



GEORGIA
GAE
ASSOCIATION
OF EDUCATORS®

2014 LEGISLATIVE SESSION

GAE LEGISLATIVE SUMMARY



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The 2014 General Assembly saw an overall improved position for public education but improved from what is the key question. After 10 years of debilitating austerity cuts, 2014 was the first year of some funding restoration to public education and controls for enrollment expansion. The overall revenue position for the state was steady—nominal growth—but legislators expanded tax credits and tax exemptions in essence decreasing long-term revenue collection. Admittedly, lawmakers have funded student enrollment growth (as required by law) as well as fully funded the state budget portion of retirement investment for teachers. After discussion and review of the Teachers Retirement System of Georgia (TRS), no legislative action was taken in 2014.

The Georgia Association of Educators supports and recommends legislation as well as policy rules that ensure each child in Georgia has access to quality public education and each educator is treated professionally. We support or oppose legislation that has bearing on the delivery of that promise and use our legislative priorities as our guiding principles. GAE's advocacy on legislation is grounded in:

- **Enhancing educational programs** to garner excellent academic outcomes for children by ensuring they receive the instructional time they need and working toward class sizes that support their learning.
- **Safe and secure public schools** for both children and educators.
- **Ensuring the necessary resources are in place** to staff and create a safe and encouraging learning environment.
- **Supporting the work of educators** with comprehensive benefits that improve quality of life.
- **Educators being treated professionally and fairly**
- **Identifying opportunities for educators** to have a voice in the decisions that impact public education.

The 2014 legislative session concluded on March 20th with a bang. And we mean that literally, with the passage of SB 60 the “guns everywhere bill” on the 40th day. **However, public education in Georgia can claim a few serious victories this session.**

VICTORY #1:

The Governor restored 29% of public education austerity cuts.

This occurred after several meetings with GAE urging him to designate any funding increase to restore furlough days to ensure Georgia's children have 180 days of instruction. On January 13, in his budget presentation at the State of the State, the Governor targeted the reduction of furlough days for teachers. The House and Senate made some changes to the Governor's budget recommendations that had an effect on individual program items, but overall \$318 million went back into QBE, a 29% restoration of austerity cuts.

VICTORY #2:

The Defeat of the Anti-Common Core Bill.

GAE worked with a broad coalition of education, community and business organizations to support Common Core in Georgia. The Better Standards Coalition worked the entire session and successfully defeated SB 167. Our work must continue, as more people will attempt to derail the full implementation of Common Core in Georgia. **GAE WORKED AS THE ONLY PROFESSIONAL EDUCATION ASSOCIATION IN THE COALITION TO DEFEAT THIS BILL.**

For the first time in a long time the House Education Committee had overflow rooms for a hearing on SB 167, the anti-common core bill. Educators, business people and parents stood up for Common Core and of 68 people testifying, 4/5ths supported Common Core.

VICTORY #3:

The Defeat of HB 897.

This 42-page bill from its inception was fraught with problems based on our analysis. GAE was the only education organization to actively and openly work against this legislation, and as a result of our work, successfully secured its defeat. HB 897 would have expanded funding to virtual schools at the expense of local districts; expanded charter schools without parity and/or oversight; would have expanded online learning programs without DOE oversight – leaving that work to local school systems already drowning in unfunded directives; and would have created a fourth 501(c)3 for private dollars that would impact public education policy without transparency. On this legislation, GAE went to the mat. It passed the House, was successfully gutted in the Senate Education Committee of all but one of the provisions we opposed, but did not pass on the final day of session. Yes, that's a **GAE VICTORY. NO OTHER**

EDUCATION ASSOCIATION WORKED TO DEFEAT THIS LEGISLATION. GAE STOOD

ALONE and WON. Other education organizations said nothing and did nothing.

VICTORY #4:

Georgia's State Health Benefit Plan.

In October of 2013, when the Department of Community Health (DCH) voted to implement the single provider of the State Health Benefit Plan (SHBP), GAE immediately took action by contacting the Governor, DCH and the media and we have not stopped. In January, when the new plan took effect, it became abundantly clear that something had to be done about the SHBP as its impact on educators as well as other state workers was increased out-of-pocket costs and decreased coverage and access. We never stopped our efforts, and combined with the strong activism of Teachers Rally Against Georgia Insurance Changes (TRAGIC), state leaders were moved to make changes to SHBP. With several attempts at a legislative fix failing, the Governor directed DCH for the 2015 plan year to offer more providers. In addition, GAE negotiated with the Governor's office to have a teacher be a part of the insurance plan design team.

With the pace of the 2014 Legislative Session at a clip, as legislators had the May 20 Primary date nipping at their heels, it was a very intense 40 days. The bad news - there was very little time to truly evaluate the impact of legislation on the public and have full throated discussions. The good news – less time for onerous things to happen. So after years of significant full-scale changes, this year we had fewer pieces of education legislation compared to recent years.

This year, Medicaid protesters stole the show by performing a wave in the Senate gallery with banners and shirts. Moral Mondays had its initial development each Monday of the legislative session. The response from elected officials included increased state trooper presence to manage the activities.

GAE Day at the Capitol culminated in eight legislators, State School Superintendent Dr. John Barge, TRS Executive Director Jeff Ezell, DCH Commissioner Clyde Reese and Georgia's Governor all meeting with GAE members and addressing each of the issues we worked on.

To follow is a review of other 2014 legislation and outcomes.

A REVIEW OF THE BILLS

SR 875 | Creates a Joint Study Committee to Review the Impact of Property Tax Digest on Education Funding.

GAE Position: Support

One of the smartest pieces of legislation for this session was brought forward by Senate Appropriations Chairman Jack Hill. We know that local property tax digests have seen a serious contraction as a result of the financial and housing downturn. Along with decreased state revenues, the impact on public education has been comprehensive. The study will include evaluation of equalization and the five mill share. The result of this study committee can shed light on the systemic results and possibly a plan of action.

House Action: Passed unanimously.
Senate Action: Passed unanimously.
Governor's Action: Signed 4/22/14

HB 964 | Create Charter schools in the workplace and in municipalities.

GAE Position: Oppose

This bill would have opened the door for businesses and municipalities to create their own charter schools with employees of the businesses and residents of the municipalities having priority attendance to those schools. Charter petitioners would submit applications to local school board for information only – NOT APPROVAL. Additionally, the legislation made changes to the enrollment provisions of the state charter schools. The modified enrollment provisions called for: any student in the state charter attendance zone to be enrolled; if the state chartered school was at its attendance capacity – then all applicants would have an equal opportunity through a random selection process with enrollment preference given to siblings already enrolled; children of governing board members; and children of school employees.

House Action: Passed Ed Subcommittee. No further action.

HB 239 | Private School Voucher Expansion

GAE Position: Oppose

HB 239 was an attempt to expand private school vouchers. This bill would have created a taxpayer funded scholarship for 'low income students' to attend private schools. Rep. Brockway

did a constituent poll asking: Would you support a law that creates a taxpayer funded scholarship for low income students to attend private schools? Results: 27% Yes 47% No 27% undecided. Despite the majority of citizens opposing such an idea, Rep. Brockway still attempted to move forward with legislation.

House Action: Read and referred to House Ways and Means. No action.

HB 405 | Require Charter School Governance Board Training &

(SB 372 – GPA Calculation for HOPE Eligibility)

GAE Position: Support Both Bills

Requires the governing board of nonprofit organizations that are charter school petitioners and charter schools, to participate in governance training required to be provided by the State Charter Commission and State Board of Education. This law applies to charter schools approved at both the state and local levels. Attached to this was SB 372 requiring schools to provide 10th, 11th, and 12th grade students their Georgia Student Finance Commission calculated grade-point-average for HOPE eligibility.

House Action: Passed
Senate Action: Passed
Governor's Action: Signed 4/15/14

HR 550 | Creates a House Study Committee to review the role of the Federal Government in Georgia's Education.

GAE Position: Neutral

On the last day of the legislative session during a House recess, the House Education Committee was briefly convened to pass HR 550. The bill is a result of the defeat of SB 167. The committee will be composed of legislators, grandparents and parents and they will complete their work November 30, 2014. The committee took a hasty vote that passed on party lines.

House Action: Passed
Senate Action: No Senate action needed.
Governor's Action: No need for Governor's signature.

SR 782 | TRS Study Committee

GAE Position: Support

This bill would have created the Joint Study Committee on the Design of the Teachers Retirement System of Georgia (TRS). The proposed 17-member committee would have been charged with review of TRS—its formulation and methodology. The committee would have included a GAE member, and the TRS Executive Director would have served as the content provider. This bill was an opportunity to be included and have a seat at the table in the review of TRS. Without it, the legislature can take action without our input. The bill did not get a hearing.

HB766 | Work Based Learning Act

GAE Position: Neutral

This bill amends the Youth Apprenticeship Act with the goal of making the options for students more engaging and for businesses targeting a specific set of skills. The program would be open to students as early as 16 years old and over. School systems would work with the Georgia Department of Education in establishing the work based learning program structure and rules. The law eliminates the requirement that students be paid.

House Action: Passed
Senate Action: Passed
Governor's Action: Signed 4/21/14

SB 301 | Disallow prohibitions on wood construction in public school facilities if in compliance with state minimum standard codes

GAE Position: Oppose

Changes the school building code to allow public school buildings to be built from wood. The bill offered by Senator Fran Millar was an effort to 'support Georgia's Forestry Industry.' GAE's opposition was based on the fact that school buildings serve as emergency shelters throughout the state and should be less susceptible to natural disaster consequences.

House Action: Passed
Senate Action: Passed
Governor's Action: Signed 4/29/14

SB 288 | Prohibits high school which receives funding under the “Quality Basic Education Act” from participating in/ or sponsoring interscholastic sport events conducted by any athletic association unless the association publishes financials.

GAE Position: Neutral

This year these two pieces of legislation surfaced targeting the Georgia High School Association (GHSA). The bill requires that GHSA publish and share financial information on the organization’s website. The bill’s supporters shared that as this organization collects tax dollars from each school to participate in GHSA activities they should be more transparent. The bill also creates the High School Athletics Overview Committee.

House Action: Passed

Senate Action: Passed

Governor’s Action: Signed 4/21/14

REVENUE AND TAXATION BILLS

Every General Assembly tax bill enacted has a universal impact at the state and local levels. Legislation has local impact on either the local property taxes and/or sales taxes. Both these local taxes affect the local and state portions of school funding. Revenue fluctuations impact collection at the state and local levels directly.

HR 1109 | Constitutional Amendment for Voters to approve the use of Sales and Use tax; for educational programs and materials in public schools

HB 802 | County Sales and Use tax; comprehensive revision for educational purposes

GAE Position: Oppose

These two bills were created to put before Georgia voters a constitutional amendment to give school districts flexibility to spend sales tax money. If passed by the General Assembly and approved by voters, HR 1109 would allow school districts to hold a referendum allowing up to half of revenues from an Education Special Purpose Local Option Sales Tax (ESPLOST) for educational programs and materials. The special tax now is limited to capital expenses or debt elimination.

HB 802 specified the 11 items that would qualify for ESPLOST money.

While this could help some districts, it would have no impact on others without a sales tax base, creating more funding disparities. If this had passed, it would have allowed the General Assembly to back out of funding programs currently included in QBE and leave it to local districts to do through ESPLOST. Using this funding mechanism for education programs could also create more long-term debt for local school districts.

House Action: Voted out of committee but never came to the House Floor.

HB 729 | Change the manner for determining fair market value of motor vehicles subject to tax

GAE Position: Oppose

Since the implementation of the 2013 ad valorem tax change, several adjustments have had to be made and most of them reduced collections. HB 729 again amends the title ad valorem tax by further decreasing the state and local revenues on leased vehicles’ trade in credit. The bill was not evaluated for fiscal impact.

House Action: Passed

Senate Action: Passed

Governor’s Action: Vetoed 4/16/14

HB 933 | Sales and Use tax; regarding sale or use of certain property used in maintenance or repair of certain aircraft; remove sunset exemption

GAE Position: Oppose

This bill permanently exempts aircraft repair and maintenance from sales taxes. According to the Georgia Budget and Policy Institute analysis, local governments will lose approximately \$61 million, and state revenue loss will be approximately \$82 million over the next five years.

House Action: Passed

Senate Action: Passed

Governor’s Action: Signed 4/24/14

HB 958 | State income tax credit for qualified entertainment production companies and change other tax provisions

GAE Position: Oppose

This bill makes several changes to the tax code based upon recommendations from the Georgia Competitiveness Initiative by the Georgia Chamber of Commerce:

- expands the state income tax credit for entertainment production companies.
- sales tax exemption on personal property used for/in the construction of a project deemed of regional importance extended to 2016 eliminating the 2014 sunset clause.
- reinstates the sales tax exemption on food and food ingredients sold to a food bank for FY 2015 and ‘16
- reinstates the sales tax holiday for school supplies for 2014 and 2015
 - Dates: August 1-2, 2014 & July 31 and August 1, 2015
- reinstates the energy efficient product tax holiday for 2014 and 2015
 - October 3-5, 2014 & October 2-4, 2015

The Georgia Budget & Policy Institute estimates five-year revenue impact is \$151 million loss to the state and \$93 million to local governments.

House Action: Passed

Senate Action: Passed

Governor’s Action: Signed 4/14/14

HB 983 | Updates exemption provisions of the State Sales and Use tax

GAE Position: Neutral

This bill makes changes to the agricultural exemptions which should add revenue due to decreased abuses. The bill did not include a fiscal note.

House Action: Passed

Senate Action: Passed

Governor’s Action: Signed 4/15/14

**HB 755 | Revises definition of forest land fair market value
ad valorem tax**

GAE Position: Neutral

This bill makes significant changes to the property tax digest. (1) allows for a recalculation of the forestland protection grants if an appeal of the fair market value is upheld. (2) the tax digest will not be approved if appeals exceed 5% of the digest; or 8% when there is a complete reassessment. The tax digests in parts of the state will be delayed, impact revenue collections.

House Action: Passed

Senate Action: Passed

Governor's Action: Signed 4/24/14

**SR 415 passed in the state legislature this year.
Signed 4/22/14. Now we have to beat it back at the
ballot box on November 5
Constitutional Amendment will read on your ballot:**

"Shall the Constitution of Georgia be amended to prohibit the General Assembly from increasing the maximum state income tax rate?"

YES

NO

All persons desiring to vote in favor of ratifying the proposed amendment shall vote "Yes."

All persons desiring to vote against ratifying the proposed amendment shall vote "No."

If such amendment shall be ratified as provided in said Paragraph of the Constitution, it shall become a part of the Constitution of this state.

VOTE NO

This is... A first step toward the so-called "fair tax"

SR 415 is only the first step toward drastically reducing or eliminating Georgia's income tax in favor of a vastly expanded sales tax. But moving towards a super-sized sales tax would likely raise taxes on most Georgia families. It could also lead to big budget cuts in services like education, similar to what's recently happened in other states. Radical income tax cuts in North Carolina, for example, will cost more than \$650 million per year once fully implemented.

A roadblock to future tax reform

Georgia lawmakers worked to modernize the state's outdated tax system several times in recent years, but the need for reform remains. Whether it's two, 10 or 50 years from now, future General Assemblies deserve to have all options available for funding the people's business. A future legislature, for example, might want to raise the top income tax rate in order to cut the sales tax or reduce other levies and fees. This constitutional amendment if passed by voters would handicap that ability.

A hurdle to fully funding Georgia's growing needs

Georgia is a very low tax state by any measure, which is partly why lawmakers had to cut billions from education and other services over the last several years. Enacting a tax cap creates an arbitrary hurdle for lawmakers who want to reverse these trends by raising new revenue to invest in Georgia's future.



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