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School System Spending

System flexibility permits variation in systems' allocation of resources

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Why we did this review

The Senate Appropriations Committee requested this special examination of school system spending. Specifically, we were asked to examine differences between QBE allotments and expenditures, administrative spending changes, and the relationship between spending and student outcomes.

Based on this request, we used available state level data to review expenditure activities of the 180 county and city school systems in recent years.

About School System Spending

Georgia's public education is administered by 180 county and city school systems, as well as state charter schools.

According to audited financial statements, county and city systems spent approximately $23.5 billion in fiscal year 2022. Approximately 43% is state funding—primarily through Quality Basic Education (QBE) allotments, which represent the amount needed to fund and provide quality basic education for students. QBE funding is determined by full-time equivalent student counts in 18 instructional programs. Other sources include local property taxes (37%), federal grants (17%), and other funds (2%).

The Georgia Department of Education is largely responsible for overseeing QBE details, including component waivers and additional factors that may impact funding.

School System Spending

System flexibility permits variation in systems' allocation of resources

What we found

Under school system flexibility, local school systems can choose to spend Quality Basic Education (QBE) funds differently than calculated under the formula. The state does not monitor program expenditures or require standardized reporting at this level. As such, systems' reporting methods vary. Expenditures for direct instruction and administration have increased in recent years, though higher spending does not ensure greater system performance due to other factors such as student demographics.

Total expenditures exceed state QBE amounts, but it was not possible to compare individual QBE programs.

In academic year 2023, city and county school systems reported spending approximately $15 billion on instruction, nearly twice the $7.8 billion of state funds allotted through the QBE formula. Systems employed approximately 119,000 full-time teachers, slightly more than the 116,000 earned through QBE.

A review of the resources dedicated to individual QBE programs (e.g., Kindergarten vs. Kindergarten EIP) is not possible using the expenditure data currently available for all 180 systems. Under system flexibility, systems are not required to spend QBE funds on the respective programs in which funds were earned. Because systems' allocation of resources across QBE programs is not monitored, reporting can vary across the systems. For example, in reporting expenditures systems may not calculate what amount of funding went to general education versus special programs such as Early Intervention (EIP) or Gifted. Rather, systems may use only general education program codes when reporting expenditures, resulting in lower reported expenditures for special programs.

A similar analysis of personnel data was able to confirm that fewer expenditures in certain programs did not necessarily indicate fewer services. In particular, systems dedicated more teachers to EIP than the amount earned through QBE. However, we were unable to analyze other programs with lower expenditures (such as Remedial) due to data limitations.

According to GaDOE and system staff, variations in reporting may also be related to system decisions regarding how special populations may be served. This is permissible under system flexibility; however, (as noted in prior DOAA audits) there can be less certainty that additional QBE funding for certain populations is achieving its purpose. Should the state wish to have more reliable information on expenditures dedicated to the QBE programs, additional reporting requirements would be needed to ensure standardization across systems.

Administrative expenditures have increased since fiscal year 2019, with central office spending outpacing school administration.

Administrative expenditures grew by nearly 30% from fiscal year 2019-2023. Annual spending increased by approximately 4.5% from fiscal years 2019-2021 and then grew more than twice as fast (11.5%) between 2021 and 2022 (largely due to federal COVID-19 relief funding) before returning to 6% in 2023. This growth exceeded the rate of inflation (19%) but was commensurate with other major system expenditures, including instruction, support services, and maintenance and operations.

Central office administration spending (i.e., for local system administration) increased at a higher rate (43%) than school-level administration (19%). As a result, the statewide share of expenditures dedicated to central office administrative spending grew by nearly five percentage points (from approximately 40% to 45%). Systems attributed increased administrative spending to a variety of reasons, including personnel changes (e.g., superintendents, assistant/deputy superintendents, assistant principals, etc.) and technology needs often related to the COVID-19 pandemic (e.g., chrome books, software needs, technology replacement costs), among others.

Higher per pupil spending does not always result in improved system performance due to other contributing factors such as poverty.

The relationship between school system spending and student outcomes is difficult to assess due to the complexity of variables impacting performance. However, published statistical analyses have found positive association between total spending and student test scores. Experts note the importance of targeted spending—particularly on academic recovery programs and incentives to increase teacher effectiveness.

Our analysis of Georgia systems found higher per pupil spending on instruction did not always translate into higher performance on the state's College and Career Ready Performance Index (CCRPI, a common metric for state evaluations of student achievement). In some instances, systems with lower spending had higher CCRPI scores than those that spent the most per pupil. Differences in high- and low-performing systems were more pronounced when examining student demographics. In particular, the lowest performing systems on average had a significantly higher percentage of students in poverty and participating in EIP or Remedial Education.

What we recommend

This report is intended to answer questions posed by the Senate Appropriations Committee and to help inform policy decisions.

See **Appendix A** for a list of findings.

Agency Response: *The Georgia Department of Education agreed with the findings but had no additional comment.*

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Purpose of the Special Examination

This review of School System Spending was conducted at the request of the Senate Appropriations Committee. Our review focuses on the following questions:

- To what extent do expenditures for QBE programs differ from the funding earned?
- How have school systems' administrative expenses changed over time?
- Is there a relationship between school system spending and student outcomes?

A description of the objectives, scope, and methodology used in this review is included in **Appendix B**. A draft of the report was provided to the Georgia Department of Education for its review, and pertinent responses were incorporated into the report.

Background

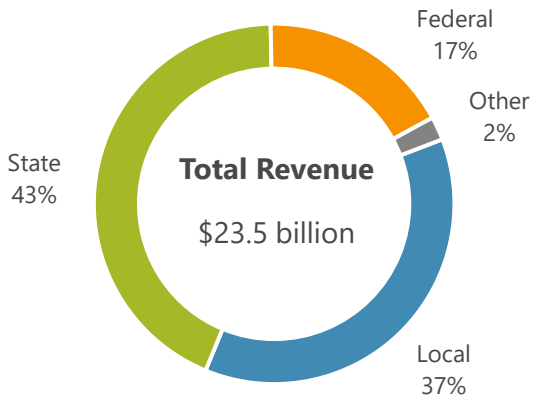
A glossary of financial terms used in this report can be found in **Appendix C**.

The Georgia Department of Education (GaDOE) is the state agency responsible for overseeing K-12 public education, which is administered by 180 county and city school systems as well as state charter schools. In academic year 2022-2023, the 180 county and city school systems (see **Appendix D**) provided public education to approximately 1.7 million children enrolled in kindergarten through 12th grade.

School System Revenue

School systems are primarily funded from three sources: state, local, and federal funds, as shown on **Exhibit 1** and described below.

Exhibit 1
Most system revenue is from state and local funds (FY 2022[1])



[1] Fiscal year 2022 audited financial statements are the most recent audited information available. Audited financial statements represent the most reliable information regarding all revenue fund sources. Fiscal year 2023 unaudited financial reports were not materially different, though the percentage attributed to federal funds was less (10%).

Source: Audited Financial Statements

- **State Funds** – In fiscal year 2022, state funding represented the largest percentage of funding at 43%. Approximately 90% of state funding is received through the Quality Basic Education (QBE) formula (described below), though the state also issues bonds to support capital[1] expenditures.
- **Local Funds** – As part of QBE funding, school systems are required to provide local funds by levying at least five mills[2] on the systems' equalized property tax base, or the total value of all taxable property within a specified area. All school systems supplement this amount by levying a property tax that exceeds the five mills to fund more programs, pay higher salaries, and/or fund capital projects.
- **Federal Funds** – Federal funding is generally provided through grants that support target populations or educational objectives. Common federal grants include those related to Title I (associated with improving academic achievement), special education, and child nutrition. In addition, school systems received funds in response to the COVID-19 pandemic beginning in March 2020 (see text box on the next page).

Quality Based Education Funding

QBE funds are designed to pay for operating costs such as salaries for teachers and other instructional staff, direct instructional operations (e.g., textbooks), and administrative costs. QBE was enacted into law in 1985, with the statute setting provisions for educational funding for grades K-12. The law also established school system requirements related to maximum class sizes, minimum expenditure levels, and employment requirements. Under system flexibility (described on page 5), systems have been able to waive many of these requirements.

QBE uses systems' student counts in 18 programs to determine instructional funding. The funding level is driven by programs' student-teacher ratios, which vary based on the services necessary to serve specialized needs (see **Appendix E**). There are two broad categories of QBE Direct Instruction programs, described in **Exhibit 2**.

Exhibit 2

Two types of QBE Direct Instruction programs

General & Career Education	Special Education	
Programs for students receiving general curriculum services	Programs for students with special needs	
→ Grade level programs for elementary, middle, and high school	→ Elementary Early Intervention	→ English for Speakers of Other Languages
→ Career and Technical Education Program	→ Remedial Education	→ Gifted
	→ Alternative Education	→ Students with Disabilities

Source: GaDOE

[1] *Includes the construction, renovation, and modification of school facilities, as well as the purchase of computers, networking equipment, and other technology to assist student learning.*
[2] *One mill equals $0.001. For example, a $300,000 property tax base x $0.005 (5 mills) yield $1,500 property tax.*

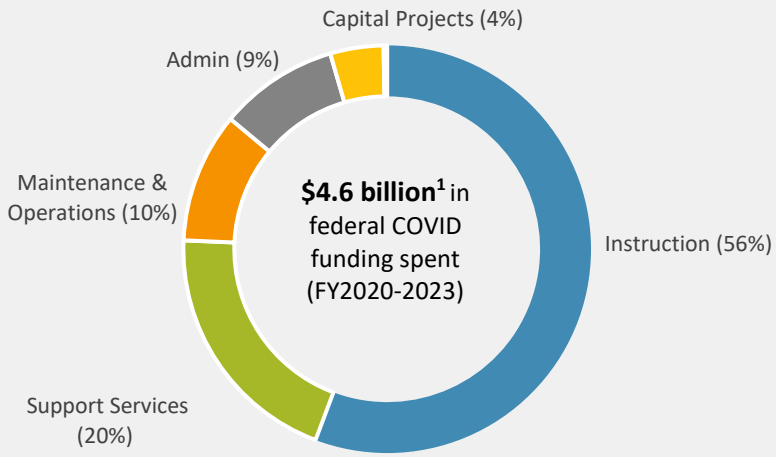
School systems' Direct Instructional funding is based on the Quality Basic Education Formula, which is calculated using full-time equivalent (FTE) student counts in each program. GaDOE requires systems to submit FTE data twice per academic year, once in October and again in March. For each period, GaDOE designates an official count day on which student attendance and class schedules are recorded. Each count records the classes students attend during the six segments of the school day. To claim FTE funding segments, the student must be regularly scheduled for service related to one of the 18 QBE programs.

The QBE funding formula differentiates cost for students in each program based on weights dictated by teacher student ratios. The High School General Education Program is considered the base unit (1.000) by which all other programs are calculated and has the highest teacher to student ratio (1:23), whereas the Kindergarten Program, for example, has a higher weighting (1.6724) due to its lower teacher to student ratio (1:15).

Federal COVID-19 Relief Funding Has Increased School Systems' Revenue

In response to the COVID-19 pandemic that began in March 2020, Congress created the Elementary and Secondary School Emergency Relief (ESSER) fund under the Coronavirus Aid Relief and Economic Security (CARES) Act. Additional ESSER funding was provided through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in December 2020 and the American Rescue Plan (ARP) in March 2021. With each round of ESSER funding, Georgia's allotment was split between a local allocation (90%) distributed based on Title I funding and a state set-aside (10%). While systems were required to use 20% of the funds to address the impact of lost instructional time, flexible provisions allowed systems to use the funds for various activities to address pandemic related needs. Funds for each program expired at various times; funds from the final program (ARP) had to be spent by September 2024.

From fiscal year 2020-2023, systems spent approximately $4.6 billion in federal COVID funds (or approximately 78% of the $5.9 billion available). As shown in the graphic, 56% ($2.6 billion) went to instruction, while 20% ($924.1 million) went to support services. The distribution of COVID expenditures varied by system, with some spending a larger percentage in certain areas than the statewide average. For example, 11 systems spent more than a third of their COVID funds on capital projects (as much as 67%), while 54 spent more than 10% on administration (as much as 55%).



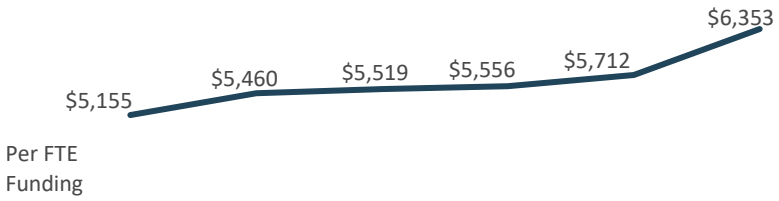
[1] Less than 1% of federal COVID-19 funding ($13.2 million) went to other expenditures such as enterprise operations, debt service, and other outlays.

Every year, the General Assembly determines the base unit cost, and the weights are used to calculate the total funds needed for each program's direct instructional costs.[3] The State Board of Education (SBOE) calculates initial QBE funding and issues an allotment sheet every spring (following the legislative session) to inform systems of state funds to be allotted for the upcoming year. When the second FTE count becomes available, state law requires SBOE to issue new sheets in a midterm adjustment, which reflect recalculated allotments.

In fiscal year 2024, Direct Instructional programs earned approximately $11.1 billion for approximately 1.7 million FTEs statewide (see **Appendix E** for number of students and earnings by program).[4] Total QBE earnings are shared between state and local funding sources, as described above. In fiscal year 2024, the state share was $8.9 billion, or 80% of total earnings, while the local share was $2.2 billion (20%).

The $11.1 billion in fiscal year 2024 represents a 23% increase in QBE funding from the approximately $9 billion in fiscal year 2019. The largest increase occurred between fiscal year 2023 and 2024 and was related to salary increases. Student FTE counts have generally remained the same in the period reviewed (following a slight decrease in 2021 due to the COVID-19 pandemic). As a result, QBE funding per FTE student also increased by approximately 24%—from $5,155 to $6,353 (see **Exhibit 3**).

Exhibit 3
QBE allotments have increased while FTE counts have remained stable (FY 2019-2024)



	2019	2020	2021	2022	2023	2024
FTE Count (Millions)	1.75	1.75	1.72	1.73	1.73	1.75
$ Total Funding (Billions)	9.0	9.6	9.5	9.6	9.9	11.1

Source: GaDOE QBE allotment sheets

*[3] The High School General Education Program's base unit cost per pupil for fiscal year 2024 was $3,022.45. Using the QBE formula weights, the Kindergarten cost per pupil equated to $3,022.45 * 1.6724.*
[4] An additional $1.43 billion was allocated to the indirect costs related to administration, maintenance and operations, and staff development. Finally, the state provides funds in the form of categorical grants, which pay for services like school nurses, sparsity (to assist smaller systems with fixed costs when their FTE counts are less than the minimum base sizes for each grade level), and a portion of school bus transportation.

Flexibility Waivers

In 2008, House Bill 1209 (codified in O.C.G.A. § 20-8-80) established school system flexibility, which permitted school systems to waive certain state laws, rules, and guidelines. In return, systems are required to provide more accountability toward increased student performance goals and accept consequences if the terms of the flexibility waiver contract are not met. Generally, systems that do not demonstrate achievement or show progress may be subject to a probationary period or shortened contract term with intensive supports to prompt improvement.

School systems can opt for one of two arrangements: Strategic Waiver School System (named flexibility) or Charter System (blanket flexibility), described below. Systems may also choose to continue adhering to current state laws, rules, and regulations under the Title 20/No Waivers option.

- **Strategic Waiver Systems (130 systems)** – These systems opt into a flexibility agreement that requires them to select at least one of four areas of waivers, although all four may be selected. Waiver types include class size requirements, expenditure controls and categorical allotments,[5] certification requirements, or salary schedule requirements. Systems that request increased flexibility waivers must create a five-year plan that details how they will achieve their goals of increased performance. Systems are also responsible for establishing a contract that describes measurements for improving performance at each member school.
- **Charter Systems (48 systems)** – These systems are granted broader flexibility from certain state rules and regulations. In exchange, these districts are subject to more accountability for student achievement. Each year, charter systems are required to submit accountability reports that detail academic achievement measures related to proficiency and instruction and organizational achievement measures related to sustainability, governance, and engagement.
- **Title 20 Systems (2 systems)** – These systems are subject to all current laws, regulations, and rules within Title 20. For example, these systems must adhere to expenditure controls requirements.

School System Financial Reporting

School systems annually submit financial reports to the Department of Audits and Accounts (DOAA). These reports include revenue and expenditures related to funds, programs, and functions, in accordance with GaDOE's chart of accounts.

- **Funds** – Systems classify their accounting records into three primary fund categories based on the activities supported. For the purposes of this

[5] An example of an expenditure control that can be waived is O.C.G.A. § 20-2-167, which requires each local school system to spend at least 90% of funds "designated for direct instructional costs on the direct instructional costs of such program at the school site in which the funds were earned." The categorical allotment waiver allows systems to spend their QBE allotment across programs regardless of where they were earned.

Additional information on school system financials and fiscal health can be found in DOAA's School System Dashboard, located **here**.

report, the financials reported are from the systems' general and special revenue funds, which account for general operations.[6]

- **Programs** – Program codes provide information on the objectives of the expenditures and can assist in identifying revenue sources and expenditures for certain grants and programs. For example, program codes related to the QBE programs (e.g., Kindergarten, Remedial Education) can reflect the state and local funds received and expended from QBE earnings. Prior to system flexibility, program codes were used to determine compliance with expenditure controls related to QBE.
- **Functions** – Function codes group related activities that are aimed at accomplishing a major service. For the purposes of this audit, functions have been combined into five major areas, described in **Exhibit 4**.

Exhibit 4

System expenditures have been combined into five major function groups

Instruction 	Salaries, benefits, and other expenditures dealing directly with the interaction between students and teachers. Includes the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) who assist in the instructional process.
Administration 	**Central Office Administration** – Salaries, benefits, and other expenditures related to establishing and administering policies for school system operations, as well as those for fiscal operations, personnel services, data processing, and other central office activities. **School Administration** – Salaries, benefits, and other expenditures concerned with administrative responsibility for school operations (e.g., principals, department chairs, clerical staff).
Maintenance & Operations 	Activities concerned with keeping the physical plant open and safe for use, and keeping grounds, buildings, and equipment in effective working condition.
Support Services 	Salaries, benefits, and other expenditures designed to assess and improve the well-being of students and supplement instruction (e.g., guidance, counseling, testing). Also includes student transportation and nutrition, as well as instructional training and media services.
Other Categories	Activities related to capital projects (i.e., acquisition of land buildings, renovations). Also included are long-term debt payments, the sale of bonds, and outlays that are not classified as expenditures but require accounting control.

Source: GaDOE Chart of Accounts

[6] *These funds can be found in the system's Governmental Funds category. The General Fund accounts for all resources not required to be in another fund, while Special Revenue Funds are legally restricted for certain purposes. Governmental Funds also include Debt Service Funds (for repaying long-term debt) and Capital Projects Funds (for capital outlays), but these are not included in this review. The remaining major fund categories are Proprietary Funds and Fiduciary Funds.*

Requested Information

Finding 1: While total expenditures for direct instruction exceed amounts earned through QBE, it was not possible to assess individual QBE programs.

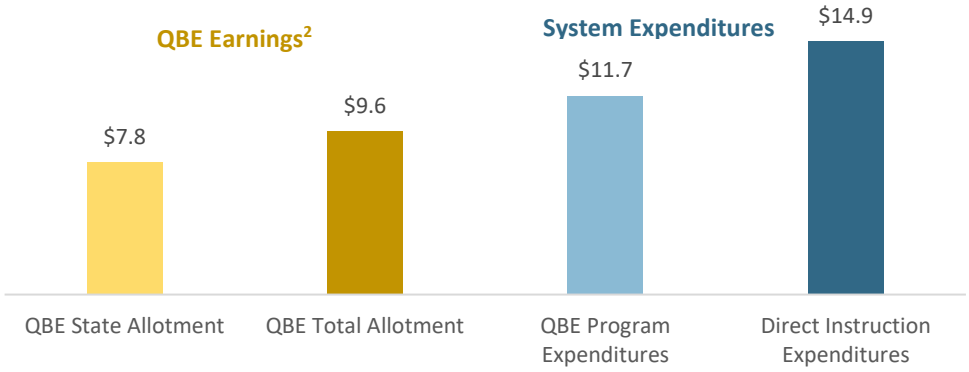
Systems' total reported expenditures for instruction were nearly double the state's QBE allotments in fiscal year 2023. Additionally, systems' total full-time equivalent teacher counts were slightly higher than number earned through QBE. Due to system flexibility, systems' fidelity to their QBE program allotments is not required, and systems have used their flexibility to determine program-level spending. The state does not monitor program-level spending and thus does not require standardized reporting at the program level. As such, systems' information is not reported in such a way that would allow for a valid assessment of resources allocated to the specific QBE programs.

As discussed on page 5, systems report expenditures to the Department of Audits and Accounts by fund, program, and function. Prior to system flexibility, these reports were used to determine compliance with expenditure controls (spending at least 90% of funds in the program and school in which they were earned). Expenditures' funding source is reflected in program codes. GaDOE's chart of accounts includes program codes for each of the QBE Direct Instruction programs (e.g. Kindergarten, Kindergarten EIP), as well as other state, local, and federal funding sources.

In fiscal year 2023, systems reported a total of $14.9 billion in instructional expenses, which represents nearly twice the state's QBE allotment of $7.8 billion (see **Exhibit 5**). Approximately $11.7 billion (nearly 150%) was charged to the QBE program codes, which represented nearly 80% of expenditures. Other prominent funding sources (though each represented less than 10%) included local funding, federal COVID-19 relief grants, and federal Title I grants.

Exhibit 5

Systems' total expenditures[1] for direct instruction exceeded state QBE earnings (FY 2023)



[1] In billions.
[2] The QBE state allotment represents state funds allotted to the direction instruction programs. The total allotment represents the state and local portions.

Source: QBE allotment sheets, system financial reports

While total direct instructional expenditures can be compared to total QBE earnings, a similar comparison for individual QBE programs is not possible with currently available information. Under system flexibility, all but two systems have waived the expenditure control requirement related to categorical allotments. Because it is no longer necessary to monitor systems' adherence to their QBE allotment sheets, there are no standard requirements for how systems report expenditures (though GaDOE provides guidance in its financial management rules).

In our review of fiscal year 2023 expenditures reported under the QBE program codes, most systems' general education expenditures were greater than 90% of their QBE allotment, but it was common for expenditures for special populations (e.g., Early Intervention Programs, Remedial) to be lower. Based on discussions with a sample of systems, this could be attributed to coding decisions. Common examples (which are permitted under system flexibility) include:

- Reporting expenditures for EIP programs in the respective grade level program for the general population. This was done to avoid prorating teachers' time when the classroom has general population and EIP students.
- Using federal sources (including Title I and COVID grants[7]) to supplement or supplant state and local QBE funds, which would be accounted for in a different program code.

As described in the text box on the next page, we were able to confirm that lower expenditures did not necessarily indicate fewer resources, though this was not possible for all QBE programs and a more definitive review would require a system-by-system analysis. If the state wished to ensure compliance with QBE allotments, systems would need to return to documenting expenses according to GaDOE rules based on the expenditure control requirement, and such reports would need to be reviewed. In particular, systems would need to prorate staff costs in accordance with the percentage of time worked in each QBE program, as well as accurately allocate charges for instructional materials to the correct QBE program. According to GaDOE and system staff, this calculation may be burdensome.

In addition to reporting decisions, the amount of resources dedicated to specific QBE programs can be impacted by strategies systems employ for serving their students, which is permitted and can vary under system flexibility. For example, some systems may waive classroom size requirements and thus not employ as many teachers as earned in their QBE program. Systems are also permitted to waive requirements related to the models for serving special populations, which would change the number of teachers dedicated to the program.

*[7] With the expiration of federal COVID-19 funds in September 2024, systems may incur risks if they have used the funds for regular operating expenditures such as teacher salaries. As discussed in our 2023 report on systems' fiscal health (**Report No. 22-13**), systems must monitor reserves and expenditures to ensure they can fulfill all financial obligations now that federal funds have been exhausted.*

While permitting system autonomy, prior audits have noted system flexibility can pose a risk to the state's and systems' assurance that certain populations are being effectively served when methods diverge from QBE programs' original intent. For example, the 2021 Remedial Education audit (**Report No.19-30**) noted systems can and have waived class size requirements and had average class sizes larger than recommended. Similarly, the 2023 Gifted Program audit (**Report No. 22-11**) noted some delivery models used did not ensure the population received differentiated education. When program requirements tied to additional QBE funding can be waived, there is less certainty that the additional funding for special populations is achieving its purpose.

The total number of teachers exceeded QBE earnings, though it was not possible to assess all QBE programs

Given the limitations with expenditure reports, we attempted to use systems' personnel data as a proxy for resources dedicated to specific QBE programs. In academic year 2023, approximately 119,000 full-time teachers (FTE) were identified, which is slightly higher than the nearly 116,000 earned for direct instruction positions through QBE.

While personnel data is used to calculate additional funding based on teacher experience (as well as health insurance and math/science supplements), it does not include QBE program assignment because this distinction is not required for such purposes. Using job titles and subject codes, we were able to determine that some programs' resources were likely higher than expenditures would suggest. In particular, the number of FTEs with job titles related to the Early Intervention Programs (which had fewer reported expenditures) exceeded the number earned under QBE. For example, statewide systems reported $240.9 million toward EIP for Grades 1-3, approximately 70% of the $342.6 million earned; however, personnel data shows 5,896 FTEs connected to that program, approximately 115% of the 5,070 earned. Further, among the systems with low expenditures for Grades 1-3 EIP, half reported FTEs that represented at least 90% of their earned positions. A similar pattern was identified for EIP in Kindergarten (for Grades 4-5 EIP, 40% of counties showed positions exceeding 90% of earned).

Other programs did not show significant differences when comparing the number of teachers earned to those reported; however, this may be due to data limitations and reporting variances. For example, GaDOE does not assign a specific job code for the grades 6-12 Remedial Education program, and some systems did not use subject codes to specify teachers associated with the program. While this could indicate fewer services to the Remedial population, a system-by-system investigation would be required (e.g., one system with no Remedial records provided a number similar to the amount earned based on an internal job code). Additionally, GaDOE recently implemented a requirement to ensure more accurate Gifted assignments in its personnel data, which will be in effect for academic year 2025.

GaDOE's Response: *GaDOE agreed with the finding.*

Finding 2: Administrative expenditures have increased since fiscal year 2019, but the administrative share of total expenditures has not changed.

From fiscal year 2019 to 2023, administrative expenditures grew by nearly 30%, a rate higher than inflation. The largest increase occurred between fiscal years 2021 and 2022—largely due to COVID relief funding. Because other expenditure types also increased during the period reviewed, the percentage of total spending dedicated to administration did not change.

Administrative expenditures represent spending related to the overall administrative responsibility at the school and central office level. On average, local funds represented 87% of administrative spending in fiscal years 2019-2023. In the same period, federal funds accounted for 7% of administrative expenditures, though the share was higher from 2021-2023 (between 7% and 11%) due to COVID relief funding. The remaining 6% was QBE (state and local) funding.

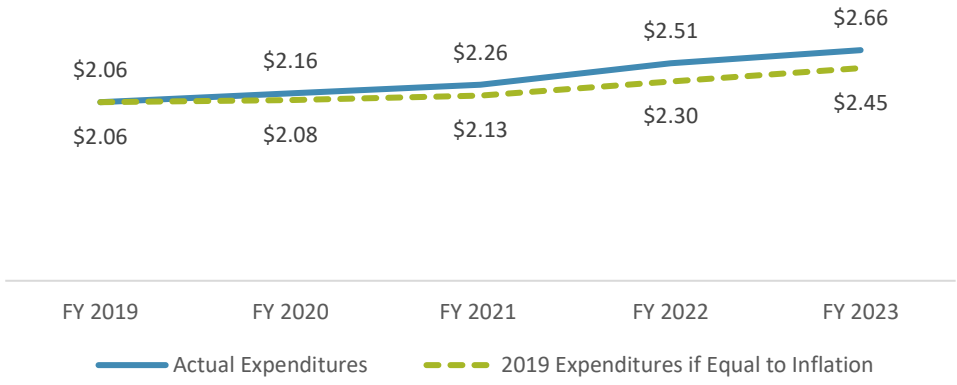
Total Administrative Spending

In fiscal year 2023, administrative spending totaled approximately $2.7 billion. As shown in **Exhibit 6**, expenditures have increased by 29% since 2019, which is higher than 19% rate of inflation in the same period (or approximately $210 million more). The largest increase (11%) took place between 2021 and 2022, largely due to the influx of federal ESSER funds. Expenditures also increased between 2022 and 2023, though at a lower rate (6%) that was more commensurate with growth in fiscal years 2020 and 2021.

Trends discussed in this analysis are impacted by the influx of federal funding related to COVID-19. With its expiration in September 2024, it is unclear whether expenditures will continue to increase or decrease to pre-COVID levels.

Exhibit 6

Statewide administrative expenditures[1] grew at a rate higher than inflation (FY 2019-2023)



[1] In billions.
Source: School system financial reports

Administrative increases were similar to other major expenditure types. Like administration, expenditures for support services and maintenance/operations grew by approximately 30%, while instruction grew by 25%. Specifically, instruction spending grew from $12.1 to 15.1 billion, support services grew from

$3.6 to $4.7 billion, and maintenance/operations grew from $1.5 to $1.9 billion. Like administration, the largest increases took place between 2021 and 2022.

In fiscal year 2023, system administrative totals ranged from approximately $816,000 to $321 million, with a median of $4.7 million. Nearly all systems experienced growth, with the majority (74%) increasing between 11% and 50%. In 17 systems, administrative expenses increased by more than 50%, with the two highest increases at approximately 85%. These systems attributed the increases to personnel changes (creation of new positions, a superintendent contract buyout, staff salary increases) and non-recurring costs such as managing a system-wide cyber-attack.

Administrative positions increased between fiscal year 2019 and 2023

In addition to expenditures, we also reviewed changes in the number of administrative positions, as identified based on object codes related to administrative function expenditures. These positions increased by 10% during the period reviewed, from 34,279 to 37,676.

The largest growth was in the Instructional Specialist position, which coordinates regular education staff and services and includes academic coaches for federal grant programs. The number of instructional specialists increased by 67% between fiscal years 2019 and 2023, from 1,765 to 2,952. Other common positions also grew—the number of assistant principals increased 6% (from 3,991 to 4,227) and the number of school secretaries/clerks increased from 4,664 to 4,946 (also 6%). Together, the increase in these three positions represented half of all personnel increases.

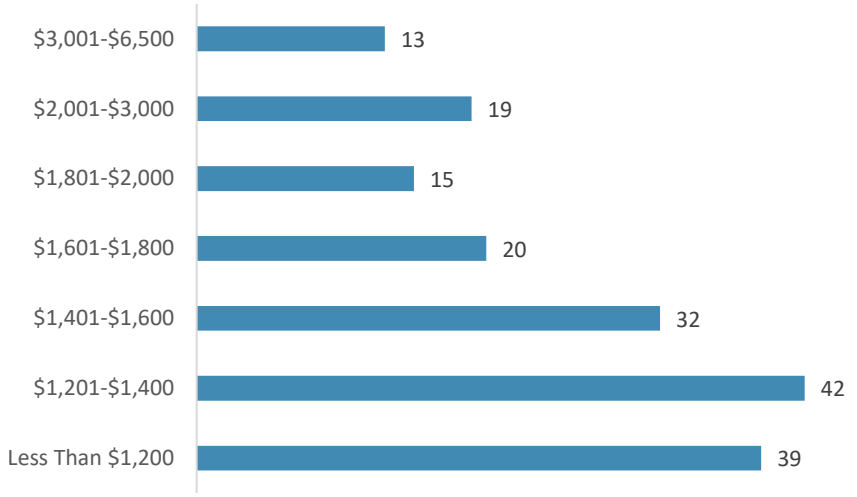
It is unclear whether the increases in these positions will be maintained once federal funding has expired. However, it should be noted that according to GaDOE staff, the increase in instructional specialists was due to the effect of the COVID-19 pandemic.

Per Pupil Administrative Spending

Statewide, per pupil expenditures for administration grew 31% from $1,192 in fiscal year 2019 to $1,564 in 2023. This growth can be attributed to the overall increase in administrative spending mentioned above and a slight 2% decrease in student enrollment largely due to the COVID-19 pandemic.

In fiscal year 2023, systems' per pupil spending ranged from $890 to $6,527. In 32 systems, spending exceeded $2,000—approximately 35% higher than the statewide median of $1,476 (**Exhibit 7**). Since 2019, per pupil spending grew by more than 30% in 68 systems.

Exhibit 7
Most systems' administrative per pupil expenditures were less than $1,600 (FY 2023)



Source: School system financial reports

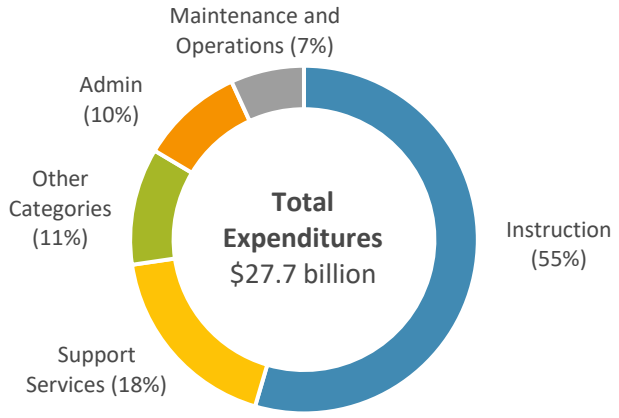
Administrative per pupil spending was generally higher among systems with smaller populations. Of the 32 systems with more than $2,000 in per pupil spending, 25 enrolled fewer than 3,000 students (compared to an average enrollment of 9,460). This is likely because some administrative positions (e.g., superintendent, principals) are required of every system regardless of size. As a result, certain administrative expenditures are constant across all systems, which has a greater impact on per pupil spending in systems with fewer students.

Administrative Share of Total Expenditures

As shown in **Exhibit 8**, administrative expenditures represented 10% of total expenditures in fiscal year 2023. The share of administrative—and other general fund expenditure categories—at the state level has generally remained unchanged since fiscal year 2019.

In 2023, the percentage of administrative expenditures across systems ranged from 4% to 21% of total expenditures (12 systems had administrative shares of 15% or higher). Administrative shares have increased in 66 systems (37%) since 2019, though commonly only by less than one percentage point.

Exhibit 8
Administrative expenses represented 10% of total expenditures, and instruction represented the largest share in FY 2023



Source: School system financial reports

GaDOE's Response: *GaDOE agreed with the finding.*

Finding 3: Central office administrative spending has grown at a faster pace than school administration.

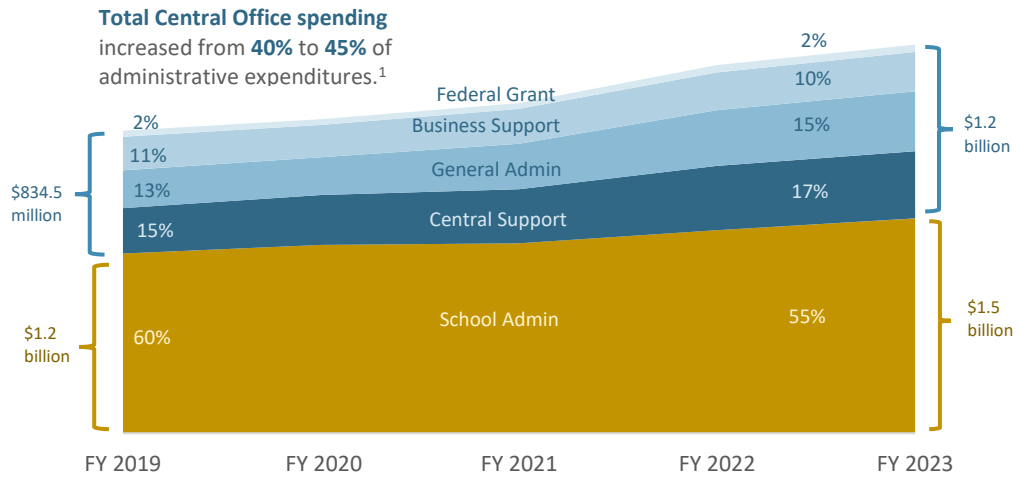
Overall, central office administration spending increased at a higher rate (43%) than school level administration (19%). As a result, the share of expenditures dedicated to central office administrative spending grew by five percentage points. In nearly all systems, the proportion of central administrative spending increased. Systems interviewed largely attributed increases to personnel-related expenses.

Central office administration refers to operations related to managing school systems.

Administrative spending is concerned with overall administrative activities at two levels: schools and central office. The school administration function covers costs related to managing individual schools, including principals, assistant principals, full-time department chairs, and clerical staff. Central office administration refers to operations related to managing school systems. Central office activities are represented in four functions: Federal Grants Administration, General Administration, Business Support Services, and Central Support Services.

From fiscal year 2019-2023, school-level administrative spending grew from approximately $1.2 billion to $1.5 billion (19%), commensurate with inflation. By contrast, central office spending grew at a rate faster than inflation—from approximately $834 million to $1.2 billion (43%). As a result, the share of spending at the central office level increased by nearly five percentage points—from approximately 40% to 45% (see **Exhibit 9**). Conversely, the share dedicated to school administration decreased from 60% to 55%.

Exhibit 9
The percentage dedicated to central office spending has increased (FY 2019-2023)



[1] Central office component percentages will not total due to rounding.

Source: School system financial reports

The increase in central office spending was primarily driven by increases in General Administration and Central Support Services. General Administration—which is related to central office activities of superintendents and support personnel—grew from approximately $258 million to $411 million (60%). Central Support Services—which relates to other central office personnel and data processing services—grew from $308 million to $460 million (49%).

In fiscal year 2023, central office expenditures represented more than half of total administrative spending in 47 systems. From 2019-2023, 16 systems saw central-level spending grow by at least 90% (nine of which doubled), and 21 systems saw the percentage dedicated to central administrative spending grow at least 10 points compared to school administrative spending (the highest share increase was 17 percentage points, from 34% to 51%).

Our review found that administrative spending changes were more pronounced among certain systems. Systems we interviewed noted fluctuations in spending were often influenced by staffing changes, technology needs, and costs brought about by the COVID-19 pandemic. For example, the largest General Administration system increase (nearly 400%) was a result of multiple administrative changes, including new staff, a contract buyout, the creation of additional positions, and a board-voted increase in pay. Central Support Services increases were often associated with technology needs and new teaching models spurred by the COVID-19 pandemic. Less common reasons for changes include non-recurring costs like litigation fees and a cyber-attack.

GaDOE's Response: *GaDOE agreed with the finding.*

Finding 4: Higher per pupil spending does not always translate into greater system performance due to other contributing factors such as poverty.

Statistical studies attempting to assess the relationship between spending and outcomes have found positive association between total spending and test scores but note the importance of how resources are spent. State-level evaluations related to student outcomes and system performance in Georgia have not been conducted since the COVID-19 pandemic in 2020. Our analysis found systems' performance did not differ significantly based on spending levels. Differences were more pronounced when examining student demographics (e.g., percentage of students in poverty).

A statistical analysis to test the impact of spending on student outcomes is complex and requires significant time and resources. This is primarily because student outcomes are influenced by many factors—including district and school characteristics, student traits, and home environment, which can be difficult to fully capture in any analysis. Due to its complexity and the time required to identify the proper model, variables to test, and data available, it was not possible to perform this type of review for this audit. However, we reviewed literature that attempted to identify a statistical relationship and conducted our own analyses to examine similarities and differences in Georgia's school systems based on their spending and performance.

Review of Other Studies

As previously noted, a statistical analysis of student outcomes and spending requires significant time, resources, and expertise to ensure valid results. We did not attempt a statistical review for this audit, but we did examine prior studies. This included two meta-analyses[8] of statistical studies examining the topic of student outcomes and spending. We also reviewed a 2023 Kansas audit that sought to determine the estimated cost to ensure all students meet performance outcome standards.

The 2023 Kansas audit found that across-the-board spending increases were associated with almost no increase in the percentage of students meeting state standards. However, prior statistical analyses have found positive (sometimes statistically significant) association between total spending and student test scores, along with other metrics such as graduation and college enrollment. One study (Handel & Hanushek) determined that a 10% increase in school spending will increase graduation, college enrollment, or some other metric of attainment by 5.7%. Another (Jackson & Mackevicius) estimated that increasing spending by $1,000 per pupil for four years would improve test scores slightly and increase high school graduation rates and college enrollment by 2.0 and 2.8 percentage points, respectively.

[8] U.S. School Finance: Resources and Outcomes *by Daniel V. Handel and Eric A. Hanushek (2023) and* What Impacts Can We Expect from School Spending Policy? Evidence from the U.S. *by C. Kirabo Jackson and Claire Mackevicius (2023).*

Researchers emphasized that how resources are used is an important factor in funding programs' success, though studies reviewing specific areas of spending are less common. Some studies found statistically significant positive effects in school construction and renovation spending, as well as additional resources to reduce class sizes. Similarly, the Kansas audit found that spending on administration was associated with improved student outcomes, along with higher teacher pay and higher student-to-teacher ratios. Kansas also found targeted spending to specific categories (e.g., disadvantaged students, English for Speakers of Other Languages), resulted in moderate to significant improvements in the number of students meeting state standards. Finally, education experts have noted that spending on academic recovery programs and incentives to boost or reward teacher effectiveness are promising initiatives to increase student outcomes.

It should be noted, however, that any spending increases—whether targeted or overall—may not impact outcomes immediately; rather, there could be a lag in the effect of spending changes. For example, improvements in test scores may not manifest until many years of investment in teacher quality have occurred.

DOAA Analysis of System Performance

Under system flexibility in Georgia, strategic waiver and charter systems are held to accountability measures related to student proficiency and/or improvement on the College and Career Ready Performance Index (CCRPI). The CCRPI is also used by the Governor's Office of Student Achievement (GOSA) to determine systems' financial efficiency by comparing expenditures to student achievement (as required by O.C.G.A. § 20-14-33). Both evaluations were suspended due to the COVID-19 pandemic and related gaps in the CCRPI, but they are expected to resume in current academic year (2024-2025).

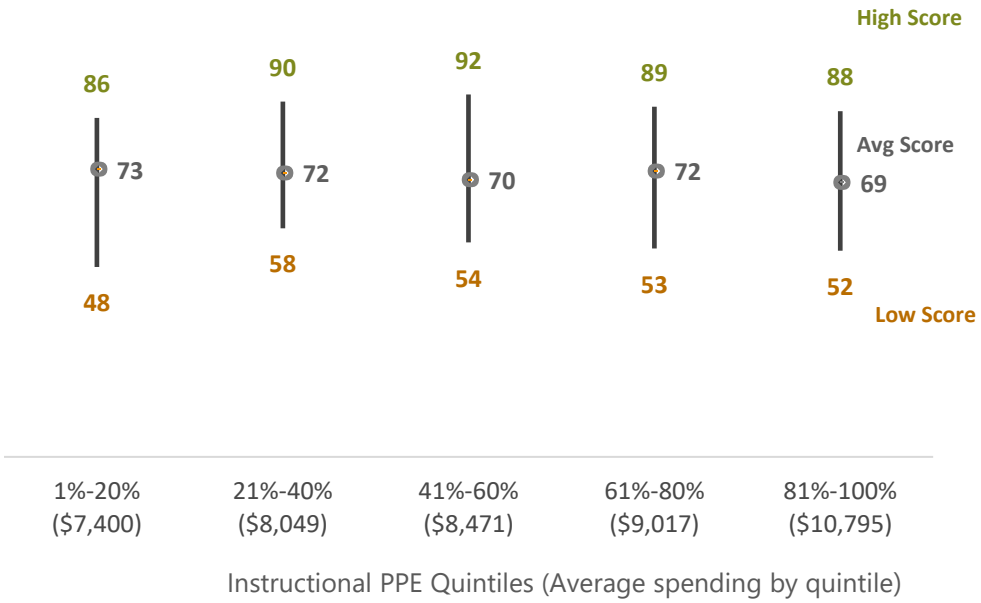
To examine the relationship between system performance and expenditures, we used a GOSA-calculated CCRPI single score[9] to identify high- and low-performing systems in academic year 2023. We then examined per pupil expenditures (PPE) for instruction and student demographics to identify similarities and differences among the identified systems. It should be noted that (for reasons discussed above) we did not attempt to identify any statistically valid relationships or correlations between system activities and student outcomes.

Based on this review, higher per pupil spending on instruction did not always translate into higher CCRPI scores. In academic year 2023, per pupil spending for instruction ranged from $6,157 to $16,707. As shown in **Exhibit 10**, average CCRPI scores did not vary significantly across system spending categories.

[9] The CCRPI Single Score summarizes systems' performance in four CCPRI components (Achievement, Progress, Achievement Gap, and Challenge Points). The federal requirement for a CCRPI Single Score was amended in 2022 and removed in 2023. Under House Bill 1122—passed during the 2024 legislative session—GOSA is now required to calculate the single score. According to GOSA staff, the score has been calculated for academic year 2023 (the most recent data available), but it has not been approved for official release.

Exhibit 10

Average CCRPI scores are similar across Instructional PPE spending bands (AY 2023)



Source: CCRPI; school systems' reported financial expenditures

In some instances, systems with lower spending performed better than those that spent the most per pupil.[10] For example:

- Systems in the lowest quintile of spending had an average CCRPI single score of 73—four points higher than the average among the highest quintile of systems.
- Performance differences were even more pronounced among the highest and lowest spenders. CCRPI scores for the 11 systems with the highest instructional PPE (more than $11,000 per pupil) were nine percentage points lower than the 15 systems with the lowest instructional PPE (less than $7,500).
- On average, the highest performing systems spent approximately 20% less than the lowest performing systems—an average of $8,500 versus $10,300.

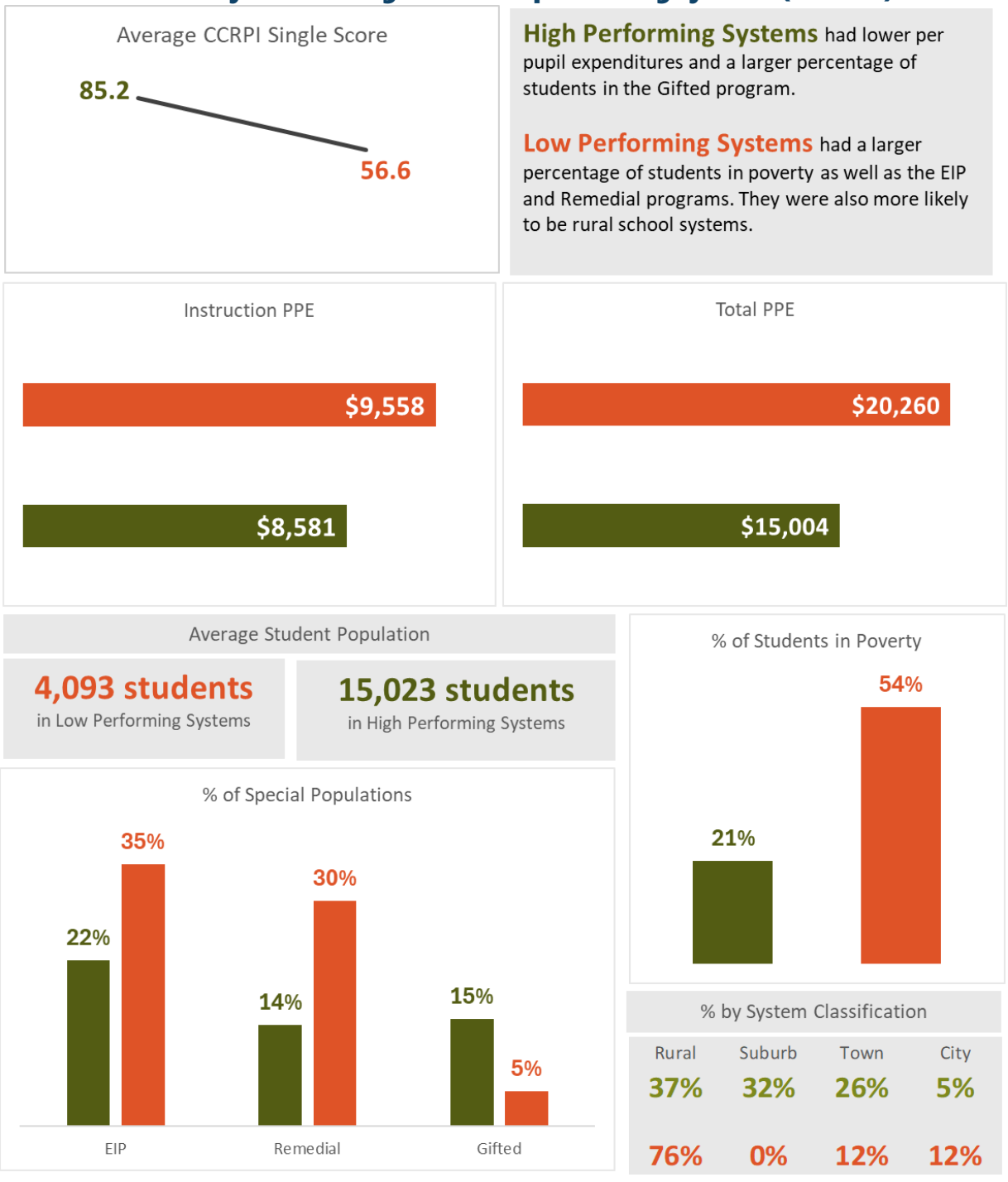
Differences in high- and low-performing systems were more pronounced when examining student demographics, as shown in **Exhibit 11**. For example, the lowest performing systems on average had a significantly higher percentage of students in poverty—54% compared to 21% among the highest performing systems (systems

[10] *A similar analysis reviewing total per pupil spending found more variation in outcome scores across the system spending quintiles. Similar to instructional per pupil spending, systems with higher total per pupil spending had lower scores than systems with lower spending (those with highest spending had an average CCRPI score of 67, compared to an average of 76 among the lowest spenders). According to experts, total per pupil spending is influenced even more by factors such as student poverty (which impacts pupil services and student nutrition costs) and the system being in a rural or urban setting (which impacts transportation costs). These factors can also contribute to lower outcome scores.*

interviewed agreed that poverty often impacts student outcomes). On average, the lowest performing systems also had a higher percentage of students in Remedial and Early Intervention Programs, while the highest performing systems had a higher percentage of students in the Gifted Program.

Exhibit 11

Characteristics vary between high- and low-performing systems (FY 2023)[1]



[1] Based on the characteristics of the top and bottom 10% of systems based on their CCRPI scores.

Source: CCRPI, student enrollment data, system expenditure data

It should be noted that instructional PPE can be impacted by student demographics described above. For example, systems with the highest instructional PPE on average had a larger percentage of students in poverty—57% compared to a 30% average among systems with the lowest instructional PPE. Additionally, systems with low student populations and in rural areas were more likely to have higher PPEs.

These observations were consistent when performing an analysis similar to GOSA's Financial Efficiency Star Rating (described above). High-poverty systems were more likely to have high per pupil expenditures and low CCRPI scores; therefore, they were more likely to have low efficiency scores. Most (15) of the 18 systems with poverty rates of more than 60% scored lower than the satisfactory score of 3.0 (with a majority scoring a 1.0 or 1.5). By contrast, only 4 of the 17 systems with poverty rates less than 20% received a score lower than 3.0 (either a 2.0 or 2.5).

While systems with similar demographics often had similar performance scores, there were some exceptions. Seven of the 36 high poverty systems had higher CCPRI scores than their peers; however, this generally appears to be related to higher spending—four spent more per pupil than most systems and included the two[11] highest spenders.

Two high-poverty systems, however, received a satisfactory efficiency score (i.e., they had higher outcomes and lower expenditures relative to other systems). One system received additional support from GaDOE from 2018-2022 as part of the federal Every School Succeeds Act program.[12] The system received direct support in its schools from GaDOE and RESA[13] specialists and was required to establish, implement, and monitor an improvement plan at the district level. Specific initiatives included offering after-school and Saturday school remediation, identifying credit recovery opportunities, creating new pathways for career and technical education, and implementing a new teacher induction program. Schools in the system were taken off the turnaround list in 2022 and remained off the most recent list for academic year 2024, though GaDOE staff stated many of the system's initiatives have continued.

Other systems interviewed had various strategies for addressing student achievement—particularly to address impacts of the COVID-19 pandemic. Some systems have hired academic coaches and instructional specialists, while others have implemented early literacy, tutoring, and health programs. Systems also purchased new technology (e.g., ensuring all students had a device, new programming) and increased investment in teacher development. We did not investigate the impact of these activities on student achievement.

[11] These systems spent $16,707 and $13,862, compared to an average of $8,750 across all systems.
[12] Under this act, states are required to identify schools in need of additional support (i.e., the lowest performing 5% of Title I schools). These schools are then served by GaDOE's Office of School Improvement.
[13] Regional Education Service Agency. School systems are assigned to one of the state's 16 RESAs, which provide educational and support services.

GaDOE staff stated that strategies implemented in systems with turnaround schools often do not require additional spending. In particular, establishing and monitoring consistent expectations for instruction—along with data gathering and analysis—can improve performance; however, GaDOE staff noted this can be more challenging for small districts with fewer administrative staff. GaDOE staff also stated the state office and RESAs have resources available to systems—including website resources, professional learning, and individual support upon request.

GaDOE's Response: *GaDOE agreed with the finding.*

Appendix A: Table of Findings and Recommendations

	Agree, Partial Agree, Disagree
Finding 1: While total expenditures for direct instruction exceed amounts earned through QBE, it was not possible to assess individual QBE programs. (p. 7)	Agree
No recommendations included	
Finding 2: Administrative expenditures have increased since fiscal year 2019, but the administrative share of total expenditures has not changed. (p.10)	Agree
No recommendations included	
Finding 3: Central office administrative spending has grown at a faster pace than school administration. (p. 13)	Agree
No recommendations included	
Finding 4: Higher per pupil spending does not always translate into greater system performance due to other contributing factors such as poverty. (p. 15)	Agree
No recommendations included	

Appendix B: Objectives, Scope, and Methodology

Objectives

This report examines the local school systems' allotments and spending on Direct Instruction QBE programs, as well as administrative expenditures from all funding sources. Specifically, our examination set out to determine the following:

1. To what extent do variances occur between systems' Quality Based Education (QBE) allotments and expenditures for Direct Instructional QBE categories?
2. How have school systems' administrative expenses changed over time?
3. Is there a relationship between school system spending and student outcomes?

Scope

This special examination generally covered activity related to the 159 county school systems and 21 city school systems.[14] We reviewed school system spending that occurred from 2019-2023, with consideration of earlier or later periods when relevant. Fiscal/academic year 2023 represents the most recent financial and school system performance data available at the time of the review. Information used in this report was obtained by reviewing relevant laws, rules, and regulations; reviewing relevant agency documents; analyzing data (see description below); and interviewing staff and officials from the Georgia Department of Education (GaDOE) and a sample of city and county school systems.

We spoke with staff from 24 school systems about the three objectives in this special examination.[15] Systems were selected based on preliminary analyses of financial data (specifically instructional and administrative expenses). In particular, we identified systems that appeared to spend fewer or more funds on QBE instructional programs than the amount earned on their allotment sheets or those identified as outliers in their administrative spending. Sampled systems were selected from 15 of the 16 Regional Education Service Areas and were representative across student enrollment counts as well as student poverty levels. However, this sample is not intended to be projected to the total system population.

We obtained and analyzed expenditure, performance, and personnel data from the following sources:

- **School System Financial Reports –** To comply with the Transparency in Government Act (O.C.G.A. § 50-6-32), school systems submit financial reports to the Georgia Department of Audits and Accounts. We primarily relied on the DE46 report, which reports system expenditures by function (e.g., Instruction, Administration) and program (e.g., QBE programs, federal Title I). When necessary, information was supplemented with more detailed Audit History Reports. While we concluded that the information was sufficiently reliable for the purposes of our review (though limited to the total expenditures for direct instruction), we did not independently verify the data.
- **CPI –** GaDOE's Certified/Classified Personnel Information (CPI) reports all certified and classified personnel based on their role within a school district. CPI data includes relevant

[14] *We did not include state charter schools or those operated by the Department of Corrections and Department of Juvenile Justice.*

[15] *Selected school systems include Atlanta Public Schools, Bibb County, Brantley County, Buford City, Calhoun County, Chattahoochee County, Clayton County, Colquitt County, DeKalb County, Dooly County, Gilmer County, Greene County, Griffin-Spalding County, Habersham County, Haralson County, Johnson County, Muscogee County, Quitman County, Richmond County, Towns County, Troup County, Turner County, Twiggs County, and Wheeler County.*

elements such as employees' job code, subject code, and percentage of time dedicated to that role. School systems submit CPI reports in October, March, and July. While we concluded that the information was sufficiently reliable for the purposes of our review (though limited to the total number of full-time equivalent teachers), we did not independently verify the data.

- **CCRPI –** The College and Career Ready Performance Index contributes to the statewide accountability system by measuring how well systems and the state are helping students achieve their goals. It has four main components: Achievement, Progress, Achievement Gap, and Challenge Points. In prior iterations, these four components combined to give each system a single score of 0-100; however, this federal requirement was waived in 2022 and removed in 2023. In 2024, the Governor's Office of Student Achievement (GOSA) was given the statutory responsibility for calculating the score and has done so for academic year 2023. While it has not been approved for official release, GOSA permitted the audit team to use single scores in its methodology for identifying high- and low-performing systems. While we concluded that the information was sufficiently reliable for the purposes of our review, we did not independently verify the data.

Government auditing standards require that we also report the scope of our work on internal control that is significant within the context of the audit objectives. For Objective 1, we assessed the extent to which school system spending has been monitored by the state. We also reviewed the state's monitoring of system outcomes for Objective 3.

Methodology

To determine the extent to which expenditures for QBE programs differ from the funding earned, we reviewed fiscal year 2023 school system financial reports submitted to the Department of Audits and Accounts per the Transparency in Government Act. Based on conversations with school systems regarding preliminary results, it was determined that reporting variances across systems created reliability limitations for the purposes of assessing expenditures at the program level, though the information was determined to be reliable for reporting total expenditures.

We then attempted to compare the number of full-time teachers (FTE) earned in the QBE allotment sheets to those reported as serving populations covered by the QBE programs in GaDOE's CPI database for academic year 2023 (to coincide with available financial information). We reported information from the Fall CPI report because that is the dataset used to determine future QBE earnings, though our analysis of Spring 2023 data showed few material differences. To assign teachers to each QBE program (i.e., those within the Teaching job category), we first relied on the job title (e.g., Kindergarten Grade Level Teacher). We determined this methodology was incomplete because some QBE programs—particularly Remedial Education—do not have corresponding job codes or are not easily identified using job title. We then used subject code and school type to further assign to special programs. For example, any general education teacher with a subject code related to the Gifted Program was assigned to the Gifted QBE Program. Based on conversations with GaDOE and school systems regarding preliminary results, it was determined that there were limitations for determining the true number of FTEs dedicated to each QBE program (as explained in Finding 1).

To determine how administrative expenditures have changed over time, we reviewed fiscal year 2019-2023 school system DE46 financial reports. Our audit team first analyzed overall administrative and administrative component expenditure trends at a statewide and system level. To do

this, we looked at expenditures related to administrative functions according to GaDOE's chart of accounts, including Federal Grants Administration, General Administration, School Administration, Business Support Services, and Central Support Services. We also analyzed administrative funding by program (state, local, or federal) to determine how funding shares changed over time.

Administrative spending trends were compared with trends in other major expenditure functions, as identified based on the GaDOE chart of account functions not covered by administration (see above). These included the Instruction and Maintenance Operations, as well as a Support Services category that combined several[16] related functions. We then reviewed all expenditure information to determine statewide and system-wide share trends from fiscal year 2019-2023.

To support our understanding of administrative trends, we analyzed CPI data for fiscal year 2019 and 2023 to identify changes in administrative positions. We first determined which job codes were identified with each spending object code in our dataset. Using GaDOE's relationship guide for their chart of accounts, we identified object codes associated with administrative expenditure functions. These were then matched with job titles in fiscal year 2019 and 2023 CPI data sets.

To determine whether there is a relationship between school system spending and student outcomes, we investigated the possibility of performing statistical analyses using spending and outcome information for Georgia systems. We determined that a regression model examining the effects of spending on student outcomes would be an appropriate tool for such an analysis. However, given the audit's time frame and resources, it would not be possible to sufficiently identify models, collect data, and test the extent to which variables influence the analysis. We did review 50 studies published in peer-reviewed journals or reputable sites between 2000 and 2023 (though most were from 2014 or later). Two papers[17] were meta-analyses that reviewed 28 of the reports pulled by the audit team to compare student achievement effects and estimate an overall effect that is generalizable to other settings. We also reviewed a 2023 performance audit conducted by the Kansas Legislative Division of Post Audit titled "Estimating the Cost of K-12 Education," which sought to estimate the cost necessary to educate all students to meet performance outcome standards and summarize research about the relationship between spending and outcomes.

We also performed our own analyses to identify patterns of outcomes and spending for Georgia school systems during academic year 2023 (the most recent year outcome and spending data was available). To determine high- and low-performing systems, we used system scores related to the College and Career Ready Performance Index (CCRPI). Unlike past CCRPIs, the most recent did not include a single overall score because the federal requirement was lifted following the COVID-19 pandemic. An unofficial score was provided by the Governor's Office of Student Achievement, which has recently been charged with the calculation. To determine spending, we used instructional expenditures[18] from fiscal year 2023 school system financial reports and calculated a per pupil expenditure to permit comparisons across systems. We also reviewed student and system demographics to identify further patterns—particularly among the systems representing the top 10% and bottom 10% based on their CCRPI single

[16] *The Support Services category includes the following functions: Educational Media Services, Improvement of Instructional Services, Instructional Staff Training, Other Support Services, Pupil Services, School Nutrition Program, and Student Transportation Service.*
[17] U.S. School Finance: Resources and Outcomes *by Daniel V. Handel and Eric A. Hanushek (2023) and* What Impacts Can We Expect from School Spending Policy? Evidence from the U.S. *by C. Kirabo Jackson and Claire Mackevicius (2023).*
[18] *Expenditures falling under the Instruction function only to remove impacts of increased expenditures for rural systems (e.g., transportation) and poor systems (nutrition and wraparound services).*

scores. This included the number of students enrolled, the percentage of students in Early Intervention, Remedial, and Gifted programs, the percentage of students with a direct certification (GOSA's proxy for poverty level[19]), and the system's geographic classification (e.g., city, rural) from the National Center for Education Statistics. It should be noted that this analysis did not attempt to determine correlations or causation for system outcomes; rather, it was meant to identify common characteristics of high- or low-performing systems and specifically determine whether outcomes were higher or lower among systems with higher or lower per pupil spending.

We treated this review as a performance audit. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

If an auditee offers comments that are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, auditing standards require us to evaluate the validity of those comments. In cases when agency comments are deemed valid and are supported by sufficient, appropriate evidence, we edit the report accordingly. In cases when such evidence is not provided or comments are not deemed valid, we do not edit the report and consider on a case-by-case basis whether to offer a response to agency comments.

[19] *Directly certified students are those living in a family unit receiving Supplemental Nutrition Assistance Program food stamp benefits or Temporary Assistance for Needy Families benefits, students identified as homeless, unaccompanied youth, foster, or migrant.*

Appendix C: Glossary of Financial Terms

Expenditures – Decreases in net current assets. Expenditures are categorized according to the Georgia Department of Education's chart of accounts.

Function Code – Groups related activities that are aimed at accomplishing a major service. For the purposes of this report, they have been grouped into the following:

> **Instruction** – Activities dealing directly with the interaction between students and teachers.
>
> **Support Services** – Includes expenditures related to several categories that relate to supporting instruction. These include pupil services (e.g., guidance counseling, testing), food services, student transportation, educational media services, and services to improve instruction.
>
> **Administration** – Activities concerned with the overall administrative responsibility for school operations, as well as activities concerned with establishing and administering policy for operating the school system. Includes Federal Grants Administration, General Administration, School Administration, Business Support Services, and Central Support Services.
>
> **Maintenance and Operations** – Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair.
>
> **Other** – Expenditures related to capital projects (i.e., acquisition of land buildings, renovations). Also included are long-term debt payments, the sale of bonds, and outlays not classified as expenditures but require accounting control. Includes Debt Service, Facilities Acquisitions and Construction Services, and Other Outlays.

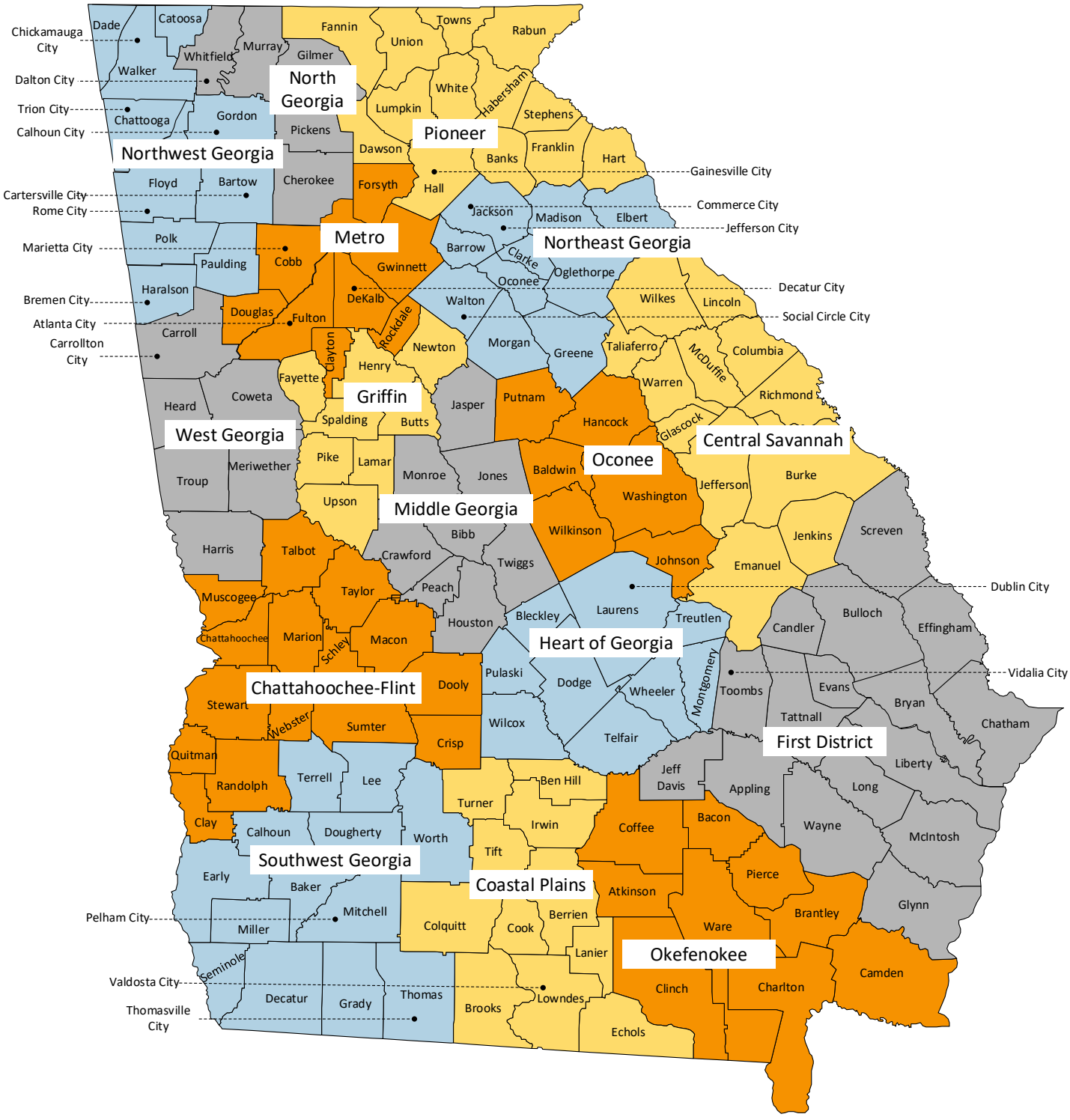
General Fund – Accounts for resources that are not required to be accounted for in another fund, such as debt service (used to repay principal and interest on long-term debt) or capital projects (resources restricted for major capital outlays).

Some systems also account for state and federal grants in a Special Revenue Fund. For the purposes of this report, these have been added to the General Fund.

Per Pupil Expenditures – General fund total expenditures divided by the system's full-time equivalent count.

Program Code – Provides information on the objectives of the expenditures and can assist in identifying revenue sources and expenditures for certain grants and programs.

Appendix D: County and City School Systems by Regional Education Service Area (RESA)



Source: Georgia Department of Education

Appendix E: Direct Instructional Program Earnings (FY 2024)

Direct Instructional Programs	FTE	Program Weight	Teacher-Student Ratio	Total QBE Earnings
General and Career Education				
Kindergarten	95,918	1.6724	1:15	$665,595,791
Primary Grades (1-3)	273,651	1.2948	1:17	$1,534,158,764
Upper Elementary grades (4-5)	170,465	1.0390	1:23	$730,861,598
Middle School (6-8)	299,168	1.1380	1:20	$1,447,674,249
High School General Education (9-12)	354,034	1.0000	1:23	$1,444,184,335
Career, Technical, and Agricultural Education Laboratory (9-12)	87,088	1.1830	1:20	$422,836,679
Special Education				
Early Intervention *(serves students who are at risk of not reaching or maintaining academic grade level)*				
Kindergarten Early Intervention Program	16,553	2.0678	1:11	$148,892,816
Primary Grades Early Intervention Program	55,799	1.8180	1:11	$465,772,669
Upper Elementary Intervention Program	36,559	1.8125	1:11	$304,445,143
Persons with Disabilities *(serves learning disabled, mildly to severely mentally disabled, behavior disordered, speech-language disordered, hearing/visual impaired, orthopedically disabled, or other health impaired)*				
Category I	25,292	2.4118	1:8	$279,837,140
Category II	10,353	2.8402	1:6.5	$140,426,625
Category III	70,899	3.6188	1:5	$1,237,224,842
Category IV	14,848	5.8710	1:3	$432,496,923
Category V	16,433	2.4737	1:8	$186,511,737
Intellectually Gifted Students: Category VI	123,883	1.6794	1:12	$922,060,597
Remedial Education *(grades 6-12 with deficiencies in reading, math, or writing)*	39,394	1.3576	1:15	$236,117,023
Alternative Education *(those suspended from regular classroom or more likely to succeed in nontraditional setting)*	18,511	1.4881	1:15	$111,269,573
English For Speakers of Other Languages	34,443	2.5892	1:7	$426,411,954
Total Direct Instructional	**1,743,291**			**$11,136,778,458**

Source: Georgia Department of Education Fiscal Year 2024 Allotment Sheet

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