

# POLICY *brief*

## A REVIEW OF GEORGIA'S QUALITY BASIC EDUCATION FORMULA FISCAL YEAR 1987 THROUGH 1998

This Policy Brief examines the changes from FY 1987 through FY 1998 in Georgia's Quality Basic Education (QBE) formula. The report identifies the major structural changes to the formula and the funding adjustments that transpired during the twelve-year period.

### Formula Structure

The Georgia Quality Basic Education Act's funding formula was designed to assure that sufficient funds are provided in order for the State's public school students to receive an effective education. QBE funds 14 (initially 12) instructional programs in order to reflect the different ages (e.g., kindergarten and high school) and specific needs of students (e.g., remedial education and gifted). Among other QBE funding provisions, the formula:

- counts students based on their enrollment in specific instructional programs during each one-sixth of the school day, which yields the Full-Time Equivalent (FTE) counts for each program;
- establishes a base instructional program per student (i.e., 1 FTE) which is used as the basis for annually adjusting funding amounts for all instructional programs; and
- assigns program weights for each instructional program to reflect the differences in program costs for such components as instructional personnel and materials, school and central office administration, facility maintenance and operation (M & O), staff and professional development, and media center personnel, materials, and equipment.

These provisions constitute the basic formula structure for annually determining the total amount of state funds required to finance QBE in each school system. For each school district multiplying the FTE for each program by the base instructional program cost and by the program weight, and then summing over all 14 programs, determines the basic QBE grant for the school district. Other funding provisions such as the Local Fair Share, Equalization grants, and salary supplements for the training and experience of personnel will affect the actual amount of state funds received by a school system.

### Changes to the Formula Structure

Seven major changes were made to the QBE formula during the first twelve fiscal years of its implementation. Six of these changes directly affected the structure of the formula.

1. Shortly after the passage of the QBE Act, a study team was appointed by Governor Joe Frank Harris to investigate possible revisions of the five special education programs (four for handicapped students and one for gifted students). The initial cost projections for these five programs developed by the Education Review Commission (ERC) were determined to be too low. The revisions to the weights for these programs were adopted during the 1987 Session of the General Assembly, and funding for the initial QBE year was adjusted in the FY 1987 Amended (Supplemental) Appropriations Act.

2. Initially the funding for school psychologists was based on the special education FTE counts. In FY 1991, the funding for school psychologists was revised to include the entire FTE counts.

3. In FY 1992, the funding program for regular classroom grades 4 through 8 was divided into two programs, grades 4-5 and grades 6-8. This change shifted school administration funding for grades 4 and 5 from the middle grades to the elementary level. Different program weights were established for the two programs.

4. The fourth change was a limitation on how the formula was to be applied. Legislation (HB 129) was enacted in 1995 to adjust allocations for central administration personnel. This change (a) reduced the overall level of funding for central administration personnel, and (b) increased the amount of funds for administration in small school districts and decreased the amount in large districts.

5. Legislation (HB 500) was passed in 1996 to provide funding for an additional special education program. This program provides funds for those special education students whose Individualized Educational Programs (IEPs) specify that (a) instruction take place in a least restrictive environment (e.g., placement in a regular classroom) or (b) services be provided by assistive personnel (e.g., a paraprofessional).

6. Implemented in FY 1997, the sixth change was designed to provide school systems more flexibility to use state funds for additional teachers in kindergarten through grade 8. However, this change eliminated direct funding for instructional aides (K-3) and clerical aides (grades 4-8), which was previously earned through the formula.

7. The seventh change did not directly affect the structure of the formula, but rather how the budgeting process allows for year-to-year funding adjustments. The intent of the original Educational Review Committee was for the program weights to be revised every three years, with only the funding amount for the base instructional program adjusted annually. This intent was incorporated into the initial provisions of the QBE Act. However, the budgeting process resulted in adjustments to various components of non-base instructional program each year, ultimately leading to the program weights being changed annually beginning in FY 1991.

## Funding Adjustments

State funding (on an FTE basis) for most of the QBE formula components increased annually from FY 1987 through FY 1990, with significant gains for certified personnel in FY 1988 and for operations in FY 1990. Overall funding per FTE continued to increase in FY 1991 although three of the components experienced significant decreases. However, overall funding per FTE decreased in FY 1992. With the exception for those components linked to certified personnel, the level of funding for most components has not increased since FY 1991. Funding per FTE for some of these components in FY 1998 is less than the initial QBE funding year, FY 1987.

For illustrative purposes, Table 1 shows the funding per FTE by component for the regular classroom 9-12 instructional program for fiscal years 1987, 1991, 1992, and 1998. This program has been used as the base instructional program since FY 1992.

### Personnel

Funding per FTE for every component of the formula increased for certified personnel (i.e., teachers and administrators) in each year of the formula's implementation with three exceptions. The exceptions were (a) FY 1992, the year the State experienced a major revenue shortfall; (b) FY 1994, the year the State reduced its contributions per FTE to the health insurance program; and (c) FY 1996, the first year HB 129 effected the funding for central administration personnel.

The base salaries for certified personnel have increased every year, except FY 1992. By contrast, base salaries for instructional aides (K-3), clerical aides (grades 4-8), secretaries and accountants have been adjusted infrequently, and have not increased since salaries were reduced in FY 1992.

### Instructional Operations

Funding per FTE for instructional operations (i.e., consumable materials, textbooks, travel, and equipment replacement and maintenance) increased annually from FY 1987 through FY 1991. Significant increases in FY 1990 and FY 1991 were made to offset the higher costs experienced by local school districts. Funding per FTE for instructional operations has not increased since FY 1991 and was decreased in FY 1994 to adjust for a shift from a five-year to a seven-year textbook adoption policy.

Table 1. Funds Per FTE by Component for the Regular Classroom 9-12 Instructional Program

Component	FY 87	FY 91	FY 92	FY 98
<u>Personnel</u>				
Instruction	782.11	1,075.84	1,056.49	1,362.38
Central Admin.*	36.92	51.21	47.90	56.97
Psychologist	—	7.20	7.21	9.30
School Admin.	79.83	110.55	103.62	133.82
Media Center	16.91	23.38	23.03	29.73
Subtotal	915.77	1,268.18	1,238.25	1,592.20
<u>Operations</u>				
Instruction	32.71	83.33	83.33	69.44
Central Admin.	6.19	15.67	15.39	15.39
School Admin.	7.64	6.82	6.82	6.82
Facility M & O	125.00	269.80	236.00	261.00
Media Center	23.50	16.28	16.28	16.28
Subtotal	195.04	391.90	357.82	368.93
<u>Development</u>				
Staff	4.05	5.66	5.55	6.15
Professional	38.19	15.25	15.41	14.91
Subtotal	42.24	20.91	20.96	21.06
<b>TOTAL</b>	<b>1,153.05</b>	<b>1,680.99</b>	<b>1,617.03</b>	<b>1,983.21</b>

\*Calculations used for this cost component is based on a school system size of 3,300 FTEs.

#### Central Administration Operations

Funding per FTE for the operation of school district central offices increased from FY 1987 through FY 1991. There were significant increases in FY 1990 and FY 1991 to adjust for the higher costs experienced by local school districts. Funding per FTE for central administration operations was reduced slightly in FY 1992 and has remained at the FY 1992 level through FY 1998.

#### School Administration Operations

Funding per FTE for the operation of school offices increased annually from FY 1987 through FY 1990. There was a significant increase in FY 1990 reflecting the higher costs being experienced by local school districts. Funding per FTE was decreased significantly in FY 1991 and has since remained at the FY 1991 level.

#### Facility Maintenance and Operation (M & O)

Funding per FTE for facility maintenance and operation increased annually from FY 1987 through FY 1991. Significant increases in FY 1990 and FY 1991 reflected the higher costs being experienced by local school districts. Funding per FTE was decreased significantly in FY 1992 and remained at the FY 1992 level until FY 1997.

#### Media Center Materials and Equipment

Funding per FTE for media center materials and equipment increased modestly in FY 1988 and FY 1989. After a major increase in FY 1990, funding per FTE decreased significantly in FY 1991 and currently remains at the FY 1991 level.

#### Staff Development

Funding per FTE for staff development (activities designed to improve staff competency, typically delivered within the staff's contract year) increased annually from FY 1987 through FY 1991 and also from FY 1994 through FY 1998. Funding per FTE was reduced slightly in FY 1992 and significantly in FY 1993.

#### Professional Development

Funding per FTE for professional development (programs that provide teachers with summer stipends for participating in college course work) remained the same from FY 1987 through FY 1990. Funding per FTE decreased significantly in FY 1991, and has since remained below pre-FY 1991 levels.

## ABOUT THE AUTHORS

**Dwight R. Doering** is a Research Associate in the Fiscal Research Program and a former parochial and public school teacher. His responsibilities at FRP include the management and analysis of federal and state education data. His research interests include educational leadership, education finance, school choice, and the charter schools movement.

**Larry R. Gess** is Associate Director at the Carl Vinson Institute of Government at the University of Georgia. He has been Research Associate in the Fiscal Research Program, and on the staff of the Office of Planning and Budget for the State of Georgia.

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Fiscal Research Program  
School of Policy Studies  
Georgia State University  
University Plaza  
Atlanta, Georgia 30303

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