

Recommendation 1: School Nurse

The current formula for school nurses has historically been funded at a flat amount with no adjustments made for increased students, supplies or other program costs. The Commission recommends that a formula be created to fund school nurses based on student counts to allow the formula to grow as needed to meet the needs of an increased student population. The Commission also recommends funding for supplies for school nursing programs – an item not specifically contemplated in our current funding methodology. Finally, the Commission recommends a position at the Central Office at the Department of Education to coordinate program activities. This recommendation has a fiscal impact and the Commission recommends that the new formula be phased in over a 3-year period beginning in FY 2013.

Recommendation 2: Professional Learning

The Commission recommends providing funding for the Department of Education to develop professional learning training centered on statewide strategic initiatives. This system would allow the Department to take a statewide approach on areas of concern – for example, grade-level reading. The Commission also recognizes how important school building leadership is and recommends school administrators be included in professional learning earnings. While recommendations on expenditure controls and increased flexibility will likely be part of the Commission’s final recommendations, the Commission did want to ensure that any funds spent on professional learning would be linked directly to student achievement. The final recommendation for professional learning includes strengthening allowable expenditure categories to align with recommendations adopted by the Professional Standards Commission in 2015. This recommendation has a fiscal impact and the Commission recommends that the new formula be phased in over a 3-year period beginning in FY 2013.

Recommendation 3: Capital Outlay

The Commission recommendation for the Capital Outlay program ensures that the program better meets the needs of Georgia’s students. The recommendations include shifting Exceptional Growth entitlement earnings to the Regular program – benefiting the vast majority of school systems. Other recommended changes include tightening requirements on the Regular Advance program and allowing more school systems to participate in the Low-Wealth program. The Commission also recommends a few technical changes to the law to remove outdated or problematic language. This recommendation may have a nominal fiscal impact as more systems may qualify under the new Low-Wealth provisions, however fewer would be eligible under Regular Advance. The Commission recommends that these changes be considered during the 2012 Legislative Session and become effective for the FY 2014 budget.

Recommendation 4: 65% Rule

The Commission recommends the repeal of the 65% Rule and striking O.C.G.A 20-2-171. The 65% rule, passed during the 2006 legislative session, requires systems to spend 65% of their budget on direct classroom expenditures. The problem with the law is that the definition of classroom expenditures excludes functions and expenses that systems must incur that indirectly support the classroom and

direct instruction such as counselors, nurses, media specialists, school leadership, maintenance and operations, transportation and food services. The law allows achievement or hardship waivers for systems that are not in compliance with the 65% expenditure rule. A review of the data found that more systems were in compliance with the law based on academic achievement waivers (meeting AYP, graduation rate or SAT scores) than the actual expenditure controls – meaning these systems were meeting academic achievement criteria despite spending less than 65% of their budget directly in the classroom. The Commission also found no direct link between the 65% rule and improved student achievement and recommends repealing the law during the 2012 Legislative Session. This recommendation has no fiscal impact.

Recommendation 5: Home School Reporting

The Commission recommends that school systems be relieved of home school reporting requirements and that this function be shifted to the Georgia Department of Education. Transferring this function from the local school systems to the state would relieve local systems of this mandate saving them money and staff time. The Department of Education would utilize existing staff and resources to perform this function. The Commission recommends that this change be considered during the 2012 Legislative Session. This recommendation has no fiscal impact.

Table 1: State Education Finance Study Commission Interim Recommendations

| Recommendation | Legislation Required | Fiscal Impact | Estimated Incremental Cost | | |
|------------------------|----------------------|---------------|----------------------------|-----------------------|-----------------------|
| | | | FY 13 | FY 14 | FY15 |
| School Nurse* | Yes | Yes | 3,671,638 | 3,264,528 | 3,296,048 |
| Professional Learning* | Yes | Yes | 396,824 | 6,929,658 | - |
| Capital Outlay | Yes | Minimal | N/A | Based on Applications | Based on Applications |
| 65% Rule | Yes | No | N/A | N/A | N/A |
| Home School Reporting | Yes | No | N/A | N/A | N/A |

*Estimated cost based on FY12 data. Cost will need to be updated once FY13 data is available.