



ERC Funding Formula Committee Meeting

Wednesday, October 28, 2015

Charles Knapp, Chairman

The ERC Funding Formula Committee met on Wednesday, October 28th. After a long wait, the committee finally unveiled its recommended changes to the QBE funding formula.

The first order of business at the meeting was a review of updates that the committee had recommended to the proposed funding formula model, which will be a student-based funding formula consisting of three components: Base Funding, Weighted Student Characteristics, and Categorical Grants. School districts will no longer earn monies based on FTE (Full-Time Equivalent), which refers to data collected for Quality Basic Education funding and is based on student enrollment and the education services provided by local systems to students.

It's important to note that while it may appear at first glance that the committee has moved to increase QBE funding, the additional \$250 million funding dollars don't account for the fact that the original three-decade-old formula was never fully funded. Thus, local school districts under this new proposal will still go on operating significantly underfunded.

Committee member Rep. Tom Dixon (R – Cohutta) requested that teacher organizations weigh in on the committee's proposal, especially where the salary structure is concerned, by the next funding committee meeting on November 12. GAE is working on a response but would like your input. Click [here](#) to share your thoughts.

LOCAL SCHOOL DISTRICTS EARNINGS UNDER THE NEW FUNDING FORMULA

A list of school districts earnings under the proposed funding formula was passed out to committee members. Under this plan, nine districts would lose funds including Burke, Coffee Crisp, Floyd, Haralson, Lumpkin, Tattnall, and Worth Counties and Gainesville City. The loss of funding to these districts is based on student characteristic weights. The staff reported that these districts had been notified of this and given an explanation. The hold harmless clause would help these systems through the transitional period. All other school systems would gain additional funds.

The committee recommended that the Weighted Student Characteristics (which determine how school districts earn funding based on the characteristics of enrolled students) be placed in priority order as follows:

WEIGHTED STUDENT CHARACTERISTICS

	Proposed Increase over Current QBE Funding
<ul style="list-style-type: none"> K-3 goal that all children are reading on grade level by third grade: 	\$30 million
<ul style="list-style-type: none"> Grades 9-12 (<i>specialized classes to hone college and career skills</i>) 	\$95.6 million
<ul style="list-style-type: none"> CTAE (<i>purchase additional equipment & supplies for these classes</i>) 	\$11.6 million
<ul style="list-style-type: none"> Gifted Students <i>(Comment: would like to see more documentation for justification of more funding for Gifted. Some systems will lose money on the Gifted program. Staff is to investigate impact on locals and clarify what it means to be</i> 	\$9.6 million

<i>Gifted.)</i>	
<ul style="list-style-type: none"> Students with Disabilities (<i>IEP should drive funding needs</i>) 	\$1.6 million
<ul style="list-style-type: none"> ESOL Students 	\$1.5 million
<ul style="list-style-type: none"> Economically Disadvantaged Students (<i>not previously included in QBE allocations</i>) Initial funding 	\$119.2 million

STUDENT FUNDING BASE

- Calculated on the establishment of grades 4-8 as the base student cost category; in QBE the current base is grades 9-12
- Proposed student base includes funding, previously allocated in QBE for Direct Instructional Costs (counselors, art/music/PE/foreign language teachers, technology specialists, instructional operations) and Indirect Instructional Costs (social workers, psychologists, principals, assistant principals, secretaries, operations and facility maintenance and operation)
- Funding to include media, staff development, nursing and transportation
- \$110 per student for technology
- Total funding earnings in the proposed formula \$3.9 billion

SPECIALIZED FUNDING OUTSIDE THE BASE AND WEIGHTED CHARACTERISTICS

- Central Office - staff recommended that this category be broken out and approved for funding separately from the base. It was previously included in the base
- Standard central office that includes 1 superintendent, 1 secretary, 1 accountant, and 2-12 assistant superintendents or other certified central office staff based on enrollment up to 125,000 students
- Total funding in the proposed formula \$38 million
- Teacher Training & Experience (T&E) – should continue. All teachers employed FY 16 continue to receive current pay including any step or education/training increases, unless the teacher is included in or opts into the new local salary model. Local school systems will continue to earn funding for all such teachers at the level that would have been earned based on T&E. That being said, according to the ERC’s notes (p. 10) “the committee reached preliminary consensus that T&E should continue, until all teachers employed in the year immediately prior to implementation of the new model phase out of the system...” Of course, a “preliminary consensus that T&E should continue” does not mean that it will continue. Evidence suggests that it is being slowly phased out: the ERC also states (p.10) that teachers paid on T&E will be given a choice to continue being paid in this manner or opt into a new compensation model, for example, pay based on student test scores. Here is a [link](#) to the potential compensation models, judge for yourself
- New teachers to the profession and any existing teachers who opt into the new local compensation model adopted by the local school system will be paid based on the average teacher salary in the state during the most recent fiscal year

- New compensation models cannot require existing teachers to earn less than what they're currently earning
- 2021, 2022, 2023 – timeframe for locals to begin implementing new compensation models – phase-in approach
- State funded level going forward should be reviewed annually
- Annual evaluations
- Cost to continue compensating current teachers according to their T&E earnings, above the state average salary funding \$89.2 million

DRAFT COMPENSATION MODEL FRAMEWORK

The committee report urged local school systems to begin the discussion of a local compensation model that would best meet the needs of the district. Posted to the ERC site are various [models](#) that have been developed along with the GASPA guidance titled "[Strategic Compensation Redesign: Potential Models for Georgia School Systems.](#)"

- Equalization – leave as is – recommends when property tax adjusted revisit to see if averaging smooths out for various districts
- Hold Harmless – as Georgia transitions to a student-based funding formula and away from the current QBE formula, there will be districts that earn more money due to the changes and districts that will earn less money due to the changes. To provide a safety net for those districts that will earn less money in a student-based educational funding environment as opposed to QBE, there should be a defined period of time in which they are held harmless at their current level of funding. Three years were chosen as a reasonable timeline for systems to make the adjustment. The staff was asked to provide a model based on three years to hold systems harmless
- Charter Systems – cap each charter system's earnings at \$4.5 million. Proposed funding \$15.1 million
- Virtual State Charter Schools – funded in the same manner as all other public schools with the exception of the student weight for CTAE.
- State Charter School Supplement – total funding earned in proposed model \$61.1 million which includes \$27.4 million for state virtual charters and \$33.6 million for state brick and mortar charters.
- RESA's – leave funding currently as is
- Special Needs Scholarship – will recommend proposals that will be forthcoming from the ERC Educational Options Committee
- State Schools, Residential Treatment Facilities, Pre-School Handicapped, and Juvenile Justice Schools – all will continue to operate under the current methodology

Chairman Knapp cautioned those in attendance that this current version of the Funding Formula Committee report has not been approved. He is hopeful to have committee approval at the next meeting which is scheduled **Thursday, November 12, 10:00 a.m., Room 450, State Capitol.**

The **full Education Reform Commission** meeting will be held on **Thursday, November 19, 2015, from 2:00 p.m. – 4:00 p.m.** in the **DECAL Oak Conference Room, Sloppy Floyd Building, Suite 824 (East Tower).**