



## DEPARTMENT OF AUDITS AND ACCOUNTS

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March 3, 2020

Honorable P.K. Martin IV  
Chairman, Senate Education and Youth  
324-B Coverdell Legislative Office Building  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
Senate Bill 440 (LC 49 0160)

Dear Chairman Martin:

The bill would authorize the State Board of Education to establish rules, regulations, and policies to issue charter petitions for start-up charter schools that exclusively serve Georgia residents between ages 21 and 35 years old (over-age population) seeking to obtain a high school diploma or general education development diploma (GED). The schools may have a charter from the State Charter School Commission (SCSC) or a local school board beginning in the 2021-22 school year. The State Board of Education would annually determine the funding needed to operate these charter schools, and the General Assembly would determine the annual appropriation for the schools.

Data from the U.S. Census Bureau and Georgia Department of Education suggests there are approximately 294,500 Georgians ages 20 to 34 without a high school diploma that are not attending public school. However, the number of schools that would seek a charter, the number of schools that would receive a local or state charter, or the number of students who would seek an education in these schools cannot be determined. The State Board of Education would determine the funding needed for the schools, which can be figured using a method other than the Quality Basic Education (QBE) funding formula.

Given the unknown variables that prohibit a cost estimate, a range of potential costs assuming the two types of schools, various number of students, and the use of the QBE funding amounts has been provided. For QBE amounts, the distribution of regular education and special education students found in the age 18 and older population in public schools (33.6 percent in special education) was considered in the calculation.

As shown in Exhibit 1, assuming the qualifying schools are funded in the same manner as current state charter schools, state costs for 2,500 students in a qualifying state charter school would be an

estimated \$24.6 million, while 7,500 students would be approximately \$73.7 million. Local charter schools would receive less state funding due to the lack of the state charter school commission supplement and the use of local funding, costing \$10.5 million and \$31.6 million for the same number of students. For local charter schools, the average statewide reduction required by the Local Five Mill Share (LFMS) offset is applied. The actual LFMS could be higher or lower depending on the school districts in which the students are located.

**Exhibit 1: State Costs for Senate Bill 440 (LC 49 0160)**

Student FTEs	Weighted Cost per Student <sup>1</sup>	Number of Students		
		2,500	5,000	7,500
State Charter	\$9,827	\$24,567,500	\$49,135,000	\$73,702,500
Local Charter	\$4,212	\$10,530,229	\$21,060,458	\$31,590,688

<sup>1</sup> Without special education funding, the cost per FTE would be \$7,346 for state charter schools and \$1,731 for local charter schools.

SCSC does not expect an increase in operational costs from the legislation because revenue for its operations is obtained from each charter school's earned revenue. However, there may be administrative constraints on the number of schools that can be approved each year.

Sincerely,



*P.P.* Greg S. Griffin  
State Auditor



Kelly Farr, Director  
Office of Planning and Budget