

The House Committee on Education offers the following substitute to SB 390:

**A BILL TO BE ENTITLED**

**AN ACT**

To amend Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to financing for quality basic education, so as to require local school systems to spend a minimum amount of operating funds on direct classroom expenditures; to provide a short title; to provide for definitions; to provide for incremental compliance; to provide for waivers; to provide for sanctions for noncompliance; to provide for the submission of budget and expenditure information; to provide for rules and regulations; to change certain provisions relating to expenditure controls for fiscal years 2007 and 2008; to provide for related matters; to provide for an effective date; to repeal conflicting laws; and for other purposes.

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:**

**SECTION 1.**

This Act shall be known and may be cited as the "Classrooms First for Georgia Act."

**SECTION 2.**

Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to financing for quality basic education, is amended by inserting at the end of such part new Code sections to read as follows:

"20-2-171.

(a) For purposes of this Code section, the term:

(1) 'Direct classroom expenditures' means all expenditures by a local school system during a fiscal year for activities directly associated with the interaction between teachers and students, including, but not limited to, salaries and benefits for teachers and paraprofessionals; costs for instructional materials and supplies; costs associated with classroom related activities, such as field trips, physical education, music, and arts; and tuition paid to out-of-state school districts and private institutions for special needs students. This term shall not include costs for administration, plant operations and

1 maintenance, food services, transportation, instructional support including media centers,  
2 teacher training, and student support such as nurses and guidance counselors.

3 (2) 'Total operating expenditures' means all operating expenditures by a local school  
4 system during a fiscal year, including expenditures from federal, state, and local funds  
5 and from any other funds received by a local school system, such as student activity fees.

6 This term shall not include capital outlay expenditures, debt or bond payments, interest  
7 on debt or bonds, facility leases, or rental payments. This term shall also not include any  
8 costs which are incurred by a local school system to comply with any mandate by statute  
9 or by the Georgia Department of Education effective on or after January 1, 2006 to add  
10 specific non-classroom staff positions.

11 (b) Beginning with fiscal year 2008:

12 (1) Each local school system shall spend a minimum of 65 percent of its total operating  
13 expenditures on direct classroom expenditures, except as otherwise provided in this  
14 subsection;

15 (2) For any fiscal year in which a local school system has direct classroom expenditures  
16 that are less than 65 percent of its total operating expenditures, the local school system  
17 shall be required to increase its direct classroom expenditures by a minimum of 2 percent  
18 per fiscal year as a percentage of total operating expenditures, beginning in the  
19 subsequent fiscal year and each fiscal year thereafter, until it reaches 65 percent. For  
20 fiscal year 2008, the baseline year from which the required increase will be determined  
21 shall be based on expenditure data from fiscal year 2007;

22 (3) A local school system that has direct classroom expenditures that are less than 65  
23 percent of its total operating expenditures and that is unable to meet the expenditure  
24 requirements in paragraph (2) of this subsection may apply to the State Board of  
25 Education for a one-year renewable achievement waiver. The waiver request must  
26 include evidence that the local school system is exceeding the state averages in academic  
27 categories designated by the board, which may include, but not be limited to,  
28 criterion-referenced competency tests, the Georgia High School Graduation Test, and the  
29 SAT, a plan for obtaining compliance with this Code section, and any other information  
30 required at the discretion of the board; and

31 (4) A local school system that has direct classroom expenditures that are less than 65  
32 percent of its total operating expenditures and that is unable to meet the expenditure  
33 requirements in paragraph (2) of this subsection may apply to the State Board of  
34 Education for a one-year renewable hardship waiver. Waivers granted pursuant to this  
35 paragraph shall be limited to extreme situations in which such situation is solely  
36 responsible for the local school system's inability to meet the expenditure requirements.  
37 Such situations may include, but are not limited to, Acts of God and inordinate

1 unexpected increases in energy and fuel costs. The waiver request must include revenue  
2 and expenditure reports and specific details providing compelling evidence as to the  
3 impact that the intervening extreme situation had on the local school system's ability to  
4 comply with expenditure requirements and any other information required at the  
5 discretion of the board.

6 (c) The State Board of Education shall have the authority to impose sanctions against a  
7 local school system that fails to comply with the provisions of this Code section or any  
8 rules and regulations promulgated pursuant to subsection (e) of this Code section. Such  
9 sanctions shall be at the discretion of the board and may include, but not be limited to,  
10 requiring the local school system to devise and implement a plan to meet the expenditure  
11 requirements of this Code section in the subsequent fiscal year or withholding all or any  
12 portion of state funds in accordance with Code Section 20-2-243.

13 (d) The State Board of Education shall be authorized to require the submission of budget  
14 information and expenditure data from local school systems for the purposes of verifying  
15 compliance with this Code section.

16 (e) The State Board of Education shall be authorized to promulgate rules and regulations  
17 to implement the provisions of this Code section.

18 20-2-172.

19 (a) For the purposes of fiscal years 2007 and 2008 only, the following change to Code  
20 Section 20-2-167 shall apply: For each program identified in Code Section 20-2-161, each  
21 local school system shall spend 100 percent of funds designated for direct instructional  
22 costs on the direct instructional costs of such program on one or more of the programs  
23 identified in Code Section 20-2-161 at the system level, with no requirement that the school  
24 system spend any specific portion of such funds at the site where such funds were earned.

25 (b) This Code section shall be automatically repealed on July 1, 2008."

### 26 **SECTION 3.**

27 This Act shall become effective July 1, 2006.

### 28 **SECTION 4.**

29 All laws and parts of laws in conflict with this Act are repealed.