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A SNAPSHOT OF GEORGIA SCHOOL DISTRICT EXPENDITURES AND THE RESPONSE TO THE 2008 RECESSION

Introduction

This brief provides an initial snapshot of expenditures in Georgia's school districts over the past decade (2001-2011) with a particular focus on school district cutback responses to the 2008 recession. The data shows that school districts cut back over 11 percent in instructional expenditures per pupil in the 2007-2011 time period even with the addition of federal stimulus funds. Instruction made up 67 percent of school expenditures in 2011. In the smaller categories, "General and School Administration" has also declined, although this category appears to have sustained more cuts prior to the 2008 recession, declining 15 percent from 2001-2007. Facilities and maintenance and educational media are also areas that have seen marked declines in expenditures over the past decade. At the same time, several categories have grown although the most significant period of growth was prior to the 2008 recession. These areas include pupil services, support services and improvement of instructional services.

Data

This report draws on school district data reported on DE-46 forms to the Georgia Department of Education. The expenditure data includes expenditures financed by all sources: state, local and federal funds.

To be consistent with prior reports on education finance, the analysis adjusts for inflation using the

National Income Product Accounts (NIPA) Table 3.9.4, the price index for State and Local Government Consumption Expenditures and Gross Investment. All numbers are in 2010 dollars. This index is consistent with other research on school finance and is more likely to reflect a school district's purchasing power than other deflators or price indices; however, this index recorded a relatively high rate of inflation in the early and middle part of the 2000's relative to other more generic indices such as the Consumer Price Index (CPI) or Gross Domestic Product (GDP). Use of these latter indices will produce results that mute the impact of declines in spending at the beginning of the decade. The results for these indices are more closely aligned across the 2007-2011 time period.

This analysis reports the data on aggregate for all school districts weighted by the number of children in each school district. The data therefore reflects what is being experienced on a per child basis across the state as opposed to an average of school districts. While important for understanding the effect on children, this weighted data will be more heavily influenced by larger school districts than small ones.

Results

Figure 1 shows the share of expenditures in the different functional categories across the state. In 2011, instruction made up 67 percent of overall school

FIGURE 1. 2011 SCHOOL DISTRICT EXPENDITURE FUNCTIONS

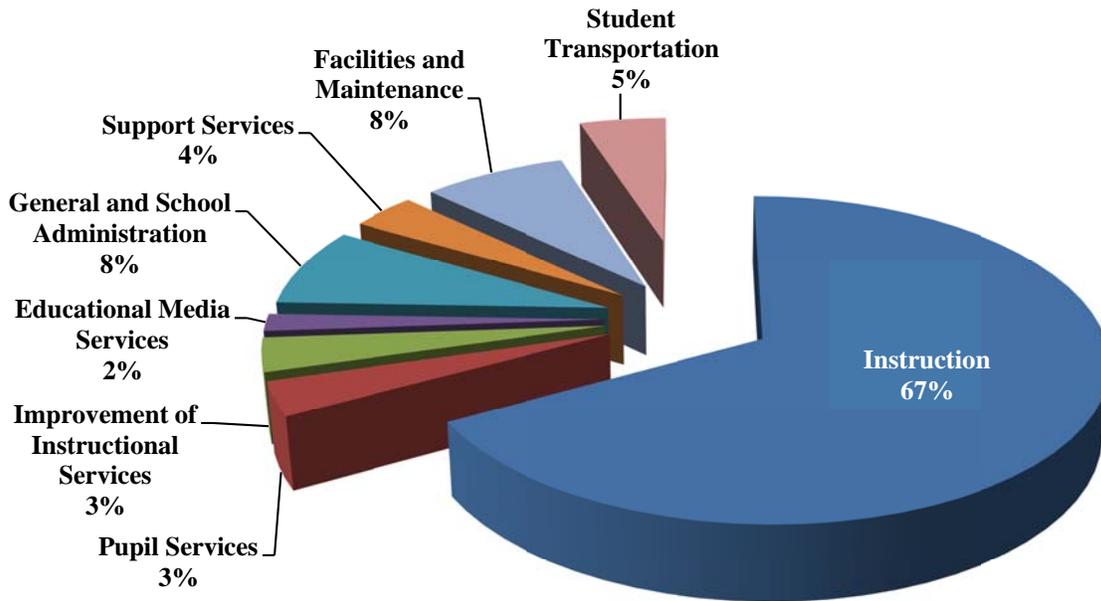


TABLE 1. REAL PER FTE EXPENDITURES BY FUNCTION

	2001	2007	2011	Percent Change 2001-2007	Percent Change 2007-2011	Percent Change 2001-2011
Instruction	\$6,256	\$6,188	\$5,550	-1.08%	-10.31%	-11.28%
Pupil Services	\$250	\$284	\$287	13.37%	1.06%	14.58%
Improvement of Instructional Services	\$252	\$305	\$284	21.05%	-6.71%	12.93%
Educational Media Services	\$201	\$172	\$144	-14.58%	-16.13%	-28.36%
General and School Administration (i)	\$802	\$678	\$659	-15.43%	-2.80%	-17.80%
Support Services (ii)	\$271	\$296	\$304	9.24%	2.89%	12.40%
Facilities and Maintenance (iii)	\$798	\$721	\$659	-9.68%	-8.54%	-17.40%
Student Transportation	\$420	\$452	\$403	7.65%	-10.85%	-4.03%
Total Expenditures	\$9,249	\$9,094	\$8,290	-1.67%	-8.84%	-10.36%

All values are in 2010 dollars using the NIPA Government Consumption and Expenditures Price Index. The per FTE amounts represent expenditures across the 180 school districts divided by state FTE. (i) Sum of expenditures on General and School Administration. (ii) Sum of expenditures for the three support services categories: Business, Central, and Other. (iii) Sum of expenditures in the two facility related categories: Facility Acquisition and Construction Services, and Maintenance and Operation of Plant Services.

school expenditures. Instruction makes up such a substantial share of school district spending that it is unlikely that school districts could manage through a significant economic downturn without touching this expenditure category.

Table 1 shows inflation adjusted spending per full time equivalent (FTE) student across eight functional expenditure categories for 2001, 2007, and 2011, and the changes between these periods. The largest category of expenditure, Instruction, declined by 11 percent during the decade – the vast majority of this decline a result of the recent recession. Three categories increased over the 2001-2011 time period: Improvement of Instructional Services, Support Services, and Pupil Services increased by 15, 13, and 12 percent respectively. Improvement of Instructional Services contains planning, curriculum development and teacher training, and professional development. Support Services includes personnel, finance and business operations as well as data processing, strategic planning, and district wide development of evaluation systems. Pupil Services includes testing, guidance counseling, social work, health services, as well as supplemental payments for coaching and other supervision of extracurricular activities. While there may be many drivers of these increases, one common theme is that each of these categories was likely to see some increased demand from the implementation of No Child Left Behind. In particular, “Improvement of Instructional Services” was likely affected by increased demands put on the schools and went up by 21 percent during the earlier 2001-2007 period. Looking at areas of decline outside of instruction, one can see the top categories are Educational Media Services, General and School Administration, and Facilities and Maintenance at 28, 18, and 17 percent respectively.

Table 2 digs more deeply into the 2007-2011 decline in instructional expenditures. Here the impact of the federal stimulus funding through the American Recovery and Reinvestment Act of 2009 (ARRA) is evident. The Direct Education, Career Related Technical Training and Driver’s Ed, and Student Achievement, Graduation, and Test Preparation categories bore the largest percentages of decline. The latter two categories did not receive stimulus assistance and so declined 23 and 58 percent respectively. Education of

Disadvantaged Children, a category associated with the federal Title I funds, showed a 20 percent decline in non-stimulus funds but only a 3 percent decline overall suggesting that school districts pulled state and local funds away from these programs and used the federal funds to backfill. At the same time, Special Education funds actually increased overall with state and local funds only declining by 5 percent. Direct education, by far the largest category, declined 14 percent. School districts saw declines in state and local funding of 18 percent per FTE and then backfilled \$208 per pupil with federal funds. Figure 2 graphs the impact of federal stimulus funds on school district instructional spending.

Conclusion

This brief provides a snapshot of where schools have taken cuts and where they have added funds. While instruction escaped significant reduction from the 2001-2007 period, in the last recession, this area has been affected substantially, sustaining a 10 percent reduction. General school administration, although not the only “back office” category for school districts, was cut significantly in the early part of the decade. The other area that has sustained cuts of over 10 percent is facilities and maintenance. Interestingly, even as school districts were having to cut instructional services, Public Services, Support Services, and Improvement of Instructional Services has been growing. The categories include teacher training, professional development and testing suggesting that some of this growth may be a function of the increased demands put on school districts from school reform efforts.

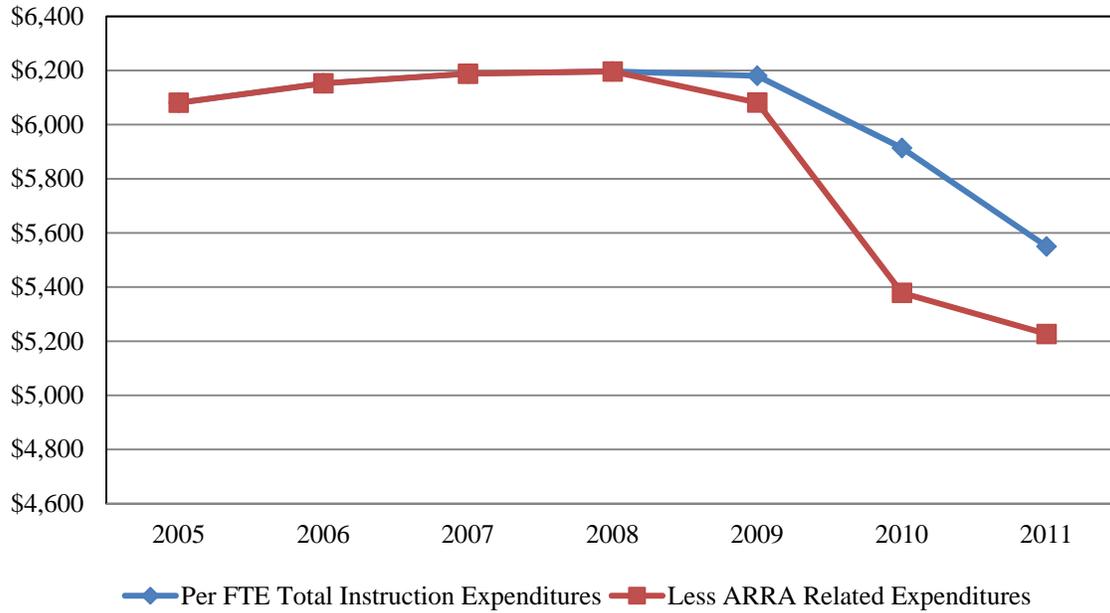
Finally, the brief examines in the impact of the cuts within the instruction function over the 2007-2011 period. Within this function, schools appear to have substantially cut back on career and technical training and driver education services as well as various graduation assistance and test preparation instructional services. The largest overall category, direct education, sustained reductions in state and local funding of 18 percent; however, federal stimulus funds were apparently able to protect this category somewhat bringing the cut up to only 14 percent. Less affected were Title I programs and special education programs, each of which received substantial assistance through the federal stimulus.

TABLE 2. REAL GEORGIA PER FTE INSTRUCTION EXPENDITURES BY PROGRAM CODE CATEGORY 2008-2011

	2007	2008	2009	2011	2007-2011 Change	2007-2011 Percent Change
Total Instructional Expenditures(i)	\$6,188	\$6,196	\$6,180	\$5,550	-\$638	-10.31%
Less ARRA Related Funding	\$6,188	\$6,196	\$6,081	\$5,227	-\$961	-15.54%
Direct Education (ii)	\$4,304	\$4,340	\$4,298	\$3,718	-\$586	-13.61%
Less ARRA Related Funding	\$4,304	\$4,340	\$4,200	\$3,509	-\$794	-18.46%
Education of Disadvantaged Children (iii)	\$290	\$257	\$241	\$281	-\$9	-3.18%
Less ARRA Related Funding	\$290	\$257	\$240	\$230	-\$60	-20.76%
Special Education and IDEA (iv)	\$1,148	\$1,172	\$1,209	\$1,157	\$9	0.81%
Less ARRA Related Funding	\$1,148	\$1,172	\$1,208	\$1,093	-\$54	-4.75%
Career Related Technical Training and Drivers Ed (v)	\$286	\$274	\$268	\$222	-\$65	-22.55%
Less ARRA Related Funding	\$286	\$274	\$268	\$222	-\$65	-22.55%
Student Achievement, Graduation, and Test Preparation (vi)	\$28	\$23	\$24	\$12	-\$16	-58.29%

All values are in 2010 Dollars using the NIPA Government Consumption and Expenditures Price Index. Per FTE represents expenditures across the 180 school districts divided by state FTE (i) Program Code categories do not sum exactly to Total Instructional Expenditures because some instructional expenditures have not been classified by a specific program code and left as miscellaneous or unspecified. These subgroupings for instructional expenditures are created by coding program codes the following way: (ii) Direct Education are those with a program code between 1011 and 1741. Direct Education Category includes Fiscal Stabilization ARRA Funds. (iii) Education of Disadvantaged Children are those expenditures having a program code between 1746 and 1970 and include Title I through IV funds.. (iv) Special Education and IDEA are expenditures with a program code between 2011 and 2835. (v) Career Related Technical Training and Drivers Ed are expenditures with a program code between 3011 and 6057. (vi) Student Achievement, Graduation, and Test Preparation have a program code between 7000 and 7051.

FIGURE 2. TOTAL INSTRUCTIONAL EXPENDITURES WITH AND WITHOUT ARRA RELATED EXPENDITURES



All values are in 2010 Dollars using the NIPA Government Consumption and Expenditures Price Index. Per FTE amounts represents expenditures across the 180 school districts divided by state FTE.

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A Snapshot of Georgia School District Expenditures and the Response to the 2008 Recession

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