localities can raise through the local five mill share. The state provides additional funding to these low-wealth counties according to an equalization formula that compares the relative property tax wealth of all counties in the state. As part of the Education Study Finance Commission's interim recommendations the equalization formula was changed by equalizing to a modified statewide average rather than the 75th percentile, and to require a minimum millage for participation. These changes serve to make the formula more sustainable and predictable. This recommendation was enacted in HB 824 during the 2012 Legislative Session and the

[5] Georgia Department of Education. http://www.gadoe.org/fbo_financial.aspx?PageReq=FBOFinStudyComm

[6] Georgia Department of Education. http://www.gadoe.org/Finance-and-Business-Operations/Financial-Review/Pages/State-Education-Finance-Study-Commission.aspx

modified formula became effective in FY 2013; however, no change was made to the level of funds appropriated.

Austerity Cuts

Though legislation mandates a specific state share of public education funding (as described above), Georgia began imposing "temporary QBE reductions," or austerity cuts, in FY 2003 in response to a reduction in overall state revenue. The total amount of annual state austerity cuts is deducted from the total sum of QBE Earnings, which results in significant under-funding of education by the state. (Austerity cuts are discussed in more detail in the section "Additional Developments in Georgia's Educational Finance.")

Local Funds

Local funds constitute a significant portion of public education funding in Georgia. In fact, state law requires that local systems contribute a portion of local funds—referred to as the "five mill share"—toward the costs of public education. Currently, the law mandates that all local systems in Georgia pay an amount equal to five mills of property tax generated within their taxing authority. By law, the amount of money represented by the five mills cannot exceed 20 percent of the total QBE formula earnings. Funds that are raised through locally levied property taxes do not leave the school system and are not sent to the state or to other school systems. (Funds raised from bonds and special-purpose local-option sales taxes also are kept locally.) The five mill share is simply the amount of the local funding "obligation" the state requires each system to pay.[7]

Local systems may generate revenue through property taxes, a special-purpose local-option sales tax (SPLOST), and bond referendums. The monies raised through local measures are often used to pay for local salary supplements and benefits. In addition, local funds provide supplemental revenue to help pay for the following operational costs:

- Maintenance and operations;
- Reduction of class sizes;
- Additional curricular programs;
- Extracurricular activities for students;
- Transportation; and
- Technology.

Property Taxes

Local school systems generate the majority of their public education revenue through local property taxes. These taxes are levied according to a set millage rate, a figure applied to the value of property and used to calculate an individual's property tax liability. One "mill" equates to one dollar of tax liability on every thousand dollars of taxable value. Thus, to calculate the property tax, the local taxing authority will multiply

[7] Georgia School Council Institute. "The Basics of Georgia School Finance." Revised 2007. Retrieved from http://www.georgiaeducation.org.

the assessed value of a property by the mill rate and then divide by 1,000. For example, a property with an assessed value of $500,000 located in a municipality with a mill rate of 20 mills would have an annual property tax bill of $10,000. Most school systems in Georgia may not levy a tax of more than 20 mills without voter approval.

Special-Purpose Local-Option Sales Tax (SPLOST) and Bonds

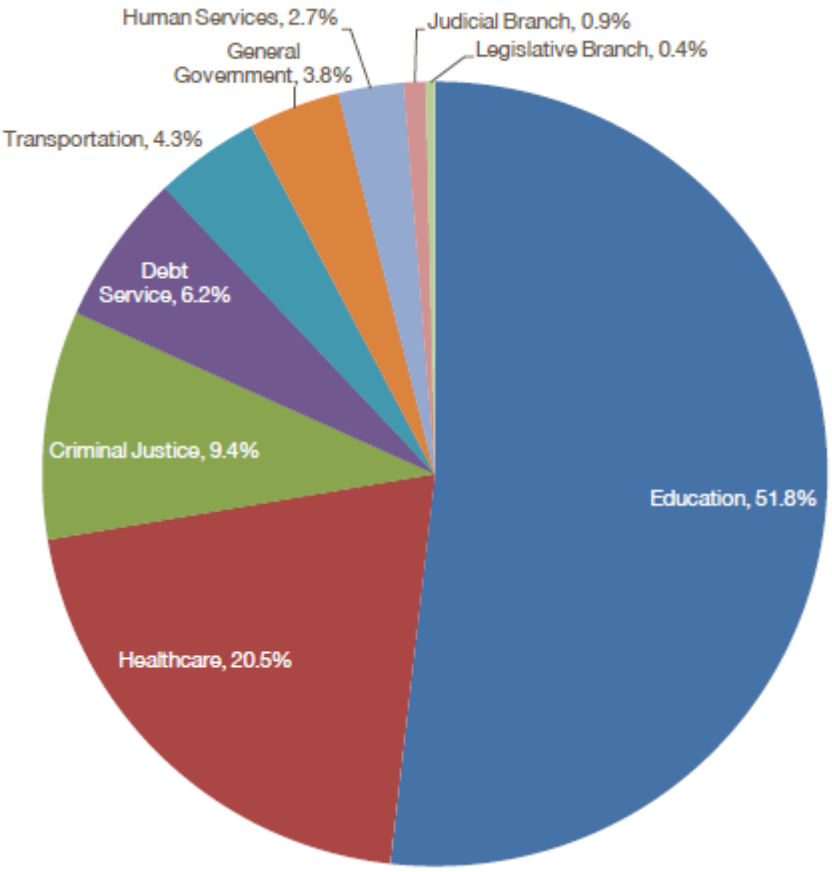
In addition to levying property taxes for the operation of their schools, local school systems in Georgia may also use a special-purpose local-option sales tax (SPLOST) and bonds to finance school construction, fund special technology projects, or repay bonded indebtedness. Bonds and SPLOSTS may not be used to finance salaries or other operating expenses. These funding mechanisms must be approved by a majority of qualified voters in the local district.

Georgia's Education Budget and Expenditures

A state budget is considered not only the most important fiscal document but also the most important policy document as it prescribes the priority levels given to major initiatives. Georgia's state budget for fiscal year 2012 allocates 56 percent of state funds, or $9.1 billion to K-12 and postsecondary education.[8] Figure 2 provides an overview of the distribution of general funds according to Georgia's proposed FY 2013 *proposed* state budget.

Figure 2. Georgia's State Budget, General Funds Breakdown, FY 2013

[8] Essig, A. "Georgia's Budget Primer 2012 Report." Georgia Budget & Policy Institute, August 2011. Retrieved from http://www.gbpi.org.



Source: Essig, A. "FY 2013 Budget Analysis and Budget Overview." Georgia Budget and Policy Institute, February 6, 2012.

Education Expenditures

Ultimately, local systems draw on the combination of federal, state, and local funds to pay for the cost of educating their students. In fiscal year 2011, the average amount spent by local systems to educate a child in Georgia's K-12 schools was $ 8,593.97.[9] Of this total per full-time-equivalent (FTE) student revenue, only a portion was spent on direct instruction. Additional expenditures per FTE student included pupil services, staff services, general administration, school administration, transportation, and maintenance and operations. Table

Because of the great variation in the amount of local funds a district is able to raise through property taxes and other means, FTE expenditures vary widely across the state of Georgia. For instance, in FY 2011, the Chickamauga City Schools averaged

[9] Georgia Department of Education. "Expenditure Report: Fiscal Year 2011 Financial Data Collection System." Retrieved September 12, 2011 from http://www.doe.k12.ga.us.

approximately $6,450 for instruction per student. In contrast, Decatur City Schools spent nearly twice that amount, averaging instructional costs of $12,989.per student.[10]

Resource Equity and Adequacy

The Georgia Constitution includes language guaranteeing an adequate public education for all citizens. Yet determining whether the state actually provides adequate resources to schools is a dominant issue in school finance in Georgia, as well as in states across the country. There are two major components to the policy debate over adequacy in education funding:

- What is an adequate education in terms of standards, teachers and curriculum?; and
- What is the appropriate funding level to provide that?

Through Georgia's A+ Education Reform Act of 2000 and the federal No Child Left Behind (NCLB) Act, policymakers in Georgia have begun to define education in terms of expectations, standards, aligned assessments, teacher qualifications, and curriculum. Yet the increased demands and accountability within schools have triggered many questions regarding funding adequacy. What funding level is needed to achieve what has been put into law? How much should the state pay?

Policymakers and researchers in school finance have put a great deal of effort into defining educational equity and determining how best to achieve it. Equity is a consideration of how resources are distributed. The discussion usually centers on the property wealth of a school district. There is a wide variation in the value of a mill across Georgia. A mill in one school district may be worth less than $50,000, but in another district be valued at over $18 million. School districts with a mill of high value can fund much more from local funds than a district where the mill has a low value. When state funds are cut, high-wealth districts have the means to replace the funds. When categories such as instructional materials are under-funded by the state, high-wealth districts can buy what their students need. Low-wealth districts cannot. Those conditions create the argument that resources are inequitable. Since the late 1980s, the issue of equity has taken a back seat to the topic of finance adequacy, though equity still plays a critical part in how states develop formulas to distribute their education resources.[11]

The Shift in State and Local Shares of Educational Funding

School funding is not only a complex educational issue, but a dynamic one. Each year, new policy considerations and legislation arise that shape the debate and structure of

[10] Georgia Department of Education. "Expenditure Report: Fiscal Year 2011 Financial Data Collection System." Retrieved from http://www.doe.k12.ga.us.
[11] Georgia School Council Institute. "The Basics of Georgia School Finance." Revised 2007. Retrieved from http://www.georgiaeducation.org.

school finance. The shifting balance of local and state revenues has impacted school funding.

Georgia's Quality Basic Education (QBE) Funding Formula was established in 1985. Over the years, various adjustments have been made to the funding mechanism, the most notable of which has been state austerity cuts. These state-level funding cuts, which originated during a time of economic decline, have significantly limited the amount of revenue local school systems receive from the state, despite the levels of funding guaranteed by the QBE law. Even with the economic upturn in recent fiscal years, the state of Georgia is still under-funding its own formula for a basic education.

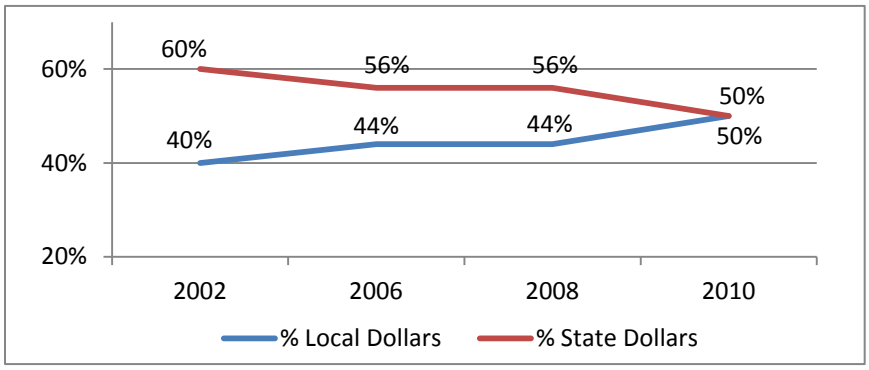
Since the first austerity cuts were imposed in 2003, the cumulative effect has been a total reduction in state education funding of more than $3.8 billion. This figure represents the funds that were earned by school systems per student enrolled, but that were cut by state leaders. While the cuts signify a distressing trend in Georgia's educational finance, they are particularly devastating to those local school systems without a large enough tax base to adequately supplement the lost revenue through local taxes. Shown in Table 4 are the austerity reductions in state education funding over the past 10 years. Figure 3 depicts the shifts in Georgia's public education funding by revenue source over the past eight years.

Table 4. Austerity Reductions in Georgia's State Funding for Education

Fiscal Year	Austerity Reduction in State Education Funding
2012	$60,890,140
2011	$527,023,763
2010	$1,324,972,727
2009	$495,723,830
2008	$142,959,810
2007	$169,745,895
2006	$332,835,092
2005	$332,838,099
2004	$156,800,956
2003	$283,478,659
2002	--
Total cumulative reduction, FY02-FY10	**$3,827,268,971**

Source: Governor's Office of Planning and Budget, "Governor's Budget Report."

Figure 3. Percent Distribution of District Revenue Sources



Georgia Department of Education. (2011). *Local, state, and federal revenue report, FY 2010*.

Policy Considerations

When it comes to the issue of school funding, Georgia policymakers face a host of complex and controversial decision points. High quality, adequate investments in educational excellence are imperative to strengthening our student outcomes. As Georgia's population and student enrollment continue to grow, the need for increased revenue is even more critical.

As the debate continues on adequacy, equity, and the appropriate mechanisms for funding Georgia's schools, it is imperative that the policy discourse gives serious consideration to the new demands placed on the state's schools. Do these new demands require new ways of funding? Most importantly, the policy decisions made about funding, spending, and educational programs must be made together and based on evidence about results.

National Perspective

Funding Equity and Adequacy

For many decades, the financing of public schools was seen as a local issue, and school districts' spending decisions were based almost solely on the amount of money they had available. Beginning in the 1950s, however, states gradually became more active participants, providing almost 40 percent of all public funding. In contrast, federal spending only accounted for about 2 percent of K-12 spending around this time. Greater state involvement most often led to the establishment of detailed state funding formulas, which directed funds to districts with greater financial needs or specific student populations such as special education students and students with limited English proficiency.[12]

In the early 1970s, the country saw a transformation in school finance as evidenced by the rise of litigation challenging the wide variations in per-student funding that existed in most states. Numerous lawsuits were filed on behalf of individuals in low-wealth districts who argued that their schools were unable to provide the same quality of education available in wealthier districts. The landmark 1973 Supreme Court ruling that education is not a fundamental right under the U.S. Constitution left decisions about funding equity in the hands of the states.

Recently, the focus of school funding debates has moved from equity in the distribution of funds to the adequacy of the funding provided. The concept of school finance adequacy is that states should have sufficient funding available to allow all schools to meet student performance measures.[13] Researchers disagree over the extent to which more funding will yield increased achievement, but advocates of adequate funding levels argue that if large numbers of children are not performing well, they are not receiving an adequate education.[14]

Although low-income children and children of color are disproportionately affected by inequitable funding, the majority of children of all backgrounds attend schools that receive a per-pupil expenditure that is below the national average. Also, because funding disparities within states still exist, average per-pupil expenditures can be somewhat misleading.[15] Across the country, at least 45 states have battled lawsuits challenging the state funding systems. Adequacy claims, which seek to alter insufficient funding schemes in order to provide for an adequate education according to state constitutions, have

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[12] Education Commission of the States. "Finance." Retrieved from http://www.ecs.org; The Southern Education Foundation. "No Time to Lose: Why American Needs and Education Amendment to the U.S. Constitution to Improve Public Education." 2009.
[13] Education Commission of the States. "Finance." Retrieved from http://www.ecs.org.
[14] Lefkowits, L. "School Finance: From Equity to Adequacy." Mid-Continent Research for Education and Learning, March 2004. Retrieved from http://mcrel.org.
[15] The Southern Education Foundation. "No Time to Lose: Why American Needs and Education Amendment to the U.S. Constitution to Improve Public Education." 2009.

dominated the legal landscape since 1989. About two-thirds of school funding decisions in adequacy cases is made in favor of the plaintiff.

Large funding disparities exist between states as well. For instance, in 2009, the average per-pupil expenditure on education in the U.S. was $10,591. Utah spent an average of $6,612 to educate each student while New York spent more than twice as much as Utah--$17,746 per student.[16]

Current Funding Levels

The total revenue for public education in each state is comprised of a combination of federal, state, and local funds. In fiscal year 2009, the combined total of funds from each of these sources for public elementary and secondary education in the United States was over $593 billion. Nationwide, 9.6 percent of these funds came from federal sources, 46.7 percent from state provisions, and 43.7 percent from local systems.[17]

The economic recession has greatly affected education spending in the past few years. Nationwide, state fiscal conditions in 2011 have improved compared to the previous two years.

- Thirty-eight states estimate higher general fund spending in fiscal year 2011 compared to fiscal year 2010.
- Forty governors recommended higher general fund spending in fiscal year 2012 compared to fiscal year 2011.

Still, the impact of the economic recession continues to take its toll on state budgets.

- Twenty-nine states predict lower general fund spending in 2012 compared to pre-recession levels in 2008.
- Total general fund revenues in 2012 will be $24.6 billion lower than 2008 revenues.
- Thirty-three states report $75.1 billion in budget gaps in fiscal year 2012.[18]

States take a variety of measures to fill budget gaps. A few have increased taxes and fees or used their "rainy day" funds. Others have made cuts to employees through layoffs, furloughs, or a reduction in employee benefits. Many states have chosen to make mid-year budget cuts, an indicator that a state could not meet its predicted level of revenue collections. In the first 10 months of fiscal year 2011, 23 states made $7.8 billion in mid-

[16] Johnson, F., Zhou, L., and Nakamoto, N. "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2008-09 (Fiscal Year 2009)." U.S. Department of Education, National Center for Education Statistics, June 2011.
[17] Johnson, F., Zhou, L., and Nakamoto, N. "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2008-09 (Fiscal Year 2009)." U.S. Department of Education, National Center for Education Statistics, June 2011.
[18] The National Governors Association and The National Association of State Budget Officers. "The Fiscal Survey of States: An Update of State Fiscal Conditions." Spring 2011.

year cuts. In fiscal year 2010, 39 states made mid-year cuts and in fiscal year 2009, 43 states had to make such cuts.[19]

These budget cuts do not happen without real consequences. In 2010-11, 70 percent of the nation's school districts experienced decreases in school funding. American Recovery and Reinvestment Act (ARRA) funds and Education Jobs funds have helped to shore up these gaps, but less than one-third of all of the nation's school districts anticipate having any ARRA funds in 2011-12. This is of great concern because an even higher rate of school districts, about 84 percent, expects to experience decreased funding levels again in 2011-12.[20] (See Research Tells Us for more details on how budget cuts impact education.)

[19] The National Governors Association and The National Association of State Budget Officers. "The Fiscal Survey of States: An Update of State Fiscal Conditions." Spring 2011.
[20] Kober, N. and Rentner, D. S. "Strained School Face Bleak Future: Districts Foresee Budget Cuts, Teacher Layoffs, and aSlowing of Education Reform Efforts." Center on Education Policy, June 2011.

Research Tells Us

On a district level, cuts to state funding have resulted in less funding for school programs and personnel. For instance, about 66 percent of school districts with budget shortfalls that were not mostly or fully offset by ARRA or Education Jobs (Ed Jobs) funding slowed, postponed, or stopped school reform plans during the 2010-11 school year.[21] Many districts reduced spending on technology, student support services, facilities maintenance, and professional development. Budget shortfalls also led to the loss of many school personnel, impacting city, suburban, and rural districts at similar rates. About 53 percent of all school districts nationally had to cut school personnel in 2010-11 and 50 percent anticipate needing to do so again in 2011-12.[22]

Many states used federal funding for special populations of students to save and create staff positions. About 83 percent of districts that received supplemental funding for the Individuals with Disabilities Education Act (IDEA) through ARRA used this funding to save or create special education teaching and staff positions. Similarly, about 69 percent of districts that received supplemental Title I funding through ARRA used this funding to save or create teaching jobs.[23]

Looking at Georgia specifically, funding for the Georgia Department of Education has been reduced by more than $1 billion since FY 2008. When adjusted for inflation, per pupil spending has been cut by $451 per student. The state of Georgia used to assume the majority of financial responsibility for school funding, contributing about 60 percent of all funds. Now the share of funding is split more evenly between the state and local districts.[24]

School funding translates into real educational outcomes. One study suggests that an increase of $1,000 in per-pupil funding could yield a 9.28 point increase in combined SAT I verbal and math scores. Interestingly, this same study found that school districts that rely more heavily on local funding tend to perform better on the National Assessment of Education Progress (NAEP) exam. The study's authors suggest that increased local funding leads to local accountability for school quality and more community support for the district's public schools.[25]

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[21] Ed Jobs is a federal program that provided $10 billion to states to save and create education jobs during the 2010-11 school year. Source: U.S. Department of Education.
[22] Kober, N. and Rentner, D. S. "Strained School Face Bleak Future: Districts Foresee Budget Cuts, Teacher Layoffs, and aSlowing of Education Reform Efforts." Center on Education Policy, June 2011.
[23] IDEA is the federal act governing how states provide services to students with special needs. Title I provides funding to schools with high numbers of low income children. Kober, N. and Rentner, D. S. "Strained School Face Bleak Future: Districts Foresee Budget Cuts, Teacher Layoffs, and aSlowing of Education Reform Efforts." Center on Education Policy, June 2011.
[24] Essig, A. "Georgia's Budget Primer 2012 Report." Georgia Budget & Policy Institute, August 2011.
[25] Mackenzie, J. "Public School Funding and Performance." University of Delaware, 2006. Retrieved from http://www.udel.edu/johnmack/research/school_funding.pdf.

In short, as we look to the future of funding public education in Georgia and throughout the nation, we will likely continue to see school districts facing huge challenges. The amount of funding that schools receive makes a difference in student outcomes. Yet our current economic realities will likely continue to make it difficult for districts to fund school reform measures, staffing, and provision of other valuable resources to students.

For More Information

Georgia Budget and Policy Institute
http://gbpi.org

The Georgia Budget and Policy Institute uses research, analysis, and education to advance policies and practices to expand opportunity and economic success for all Georgians.

Georgia School Council Institute, "The Basics of Georgia School Finance"
www.georgiaeducation.org

The Georgia School Council provides current information on school performance with comparisons available by region, system, and state. This particular document is accessible through the website's "School Improvement" link and details how schools are funded in Georgia.