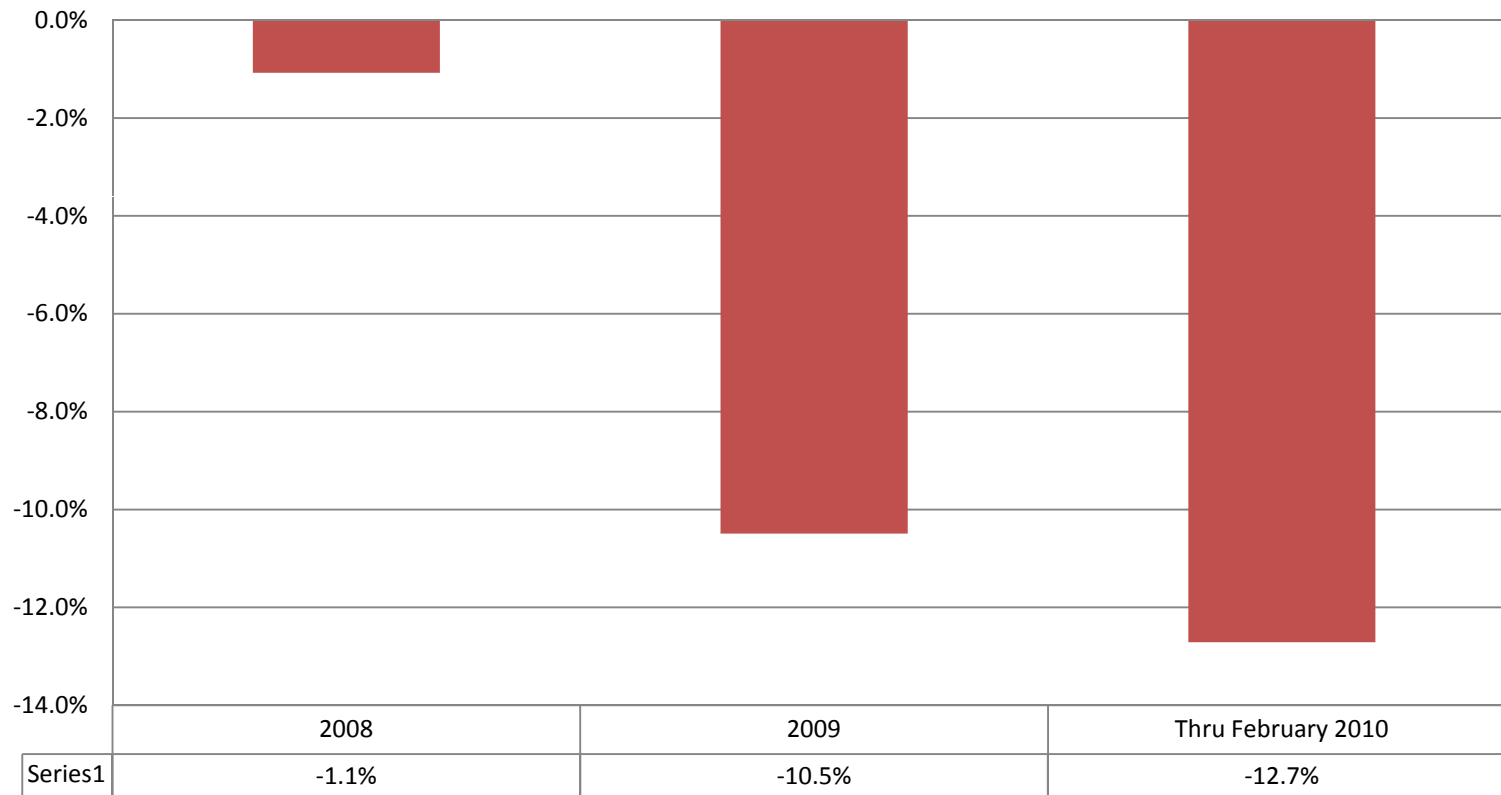


State Board Presentation Budget Update March 11, 2010

"We will lead the nation in improving student achievement."

Yearly Revenue Collections Compared to Prior Year



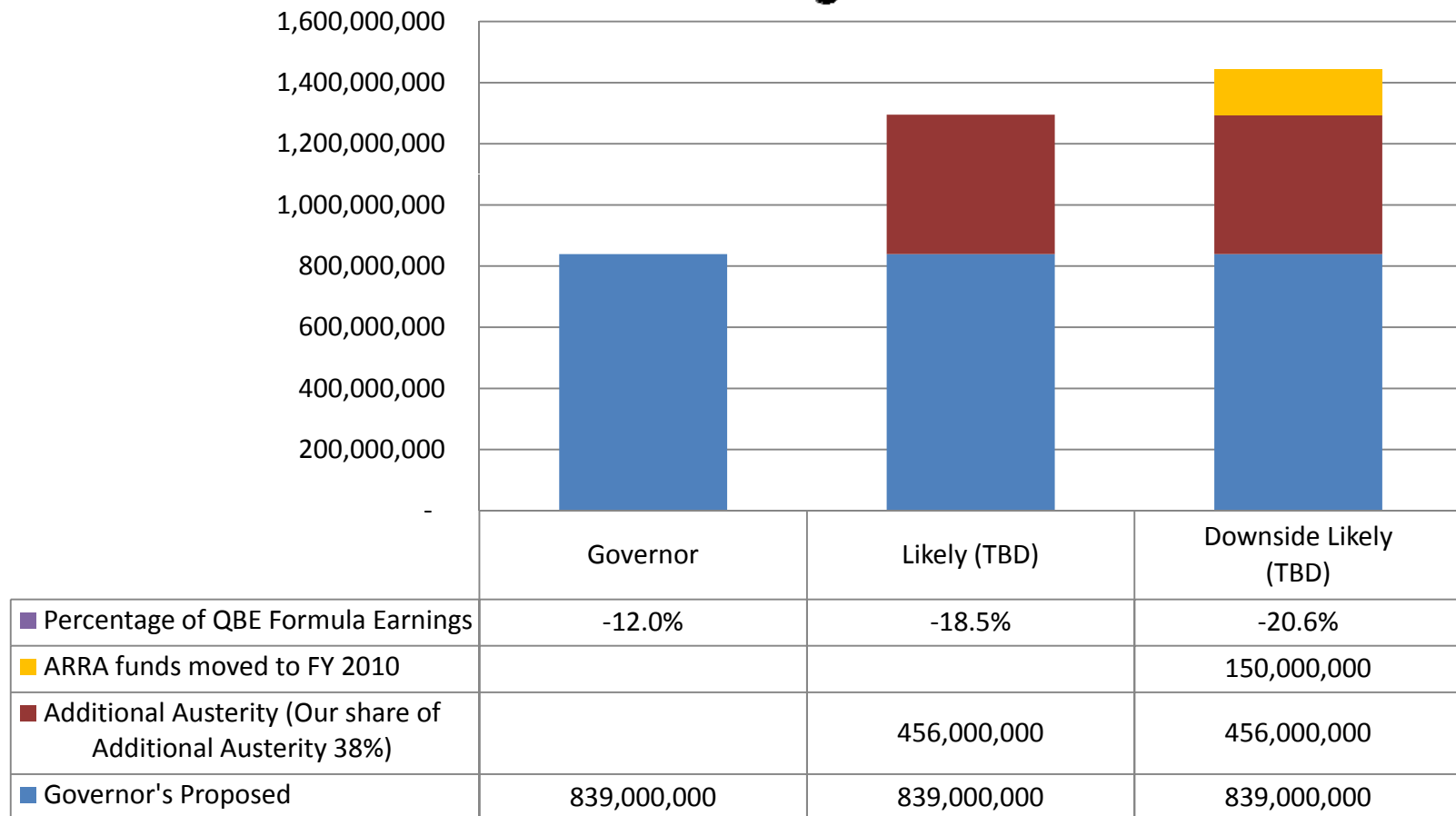
“We will lead the nation in improving student achievement.”

Quality Basic Education (QBE)

- Primary Funding formula for funding K-12 education in Georgia. The QBE Formula funds statutory requirements such as: class size, teacher salaries, etc.
- In FY 2011, \$7.17 Billion in state funds is needed to fund the state portion of statutory mandates
- The Governor's FY 2011 State funding request for QBE is **\$839 Million** less than full, statutory funding

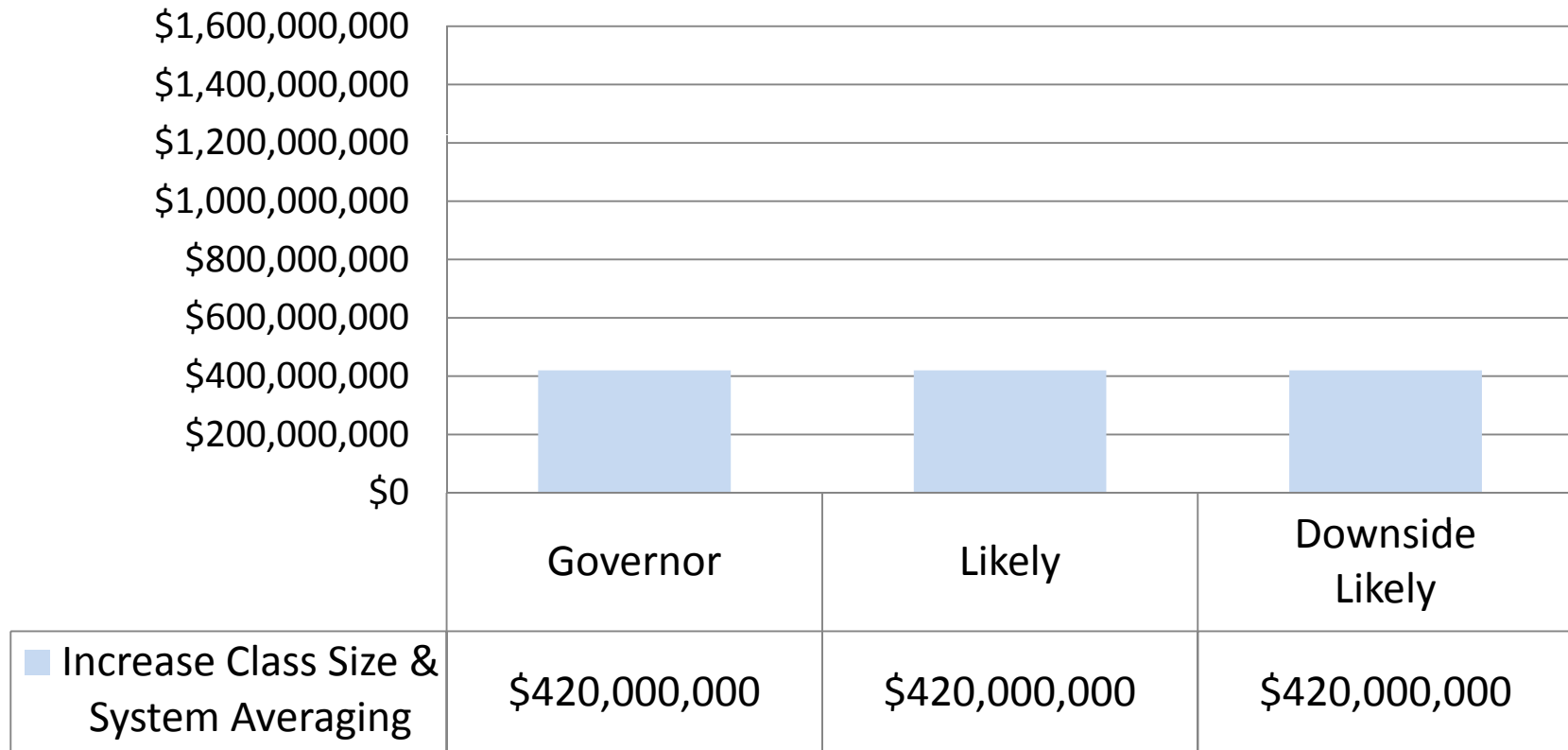
"We will lead the nation in improving student achievement."

Possible Scenarios of QBE Budget Cuts



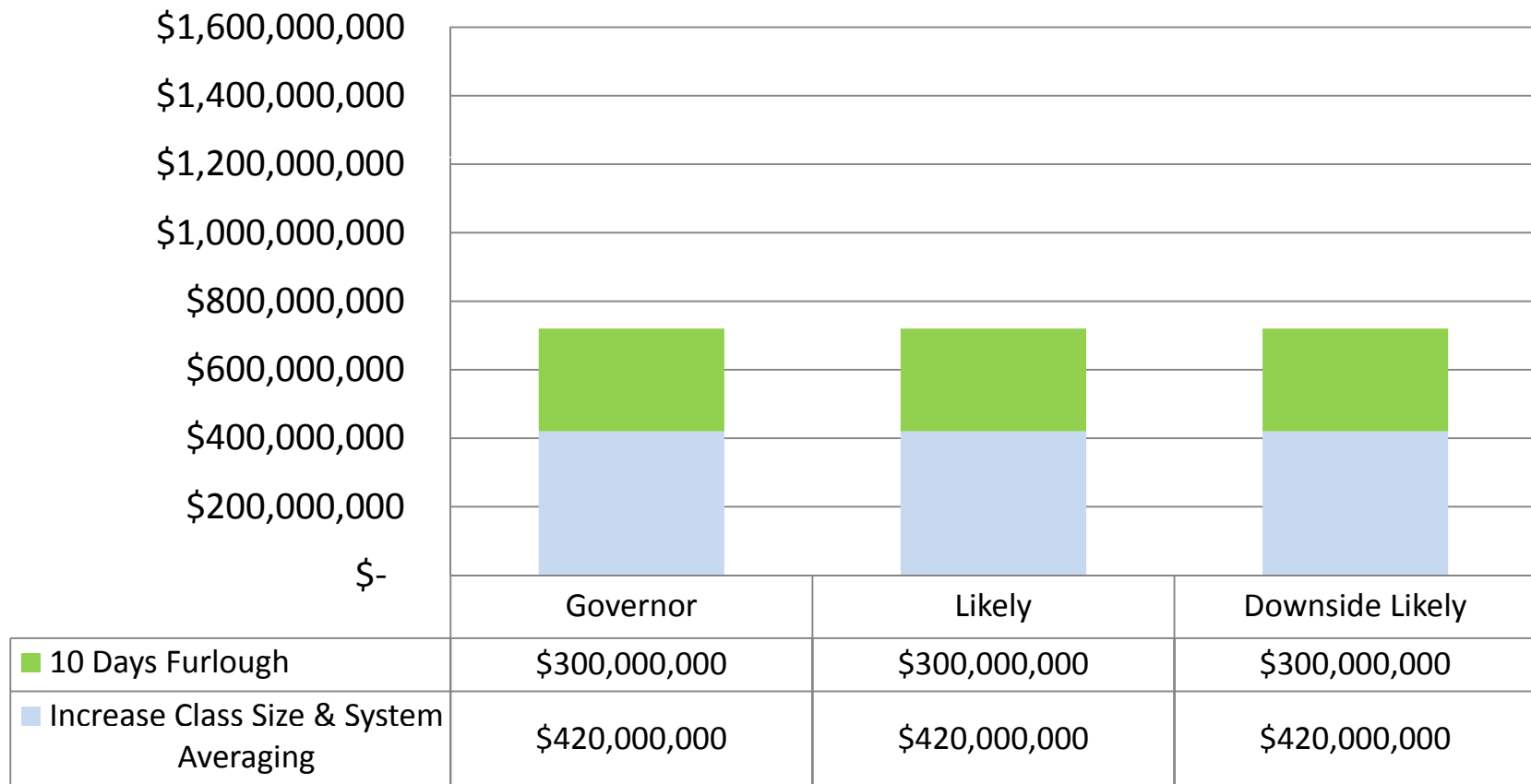
"We will lead the nation in improving student achievement."

Possible Steps to Address Budget Cuts



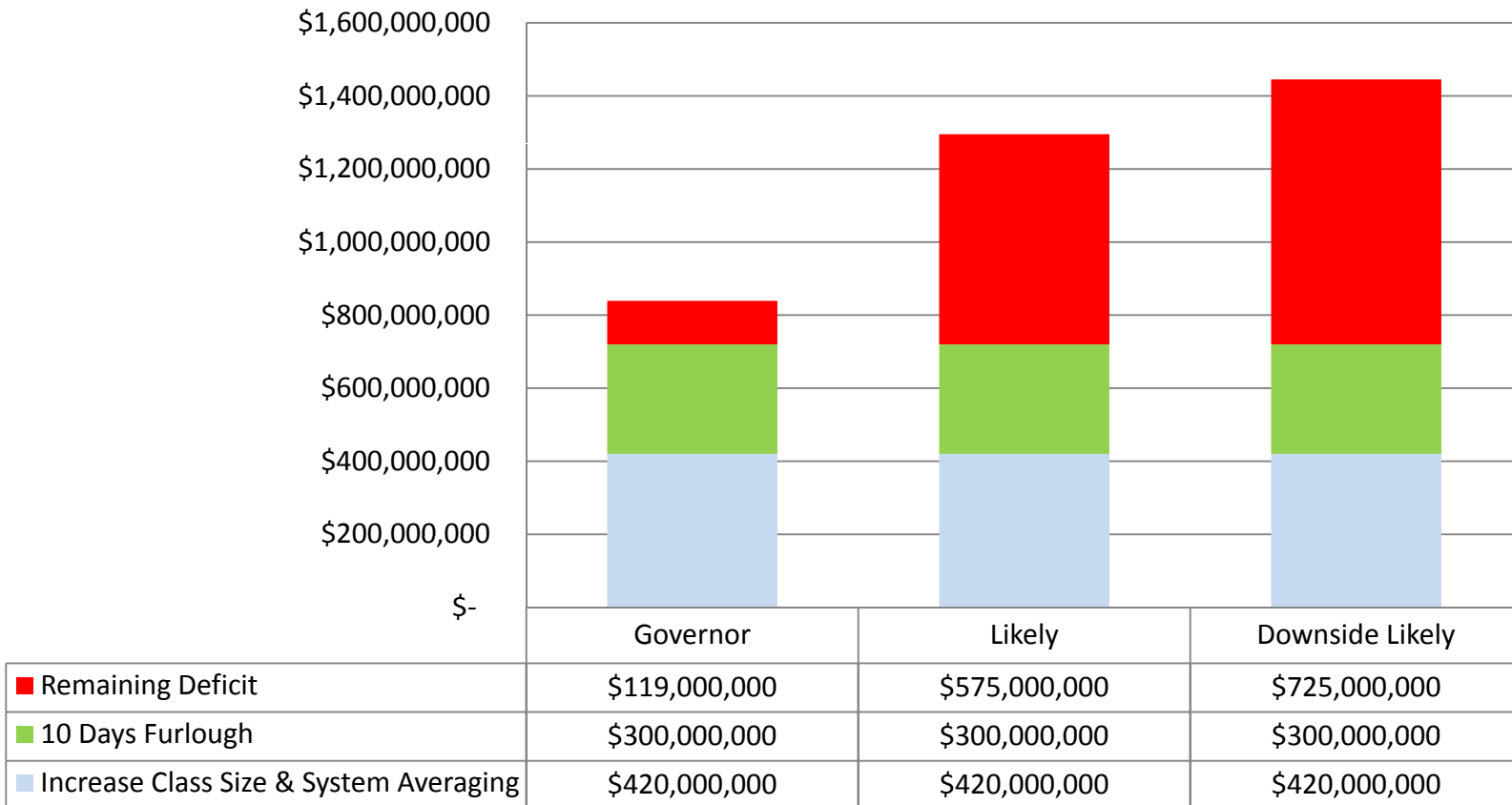
“We will lead the nation in improving student achievement.”

Possible Steps to Address Budget Cuts



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Possible Steps to Address Budget Cuts



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What can the State do to help School Systems?

- Flexibility (HB 908)
- Delay New Legislation that adds work to teachers or schools
- Consider Lottery funds for technology (netbooks)

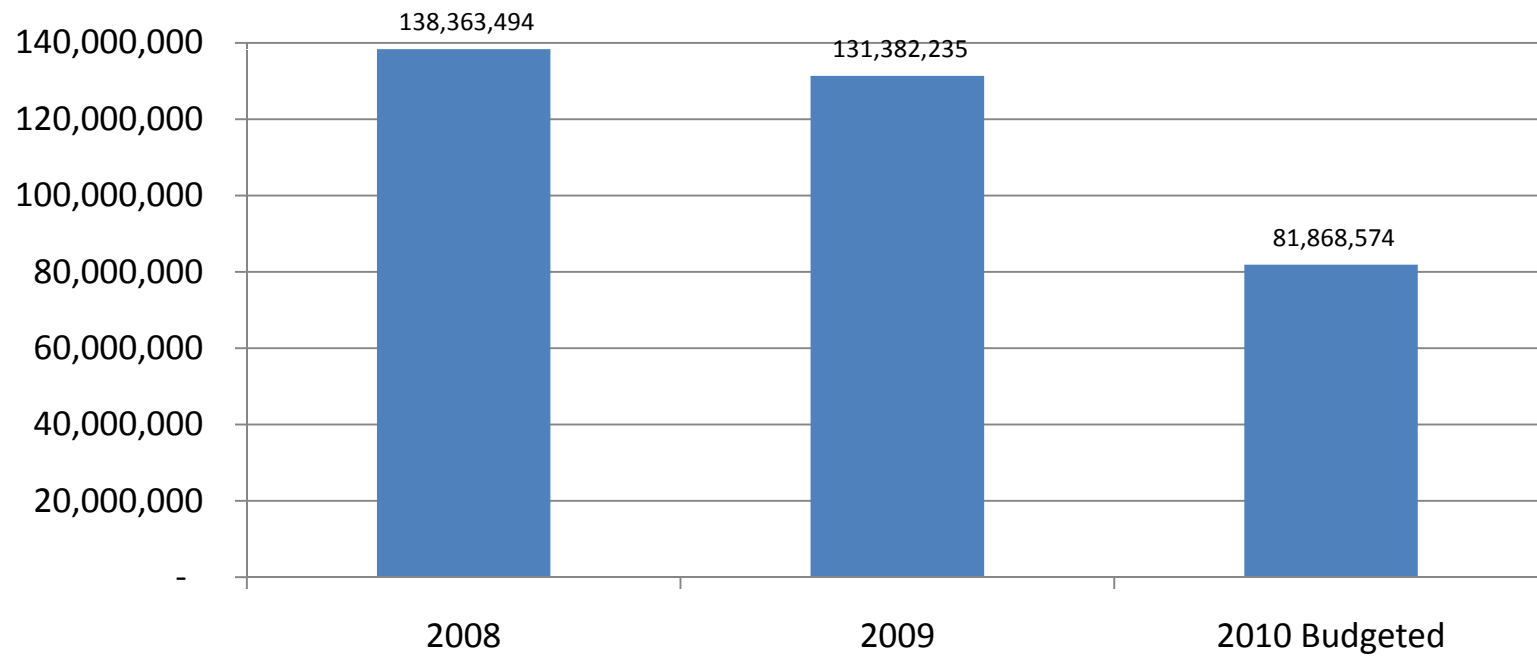
“We will lead the nation in improving student achievement.”

What can school systems do to meet the deficits?

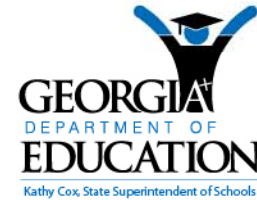
- Reserves
- Eliminate Discretionary Programs
- Raise Property Taxes
- Defer Textbook purchases
- Re-structure “School”
- Class Size
- Lay-offs
- School closings

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Textbook Expenditures



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**Reported
CY 2009
Millage
Rates**

State Average

15.06

Number Systems at or above 20 Mills

19% of Total
Students

8

Number Systems at 18 Mills and above

52% of Total
Students

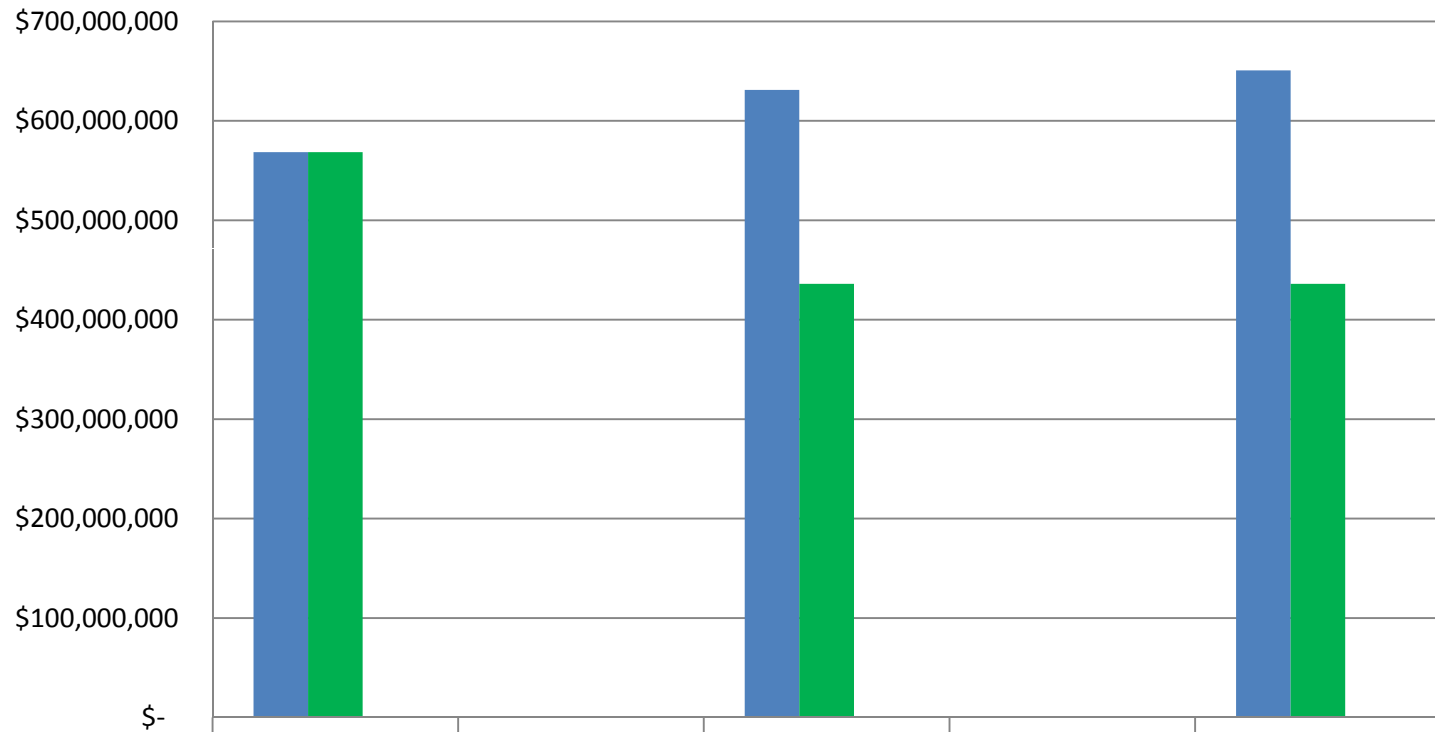
30

Number of Systems above State
Average

92

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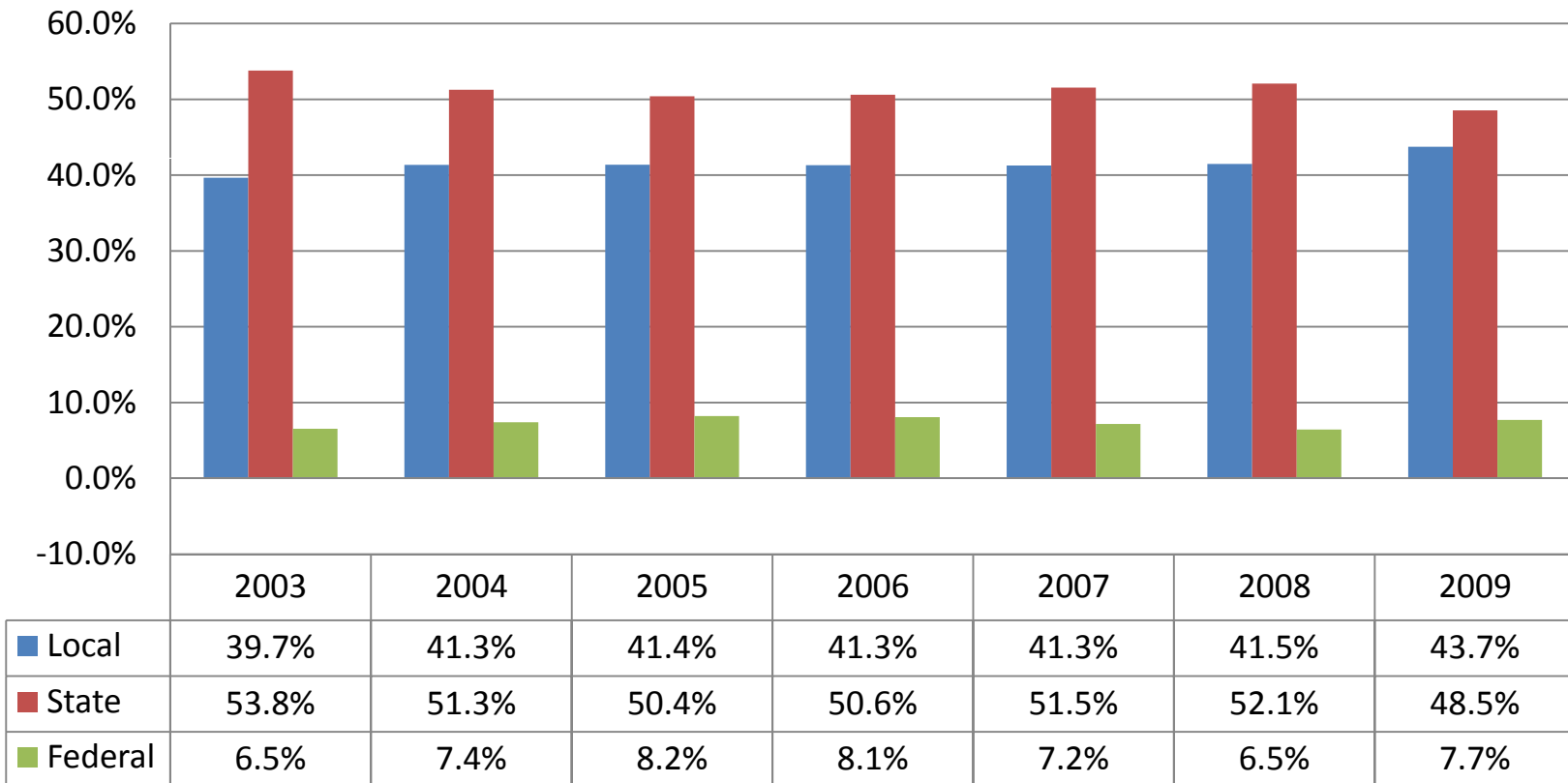
Equalization



| | *FY 2009 | FY 2010 | FY 2011 |
|----------------------------------|---------------|---------------|---------------|
| ■ Earned | \$568,529,543 | \$631,197,805 | \$650,762,416 |
| ■ Funded | \$568,529,543 | \$436,158,586 | \$436,158,586 |
| ■ Percentage of Formula Earnings | 100% | 69% | 67% |

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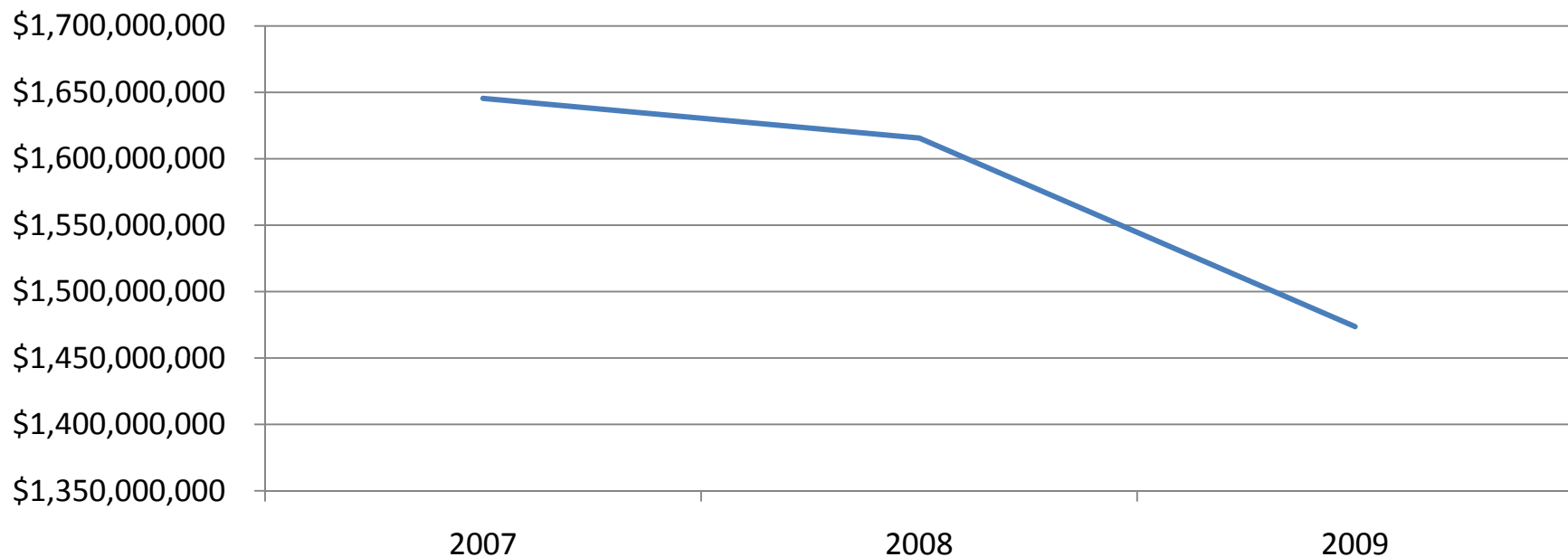
State, Local and Federal Funding



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SPLOST REVENUES Statewide Summary

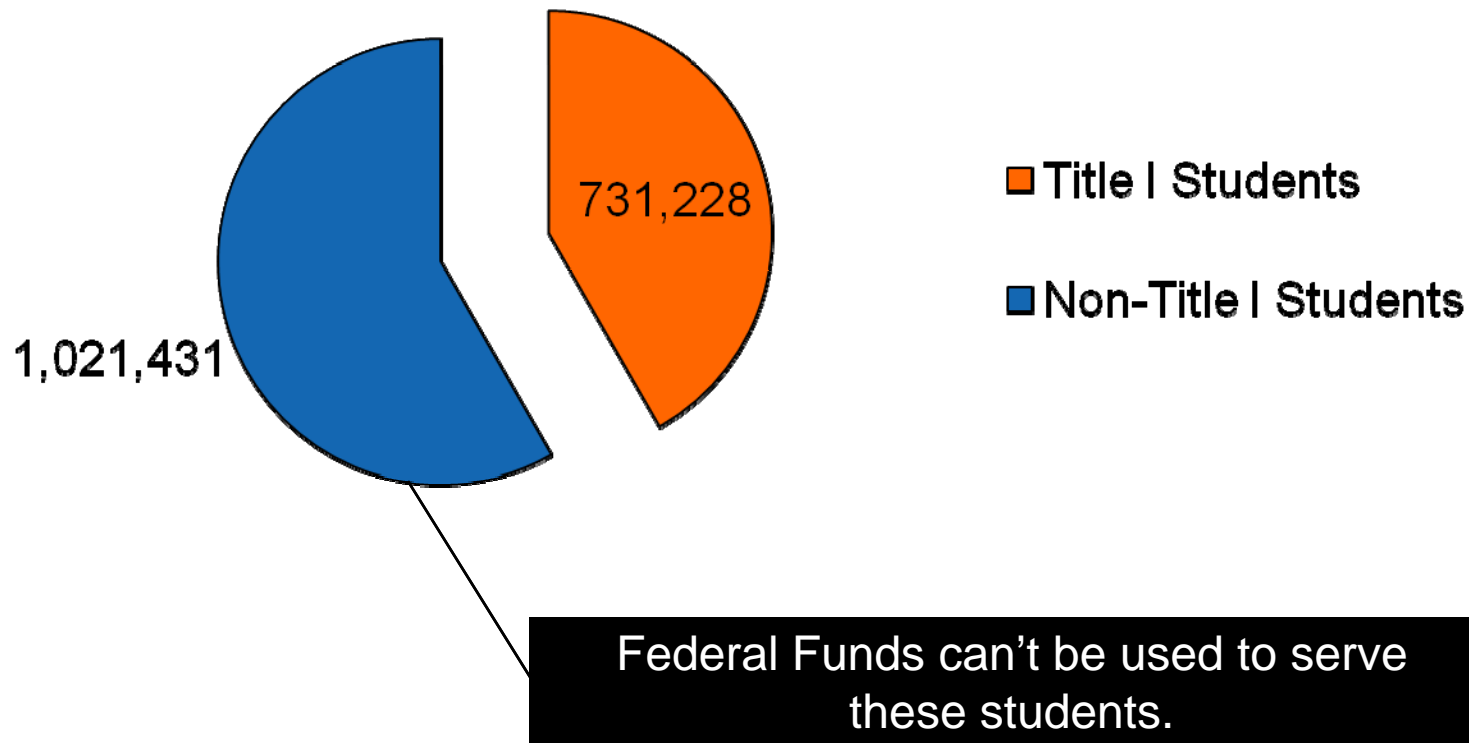
SPLOST REVENUE



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State vs. Federal Funds

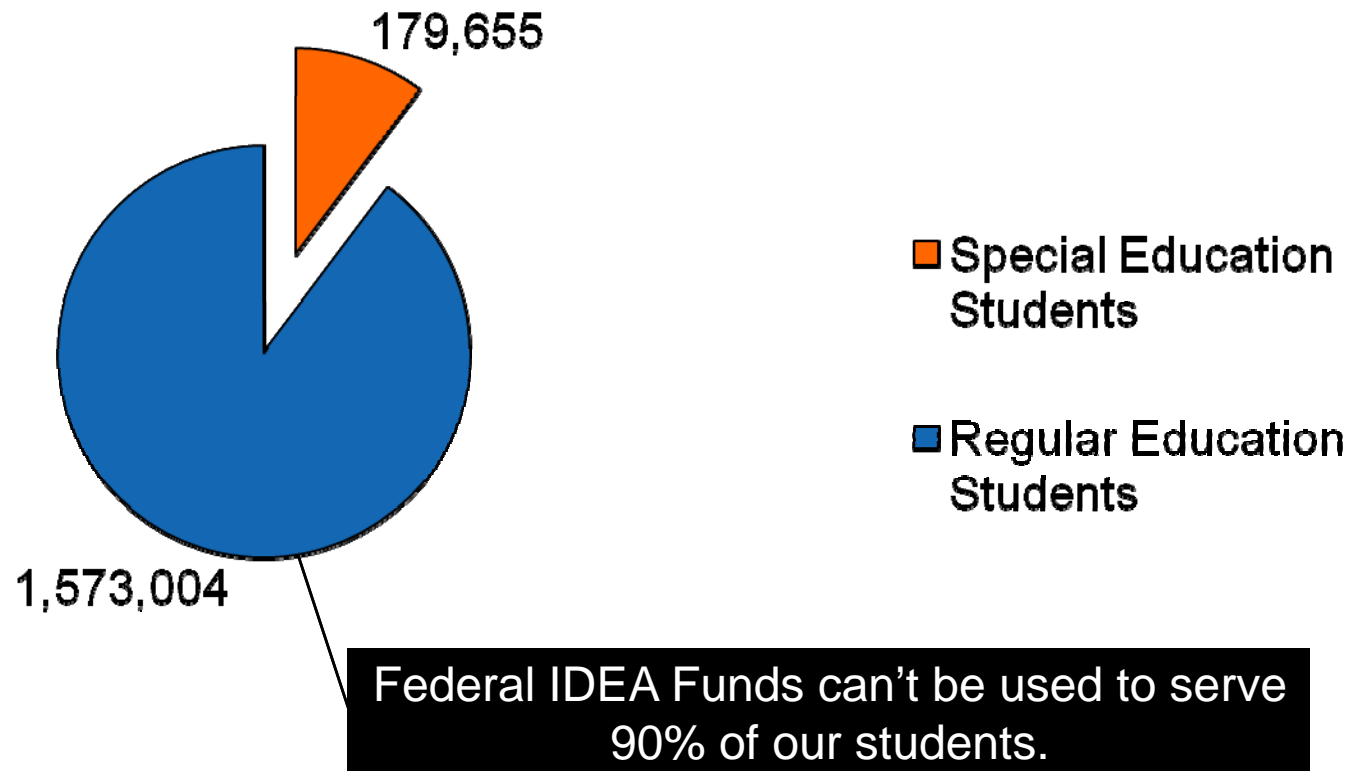
Total Students: 1,752,659



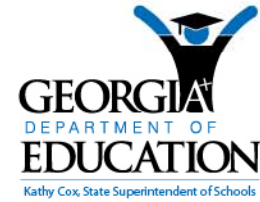
"We will lead the nation in improving student achievement."

State vs. Federal Funds

Total Students: 1,752,659



"We will lead the nation in improving student achievement."

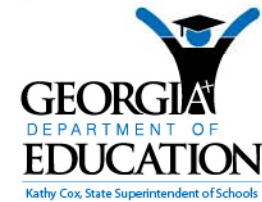


MISC. SLIDES

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| | Governor | Likely (TBD) | Downside Likely (TBD) |
|---|-----------------------|------------------------|--------------------------|
| Governor's Proposed | \$ 839,000,000 | \$ 839,000,000 | \$ 839,000,000 |
| Additional Austerity (Our share of Additional Austerity 38%) | | \$ 456,000,000 | \$ 456,000,000 |
| ARRA funds moved to FY 2010 | | | \$ 150,000,000 |
| Total | \$ 839,000,000 | \$1,295,000,000 | \$1,445,000,000 |
| Percentage of QBE Formula Earnings | -12.0% | -18.5% | -20.6% |

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| | | |
|--|-----------|----------------------|
| Total FY 2009 Unreserved, Undesignated Fund Balance | \$ | 1,326,034,000 |
| FY 2010 Governor's Proposed MidTerm Austerity Less ARRA funds | \$ | (709,911,000) |
| SubTotal | \$ | 616,123,000 |
| FY 2011 Governor Proposed Budget Cuts | \$ | (839,000,000) |
| SubTotal | \$ | (222,877,000) |
| Likely (TBD) | \$ | (456,000,000) |
| SubTotal | \$ | (678,877,000) |
| Downside Likely (TBD) | \$ | (150,000,000) |
| Total | \$ | (828,877,000) |

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SPLOST REVENUES

Statewide Summary

| CY | 2007 | 2008 | 2009 |
|------------------------------|-----------------|-----------------|-----------------|
| Revenue | \$1,645,486,876 | \$1,615,657,642 | \$1,473,618,170 |
| Decline From Previous Year | | \$29,829,234 | \$142,039,472 |
| % Decline from Previous Year | | 1.85% | 9.64% |

| | |
|-----------------------------|---------------|
| Decline From 2007 to 2009 | \$171,868,706 |
| % Decline from 2007 to 2009 | 10.44% |

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