MEETING MINUTES OF THE SENATE STUDY COMMITTEE ON THE FINANCIAL EFFICIENCY STAR RATING (SR 452)

Committee Members

Senator Lindsey Tippins, Chair
District 37

Senator Emmanuel Jones, Vice Chair
District 10

Senator Ellis Black
District 8

Senator Jen Jordan
District 6

Senator Jesse Stone
District 23

Prepared by the Senate Research Office
2019
COMMITTEE FOCUS, CREATION, AND DUTIES

The Senate Study Committee on the Financial Efficiency Star Rating was created pursuant to Senate Resolution 452, sponsored by Senator Emmanuel Jones of the 9th during the 2019 legislative session. The purpose of the Committee was to examine the financial efficiency star rating system to determine whether it should be continued, modified, or eliminated.

The following Senators were appointed by the President of the Senate to serve as members of the Committee:

- Senator Ellis Black of the 8th;
- Senator Emmanuel Jones of the 9th;
- Senator Jen Jordan of the 6th;
- Senator Jesse Stone of the 23rd; and
- Senator Lindsey Tippins of the 37th.

Senator Lindsey Tippins, served as the Chair of the Committee and Senator Emmanuel Jones served as the Vice-Chair of the Committee. The Committee met two times during the 2019 interim. Both meetings were held at the Georgia State Capitol, one on November 6, 2019 and one on November 20, 2019.

The Committee heard testimony from the following individuals: Ms. Tiffany Taylor, Deputy Superintendent, Policy & External Affairs, Georgia Department of Education; Mr. Ted Beck, Chief Finance Officer, Georgia Department of Education; Mr. Donovan Head, Deputy Director, Governor’s Office of Student Achievement; and Ms. Joy Hawkins, Executive Director, Governor’s Office of Student Achievement.

The following legislative staff was assigned to this Committee: Mr. Blake Travis, Legislative Counsel; Mrs. Laurin Vonada, Senate Research Office; Ms. Kessarin Horvath, Senate Press Office; and Mrs. Samantha Nix, legislative assistant to Chairman Tippins.

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BACKGROUND

According to the Governor’s Office of Student Achievement (GOSA), the Financial Efficiency Star Rating (FESR) provides a way to compare district spending per student with overall academic performance. GOSA, in conjunction with the Georgia Department of Education (GaDOE), is required by O.C.G.A. § 20-14-33 to adopt and annually review, and revise as necessary indicators of financial efficiency of individual schools and school systems. The statute states that the rating “may include an analysis of how federal and state funds spent by local school systems impact student achievement and school improvement, and components used to determine financial efficiency may include actual achievement, resource efficiency, and student participation in standardized testing.” Based on the determined factors, individual schools or school systems are given a star rating between one and five stars, with one being unsatisfactory and five ranked as excellent.

FESR is calculated by using both the College and Career Ready Performance Index (CCRPI) score and the per pupil expenditure (PPE). PPE is calculated by dividing the district’s expenditures by the district's fall enrollment count. In general, expenditures that do not directly affect the K-12 population, those associated with food and facility construction, and expenditures that cannot be associated with a specific year are omitted from the PPE calculation. The FESR utilizes a three-year average of PPE and CCRPI scores to determine the district rating and a two-year average to determine the school rating. Currently, the ratings are displayed as supplemental information to CCRPI scores on the GaDOE CCRPI dashboard.

MEETING TESTIMONY

Meeting 1 – November 6, 2019

The first meeting was held at the Georgia State Capitol to discuss the purpose, calculation, and issues of FESR. Vice-Chairman Jones shared with the Committee his interest in seeking to abolish the FESR, because he believes the forced ranking of schools is unfavorable to provide an accurate measure of school and system success. He stressed that he does not seek to eliminate the collection and disbursement of the data gathered from the FESR calculation.

Ted Beck, the Chief Finance Officer of GaDOE, provided FESR requirements as outlined in the applicable code section. He described that the FESR calculation is the marriage of CCRPI score with the PPE. He shared that GaDOE and GOSA must adopt, review, and publish these FESR ratings of individual schools and school systems annually. Once a rating has been determined, based on such rating, schools and systems are ranked by adopted formula against all the other schools and systems in the state.

Mr. Beck outlined four overarching issues with FESR system. The first is ranking systems and schools based on per pupil expenditures (PPE) does not account for variability amongst districts. There are differing operating costs and spending needs based on student population that is not considered when calculating PPE and ultimately FESR. The second is the issue that comparison of spending to achievement gives the illusion of correlation, but more statistical evaluation is needed to understand and make this correlation. The third issue is the inverse relationship with federal funding and the FESR calculation. This means more federal funding is needed based on poverty, at-risk population, and poor performance while FESR only rewards lower student cost for higher performance. The last overarching issue is that of the limited nature of FESR scope. Mr. Beck explained that the simple rating fails to capture the essence of the complex data calculations. Further, he argued that the calculation is an unfunded mandate that takes significant time and effort in calculation.

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3 See: https://www.gadoe.org/CCRPI/Pages/default.aspx.
Mr. Beck provided the following proposed solutions: (1) eliminate the FESR altogether; or (2) eliminate the forced comparison of financial efficiency to achievement, progress, and comparable performance but still require financial transparency and information from GaDOE and schools without the reporting of analysis of data.

Donovan Head, Deputy Director of GOSA, explained GOSA’s role in collecting information for FESR. Further, he shared that GOSA has spoken to superintendents around Georgia that have expressed concerns with FESR. He stated that Governor Kemp is supportive of the work of the Committee and is open to addressing concerns raised.

Chairman Tippins indicated that the original intent of the legislation creating FESR was to allow GOSA and GaDOE to work together to determine which metrics should be used to calculate FESR. He believes that it would not be prudent to eliminate the mandated reporting requirements of the original legislation, but acknowledged that the computation formula may need to be addressed by GOSA and GaDOE, which is provided for in statute. Chairman Tippins urged GaDOE and GOSA to work together to formulate a more adequate representation of financial efficiency based on factors of challenge.

Public comment in opposition to the FESR calculation was heard from Georgia School Superintendent Association, Georgia School Board Association, and Georgia Association of Educational Leaders.

A request was made of GaDOE and GOSA to provide the Committee with information by the next meeting regarding the following: (1) FESR calculated without federal funding; (2) FESR calculated based on student socioeconomic status, and (3) FESR calculated based on district size.

**Meeting 2 - November 20, 2019**

The second meeting was held at the Georgia State Capitol to review information requested from GOSA and GaDOE during the first meeting. The information presented on included: (1) FESR calculated without federal funds; and (2) FESR calculated based on student socioeconomic status.

GOSA believes that the exclusion of federal funds does not significantly affect the outcomes of the FESR. GOSA indicated that it was not conclusive whether there are any common characteristics between the districts whose scores increased or decreased and if the districts with a higher level of federal funding increased once it was removed or vice versa. However, high-poverty districts were impacted by a 0.5 star change when federal funds were removed. Chairman Tippins stressed the importance of reporting federal funding a district receives because it is likely that districts which receive higher amounts of federal funding serve the most at-risk students.

The next measure GOSA examined was poverty level. GOSA measures this by direct certification, or if the student falls into at least one of the following categories: (1) lives in a family unit receiving Supplemental Nutrition Assistance Program (SNAP) food stamp benefits; (2) lives in a family unit receiving Temporary Assistance for Needy Families (TANF) benefits; or (3) identified as homeless, unaccompanied youth, foster, or migrant. GOSA found that there was a strong correlation between schools/systems with a high number of directly certified students and a low FESR score. Since the FESR formula does not control for poverty, GOSA does not find these results surprising.

The final data point that GOSA looked at was the district size based on enrollment. There is a belief that larger school systems are more likely to receive more money and have a higher FESR. However, there was not a strong correlation between the two items. GOSA shared that this was the most difficult factor to analyze because of the way district size can be compared (i.e. district v. school size or locale).

In conclusion, GOSA found two main issues with the current FESR formula as follows: (1) FESR shows a strong correlation with poverty levels, indicating that the formula is not controlling for this factor (excluding federal funds mitigates this issue only a small amount); and (2) FESR labels districts as inefficient rather than considering how a higher PPE might reflect students with higher needs.
Tiffany Taylor, Deputy Superintendent of Policy & External Affairs at GaDOE, stated that GaDOE is committed to working with GOSA to provide an accurate accountability system. Further, she stated that GaDOE will work with GOSA to consolidate the reporting of all relevant information on one website for the evaluation of efficiency to be provided to the General Assembly and to make this information available to the public. Vice-Chairman Jones inquired whether any states have done something similar with all the relevant information. Neither GaDOE nor GOSA were aware of this answer. Ms. Taylor reiterated that GaDOE promotes the stance that there should be a separation of the PPE and CCRPI as they do not provide a full picture of the complexity of the issue.

CHAIRMAN’S NOTES

The charge of the Study Committee pursuant to Senate Resolution 452 was to determine if the reporting requirements in O.C.G.A. § 20-14-13 should be continued, modified, or eliminated.

Based on the testimony heard during our two meetings, it appears that the flaws of the current formula for evaluating financial efficiency lie in its design by the fact that it does not reflect the recognized challenges posed by factors such as poverty, transiency, family stability, and other specific student needs. It is my belief that any revision of the computation formula for evaluation of financial efficiency should include the reporting of all relevant data at one website, accessible to the public in a user friendly manner that facilitates various comparisons in a spreadsheet format.

The majority of testimony was given by representatives of GOSA and GaDOE. These two agencies are charged with the design, computation, publishing, and revision, if necessary, of the reporting formula. It would appear to me that any defects in the present design should be addressed by GOSA in conjunction with GaDOE and be brought back for review before any legislative mandate is recommended.