



DEPARTMENT OF AUDITS AND ACCOUNTS

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January 11, 2021

Honorable CaMia Hopson
State Representative
607-B Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill (LC 49 0266)

Dear Representative Hopson:

This bill would revise the methods for the annual calculation of the equalization grant amounts for each local school system. The equalization grants are intended to narrow the gap between high and low property wealth districts and are provided to school systems in addition to the Quality Basic Education (QBE) allotments. Currently, equalization grant amounts are determined based on a ranking of districts in terms of property wealth and the weighted statewide average, excluding the top and bottom 5 percent districts. This bill would revise the basis of the equalization grant amounts to the valuation of the 75th percentile system in terms of property wealth.

Impact on State Expenditures

This bill would require additional spending by the state to fund the equalization grants. While the grant amount would increase, the annual increase will vary each year depending on which systems are eligible to receive the grant. As shown in **Exhibit 1**, the state would have had to spend an additional \$423 million in FY20 and \$360 million in FY21 under the proposed bill.

Exhibit 1: Comparison of LC 49 0266 and Current Law

<i>(In millions)</i>	Equalization Funding Current Law	Equalization Funding Under Bill	Additional Funding Under Bill
FY20	\$693.9	\$1,116.9	\$422.9
FY21	\$726.0	\$1,086.5	\$360.4

The bill would result in an increase in the number of eligible systems. GaDOE calculations indicate that the bill would have increased the number of eligible systems from 119 to 135 districts in FY20. However, the cost of the bill would change each year because of variations in the systems eligible for the grant, the funding gap between each eligible system and the 75th percentile system, and the weighted FTE counts of the eligible systems.

While the bill would eliminate the minimum millage rate and require a calculation of all exemptions when determining the guaranteed valuation school system regardless of whether the exemptions have been granted, these provisions are not expected to have a fiscal impact. According to GaDOE, no system has failed to meet the minimum millage rate and the only system affected by the exemptions is not eligible for equalization.

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg S. Griffin".

Greg S. Griffin
State Auditor

A handwritten signature in black ink, appearing to read "Kelly Farr".

Kelly Farr, Director
Office of Planning and Budget

GSG/KF/dk