



December 20, 2007

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Dear Jeanne:

We have completed the review of education codes for the states of Connecticut, Georgia and Missouri. The code reviews were designed to determine the framework in each state by which education entities are funded. We did not include any references related to post-secondary work nor any funding streams that benefited the state department of education exclusively.

Additionally, we had planned to review the equivalent of the state aid handbook in each of the states, a document produced by other states that indicates what education components have been funded in any given year. However, none of these states produced such a document. Therefore, other documents had to be reviewed to determine what education components had been funded in FY08. Included with this letter of explanation are three Excel files containing the findings for each state.

Thanks. Larry

Basic Case in any state = Local Access

Connecticut

Connecticut law allows both state and local charter schools, but currently all Connecticut charter schools are state charter schools. This means that the State Board of Education has approved their programs and operating plans. Charter schools are funded by the state and may also receive federal and private funds. School districts do not participate in charter schools other than to provide transportation to school in certain cases.

Connecticut charter schools are not defined as Local Education Agencies (LEAs). Therefore, they are not eligible to receive certain federal grants that limit eligibility to charter schools that are LEAs. By example, the Improving Literacy through School

Libraries (LSL) Program established by the No Child Left Behind Act of 2001 provides grants of between \$30,000 and \$350,000 for charter schools that are LEAs. These grants are not available to Connecticut charter schools because they are not LEAs.

Gross funding disparities between public school districts and public charter schools are evident. The Connecticut State Department of Education maintains *Strategic School Profiles 2006-07* on their web site. By illustration, the following table presents differences in the funding of elementary schools.

Per Pupil Differences in Elementary School Funding
Charter Schools Compared to All School District Elementary Schools

Elementary Charter Schools	Charter School Per Pupil Expenditures	All Connecticut Elementary Schools	Difference	%
Jumoke Academy	\$9,803	\$12,728	(\$2,925)	(29.8%)
Integrated Day Charter	\$9,678		(\$3,050)	(31.5%)
Side by Side Community	\$8,652		(\$4,076)	(47.1%)
Highville Mustard Seed	\$8,968		(\$3,760)	(41.9%)
New Beginnings Inc., Family Academy	\$13,929		1,201	8.6%
Elm City College Preparatory	\$9,648		(\$3,080)	(31.9%)

SOURCE: State Department of Education web site; Strategic School Profiles 2006-07; Table: District Revenues/Expenditures 2005-06; for total operating expenditures plus Land, Buildings, and Debt Service.

This detailed analysis of revenue funding sources helps to explain the mechanics behind the resultant disparities illustrated in the above table.

Sources

General Statutes of Connecticut;
<http://www.cga.ct.gov/2005/pub/titles.htm>

Connecticut General Assembly; Office of Legislative Research;
http://www.cga.ct.gov/olr/old_site/faq.htm

Connecticut State Department of Education; Bureau of Grants Management, 2005-2007 Biennial Budget for State Education Grants;
<http://www.sde.ct.gov/sde/cwp/view.asp?a=2635&q=320564>

Connecticut State Department of Education; Strategic School Profiles 2006-07;
<http://www.csde.state.ct.us/public/cedar/profiles/index.htm>

Connecticut State Department of Education; Bureau of Special Education & Pupil Services; Students with Disabilities & Parental Choice in Connecticut;
<http://www.sde.ct.gov/sde/lib/sde/PDF/DEPS/Special/ParentalChoice.pdf>

Connecticut State Library; General Statutes of Connecticut;
<http://www.cslib.org/psaindex.htm>

U.S. Department of Education; Improving Literacy Through School Libraries Evaluation;
<http://www.ed.gov/rschstat/eval/other/libraries/libraries.pdf>

U.S. Department of Education – Grant Performance Reports;
http://www.sde.ct.gov/sde/lib/sde/PDF/DEPS/Special/State_PerDev.pdf

U.S. Department of Education; Accessing Federal Programs; A Guidebook for Charter School Operators and Developers;
http://www.uscharterschools.org/pdf/gb/acc_fed00.pdf

GAO; Report to the Secretary of Education; CHARTER SCHOOLS; To Enhance Education's Monitoring and Research, More Charter School-Level Data Are Needed;
<http://www.gao.gov/new.items/d055.pdf>

The Center for Education Reform, August 2007; Connecticut (summary)
http://www.edreform.com/charter_schools/laws/CER_ConnecticutLaw.pdf?CFID=8590886&CFTOKEN=99181125

Other Sites and Materials Referenced

NCES Common Core of Data

Connecticut Health Foundation; 2007 Grant Awards

Connecticut Sea Grant

National Association of Student Financial Aid Administrators

Connecticut PTA; Tools & Resources for Educators

Georgia

Overview

Georgia's education code is contained, with just a few exceptions, in Title 20 of the Georgia State Code. The majority of funded educational programming falls under Section 2. "Elementary and Secondary Education," Part 6. "Quality Basic Education." Section 2, Part 6 of the code defines the categories and weights used to determine base education allotments per student for direct and indirect instructional costs. Other funded K – 12 education programming is found throughout the education code.

The full HB 95 and the education section of HB 95 were used to crosswalk funded sections of the education code with actual appropriations for FY 2008. Most K – 12 education appropriations are contained in the education section of HB 95 but, in a few instances, appropriations are found in sections of the full Georgia State Budget, such as

396.0 General Obligation Debt Sinking Fund for capital funding. Finally, because of the nature of the state's budget publication, the Senate's web-published document that lists the governor's line-item vetoes for HB 95 was employed in one instance (budget line item 106.7 regarding Early Care and Learning) to adjust the total funding amount (a decrease of \$900,00).

Spreadsheet explanation

- 1) Only the entities that receive direct funding through code sections are shaded in black. Therefore, charter schools are only shaded under the "Charter Schools Act of 1988"; all other funding streams or services are provided through their sponsoring district. Even in the instance of state chartered schools, funding flows through the district in which they are located.
- 2) Local City School Districts and County Districts are both considered "local administrations" as defined by the code for funding purposes.

Project Findings

I. *Initial Shortcomings* ~ Efforts to crosswalk funded sections of the code with actual appropriations presented difficulties from the start. The state of Georgia does not have a document similar to a "State Education Bulletin" that defines formulas for appropriations based on code language, nor do they publish an itemized annual budget correlated to the education code. The only budget versions available for reference outline base funding under continuation with itemizations for increases, decreases, and transfers that total current appropriations. Georgia's budgets do not in any way reference Georgia state code. It is, therefore, impossible to identify specific appropriations in base funding amounts. Additionally, the funding formulas for fund allocations under non-QBE code sections are not readily available. Some were tracked through State Board of Education Rules, but according to GA DOE officials, most formula calculations are completed in the Senate's two web-based systems which are not "public friendly" and are not made available in any transparent and accessible format. In a few instances, based on DOE recommendations, it was possible to track down undefined formulas (i.e., formulas that were not specifically defined in code) through individual department websites.

The exception to these difficulties was for QBE code sections and appropriations. As the spreadsheet indicates, it was possible to extract and document specific allocations and formulas for QBE distributions.

According to all officials, both in the DOE and in the Governor's Office, who were contacted for this project, including Teresa MacCartney of the Governor's Office of Planning and Budget - who was invaluable throughout this process - the real problem lies with the fact that Georgia has been under constant reform for the last 10 years but the code has not been updated to reflect these changes. Therefore, there were numerous problems in cross-walking code sections with appropriations because of the simple fact that names of departments and commissions in the code have been changed, or are no longer operational, yet the code does not reflect these changes. MacCartney's final judgment on the undertaking of the Crosswalk Project was rather to the point: "it will be basically impossible."

II. *Georgia Looking Forward* ~ The problems encountered during this research project are well known to officials in the GA DOE, the Senate, and the Governor's Office and to the various policy consultants that were interviewed for information. The one point of consensus that emerged consisted of a confident conviction that change is coming soon. DOE school finance officials and senate budget representatives continually spoke of pending legislation and changes being introduced to Georgia's chaotic school finance system and the forthcoming changes being led by Georgia's Assembly to update the state code. When documents such as the "state aid handbook" and others were requested in order to begin the Crosswalk Project, John Dunn, Director of Financial Review in the DOE, instead sent an analysis paper completed in 2003 posing recommendations on how to fix the state's school finance woes. It's apparent, therefore, that officials are aware of these immediate problems. Nevertheless, simple recognition of the magnitude of Georgia's process, reporting, and allocation problems does little, in itself, to remedy these problems. After all, these issues have been developing for years now with no decisive action to date.

Currently the GA DOE and Governor's Office are gearing up for the mid-term adjustments that take place in January. Adjustments are expected to be in the range of \$120,000,000, although actual figures will not be released until next session. New legislation is also expected in 2008, with big changes on the horizon expected for Georgia's antiquated finance system. Time will tell if such expectations are justified.

Resources

Georgia Education Code:

Georgia has a contract with Lexus Nexus for the publications of the state code. The code is available in a searchable online format at: <http://www.lexis-nexis.com/hottopics/gacode/default.asp>.

Quality Basic Education Act:

The GA DOE website posts information about QBE formulas for determining funding by state totals, for each district, and for each charter school. Website:

http://app.doe.k12.ga.us/ows-bin/owa/qbe_reports.public_menu?p_fy=2000. Documents used were dated 12/10/07. Totals on the documents changed from an earlier version, dated 11/14/07.

State Board of Education Rules:

In many instances, formulas were searched for on the SBE rules website:

http://www.doe.k12.ga.us/pea_board.aspx?PageReq=PEABoardRules

State Board of Education FY 2008 Budget request: https://www.gsbaeboard.org/cgi-bin/WebObjects/daeAgenda.woa/files/MTE5ODE4MzQ0MTQ2OS9ET0VBZ2VuZGEvMTI3LzQ0MjQvRmlsZXM=/fy_2007s-fy_2008_budget_request-kc-8-9-06v2.pdf

HB 95

The full version of HB95 and the education bill can be found at:
http://www.legis.state.ga.us/legis/2007_08/senate/budgetreports.htm

Research Contacts:

- 1) Deborah Collier, Director of Budget Services, GA DOE
- 2) John Dunn, Director of Financial Review, GA DOE
- 3) Teresa MacCartney, Governor's Office of Planning and Budget
- 4) Phil Andrews, Independent Consultant
- 5) Kathleen Boyle Mathers, Director of External Relations, Governor's Office of Student Achievement

Missouri

only hope may be no access to cap. funds

Missouri Code Review proved to be more straightforward than the research conducted for Georgia. The state's code related to education – Title 11 – was reviewed for specific references to aid or grants available to districts, schools, charters, private schools or other entities. However, the state does not produce an aid manual outlining what components of the code have been funded in any given year. To complete that task, we reviewed the 892 page FY08 budget for the state department of elementary and secondary education. Only items related to preschool through 12th grade were included on the spreadsheet. However, there were a few items in the budget that did not include corresponding state code references. Those items were included in the education items receiving funding but we could not reference the state code by which funding could be authorized.

Additionally, federal funding was not included in this state code review due to the complexity of finding those funds and the related formulas for distribution. The state's budget request for education included federal funding sources. Given the ease with which the federal funds could be located, they have been included in the funded items for Missouri only. However, the state budget did not include any formula data for the federal items, so there is no information as to how those funds would be distributed to the schools. Finally, a few references existed indicating that federal funding levels have increased with the St. Louis charter schools now being considered LEAs. Those references have been included to the worksheet where available.

Resources:

Public School Laws of Missouri, located at <http://dese.mo.gov/schoollaw/publawbook/>.

Budget Request, Fiscal Year 2008, State Board of Education Department of Elementary & Secondary Education, volumes I & II, provided in hard copy by the Department.

Research Contact:

Roger Dorson, Director of School Finance, Missouri Department of Elementary &
Secondary Education