

The House Committee on Education offers the following substitute to SB 515:

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,  
2 relating to the "Quality Basic Education Act," so as to change certain provisions relating to  
3 the remedial education program; to change certain provisions relating to determination of  
4 enrollment by institutional program and determination of funds to be appropriated; to change  
5 certain provisions relating to equalization grants; to revise definitions relating to capital  
6 outlay funds generally for purposes of conformity; to provide for related matters; to provide  
7 for an effective date; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to the  
11 "Quality Basic Education Act," is amended by striking subsection (a) of Code Section  
12 20-2-154, relating to the remedial education program, and inserting in lieu thereof the  
13 following:

14 "(a) All children and youth who are eligible for a general and career education program  
15 under Code Section 20-2-151 and who are also eligible under the criteria specified in this  
16 Code section shall be provided, in accordance with policies adopted by the State Board of  
17 Education, the remedial education program services needed to address their respective  
18 reading, mathematics, or writing deficiencies. The following students shall be eligible for  
19 remedial education services:

20 (1) Students in grades ~~nine~~ six through 12 may be eligible for services if they meet two  
21 or more of the following criteria:

22 (A) The student has been through the formal student support team process and has  
23 documented evidence to support the placement in remedial education;

24 (B) The student has been retained in the grade;

1 (C) The student is receiving services under Part A of Chapter 1 of Title 1 of the  
 2 Elementary and Secondary Education Act of 1965, as amended by the Improving  
 3 America's Schools Act of 1994 (Public Law 103-382);

4 (D) The student has been recommended by the teacher who has documented any of the  
 5 following student information:

6 (i) Low performance in the reading series system;

7 (ii) Low performance in the mathematics series; or

8 (iii) The student is unable to verbally express ideas and cannot write or dictate a  
 9 meaningful sentence; or

10 (E) Current test information in the student file indicates the student has a score at or  
 11 below the twenty-fifth percentile; and

12 (2) Students in grades ~~nine~~ six through 12 who are receiving services under the special  
 13 education program as authorized by Code Section 20-2-152 and whose Individualized  
 14 Education Programs (IEP's) specify that they meet the eligibility requirements specified  
 15 in paragraph (1) of this subsection and that their special education program is not  
 16 designed to address their respective reading, mathematics, or writing deficiencies.

17 No more than 25 percent of the full-time equivalent population in eligible grades as  
 18 specified in paragraphs (1) and (2) of this subsection shall be eligible for the remedial  
 19 program; provided, however, that the State Board of Education may develop regulations  
 20 whereby a higher percentage may be eligible if the percentage of students receiving free  
 21 and reduced price lunches exceeds 50 percent."

## 22 SECTION 2.

23 Said article is further amended by striking Code Section 20-2-160, relating to determination  
 24 of enrollment by institutional program and determination of funds to be appropriated, and  
 25 inserting in lieu thereof the following:

26 "20-2-160.

27 (a) The State Board of Education shall designate the specific dates upon which two counts  
 28 of students enrolled in each instructional program authorized under this article shall be  
 29 made each school year and by which the counts shall be reported to the Department of  
 30 Education. The initial enrollment count shall be made after October 1 but prior to  
 31 November 17 and the final enrollment count after March 1 but prior to May 1. The report  
 32 shall indicate the student's specific assigned program for each one-sixth segment of the  
 33 school day on the designated reporting date. No program shall be indicated for a student  
 34 for any one-sixth segment of the school day that the student is assigned to a study hall; a

1 noncredit course; a course recognized under this article or by state board policy as an  
2 enrichment course, except a driver education course; a course which requires participation  
3 in an extracurricular activity for which enrollment is on a competitive basis; a course in  
4 which the student serves as a student assistant to a teacher, in a school office, or in the  
5 media center, except when such placement is an approved work site of a recognized career  
6 or vocational program; an individual study course for which no outline of course objectives  
7 is prepared in writing prior to the beginning of the course; a course taken through the  
8 Georgia Virtual School pursuant to Code Section 20-2-319.1; or any other course or  
9 activity so designated by the state board. For the purpose of this Code section, the term  
10 'enrichment course' means a course which does not dedicate a major portion of the class  
11 time toward the development and enhancement of one or more student competencies as  
12 adopted by the state board under Code Section 20-2-140. A program shall not be indicated  
13 for a student for any one-sixth segment of the school day for which the student is not  
14 enrolled in an instructional program or has not attended a class or classes within the  
15 preceding ten days; nor shall a program be indicated for a student for any one-sixth  
16 segment of the school day for which the student is charged tuition or fees or is required to  
17 provide materials or equipment beyond those authorized pursuant to Code Section  
18 20-2-133. A student who is enrolled in an eligible institution under the program  
19 established in Code Section 20-2-161.1 may be counted for the high school program for  
20 only that portion of the day that the student is attending the high school for those segments  
21 that are eligible to be counted under this subsection. The state board shall adopt such  
22 regulations and criteria as necessary to ensure objective and true counts of students in state  
23 approved instructional programs. The state board shall also establish criteria by which  
24 students shall be counted as resident or nonresident students, including specific  
25 circumstances which may include, but not be limited to, students attending another local  
26 school system under court order or under the terms of a contract between two local school  
27 systems. If a local school system has a justifiable reason, it may seek authority from the  
28 state board to shift full-time equivalent program counts from the designated date to a  
29 requested alternate date.

30 (b) The full-time equivalent (FTE) program count for each local school system shall be  
31 obtained in the following manner:

- 32 (1) Count the number of one-sixth segments of the school day for which each student is  
33 enrolled in each program authorized under Code Section 20-2-161; and
- 34 (2) Divide the total number of segments counted for each program by six. The result is  
35 the full-time equivalent program count for each respective state recognized program.

1 (c) For the purpose of initially determining the amount of funds to be appropriated to  
 2 finance each respective program for the ensuing fiscal year, a projection of the second  
 3 full-time equivalent program count shall be calculated as follows:

4 (1) Divide the first total full-time equivalent count for the current fiscal year by the first  
 5 total full-time equivalent count for the immediately preceding fiscal year;

6 (2) Multiply the quotient obtained in paragraph (1) of this subsection by the second total  
 7 full-time equivalent count for the immediately preceding fiscal year. The result shall be  
 8 the projected second total full-time equivalent count for the current fiscal year;

9 (3) Divide the average of the local school system's two most recent full-time equivalent  
 10 program counts by the average of the two most recent total full-time equivalent counts;  
 11 and

12 (4) Multiply the quotient obtained in paragraph (3) of this subsection by the product  
 13 obtained in paragraph (2) of this subsection. The result shall be the projected second  
 14 full-time equivalent program count for the current fiscal year.

15 (d) The average of the first full-time equivalent program count, weighted two parts, and  
 16 the projected second full-time equivalent program count, weighted one part, shall be used  
 17 to initially determine the funds needed to finance the program for the ensuing fiscal year.

18 (e) For purposes of calculating allotments for a new or revised instructional program ~~the~~  
 19 ~~instructional programs identified in paragraphs (2), (4), (6), (8), and (19) of subsection (b)~~  
 20 ~~of Code Section 20-2-161~~, for which the full-time equivalent program counts provided for  
 21 in subsections (a) through (d) of this Code section do not exist, the most recent full-time  
 22 equivalent program count shall be used until such time as the full-time equivalent program  
 23 counts provided for in subsections (a) through (d) of this Code section do exist.

24 (f) The allotments for the alternative education program shall be calculated as provided in  
 25 subsection (h) of Code Section 20-2-154.1."

### 26 SECTION 3.

27 Said article is further amended by striking Code Section 20-2-165, relating to equalization  
 28 grants, and inserting in lieu thereof the following:

29 "20-2-165.

30 (a) As used in this Code section, the term:

31 (1) 'Assessed valuation' is defined as 40 percent of the equalized adjusted property tax  
 32 digest reduced by the amount calculated pursuant to subsection (g) of Code Section  
 33 20-2-164.

1 (2) 'Assessed valuation per weighted full-time equivalent count' is defined as the  
 2 assessed valuation for the most recent year available divided by the weighted full-time  
 3 equivalent count for the year of the digest.

4 ~~(3) 'Average weighted full-time equivalent count' is defined as the first count of a fiscal~~  
 5 ~~year weighted two parts and the second count weighted one part.~~

6 ~~(4)~~(3) 'Effective millage rate' is defined as local tax revenues divided by the assessed  
 7 valuation and multiplied by 1,000; provided, however, that if the amount of local tax  
 8 revenues is subsequently adjusted as a result of an audit of a local school system's annual  
 9 financial report, the increase or decrease in local tax revenues resulting from the audit  
 10 shall cause an adjustment to be made in the effective millage rate that was calculated  
 11 initially. Any net change in the amount of equalization dollars earned as a result of such  
 12 adjustment shall be applied to the amount of the local school system's equalization grant  
 13 in a subsequent fiscal year.

14 ~~(5)~~(4) 'Eligible full-time equivalent program count' is defined as the sum of the full-time  
 15 equivalent resident student count and full-time equivalent nonresident student count  
 16 pursuant to subsection ~~(b)~~ (d) of Code Section 20-2-160 for each program specified  
 17 pursuant to subsection (b) of Code Section 20-2-161; provided, however, that each local  
 18 school system's total full-time equivalent nonresident student count for all programs  
 19 except ~~handicapped~~ programs for persons with disabilities shall not exceed the lesser of  
 20 the count for fiscal year 2000 or the count for any ensuing fiscal year, unless the local  
 21 school system serves under contract all of the students in one or more grade levels from  
 22 an adjoining system or unless the system serves students from an adjoining system under  
 23 court order.

24 ~~(6)~~(5) 'Equalized adjusted property tax digest' is defined as the most recent equalized  
 25 adjusted property tax digest furnished to the State Board of Education pursuant to  
 26 paragraph (1) of subsection (c) of Code Section 20-2-164.

27 ~~(7)~~(6) 'Guaranteed valuation school system' is defined as the local school system ranking  
 28 at the seventy-fifth percentile in dollars of assessed valuation per weighted full-time  
 29 equivalent count, where the ranking of school systems is such that the one-hundredth  
 30 percentile school system is that with the highest amount in dollars of assessed valuation  
 31 per weighted full-time equivalent count. For the purpose of determining the assessed  
 32 valuation per weighted full-time equivalent count of the guaranteed valuation school  
 33 system only, a reduction of the assessed valuation for exemptions authorized by Code  
 34 Sections 48-5-44 and 48-5-48 shall be calculated whether such exemptions are granted  
 35 or not granted by the guaranteed valuation school system.

1 ~~(8)~~(7) 'Local tax revenues' is defined as the sum of tax revenues for a local school system  
 2 as furnished to the Department of Education by the school system in its annual financial  
 3 report, reduced by the total amount of general funds expended for capital outlay or  
 4 transferred into an escrow account for capital outlay purposes for the most recent fiscal  
 5 year such data are available and increased by any federal funds designed to replace local  
 6 tax revenues provided to the said system; provided, however, that the local school system  
 7 has furnished the state board with acceptable documentation which clearly identifies the  
 8 source or sources of such federal funds.

9 ~~(9)~~(8) 'Most recent ~~average~~ weighted full-time equivalent count' is defined as the ~~average~~  
 10 ~~of the two most recent~~ weighted full-time equivalent ~~counts~~ count derived from full-time  
 11 equivalent program count data obtained for the purpose of determining the funds initially  
 12 needed to finance the Quality Basic Education Formula pursuant to subsection (d) of  
 13 Code Section 20-2-160 for the next ensuing fiscal year.

14 ~~(10)~~(9) 'Qualified local school system' is defined as any local school system having an  
 15 assessed valuation per weighted full-time equivalent count for the year of the digest  
 16 ranking below the guaranteed valuation school system and having an effective millage  
 17 rate greater than the millage rate applied to calculate the local five mill share pursuant to  
 18 subsection (a) of Code Section 20-2-164.

19 ~~(11)~~(10) 'Weighted full-time equivalent count' is defined as the sum of all eligible  
 20 full-time equivalent program counts multiplied by their respective program weights in  
 21 effect during the fiscal year that the full-time equivalent program counts were obtained  
 22 pursuant to Code Section 20-2-161.

23 ~~(12)~~(11) 'Weighted full-time equivalent count for the year of the digest' is defined as the  
 24 ~~average of the two~~ weighted full-time equivalent ~~counts taken during that fiscal year~~  
 25 ~~beginning during the year of the digest~~ count derived from full-time equivalent program  
 26 count data obtained for the purpose of determining the funds initially needed to finance  
 27 the Quality Basic Education Formula pursuant to subsection (d) of Code Section  
 28 20-2-160 for the current fiscal year.

29 (b) The State Board of Education shall annually calculate the equalization grant for each  
 30 qualified local school system in the following manner:

31 (1) Subtract the assessed valuation per weighted full-time equivalent count for the local  
 32 school system from the assessed valuation per weighted full-time equivalent count for the  
 33 guaranteed valuation school system;

34 (2) Divide the difference resulting from paragraph (1) of this subsection by 1,000;

1 (3) Subtract five from the effective millage rate for the local school system and use the  
 2 resulting number of effective mills or 15 effective mills, whichever is less, as the number  
 3 of effective mills to be equalized;

4 (4) Multiply the quotient resulting from paragraph (2) of this subsection by the number  
 5 of effective mills to be equalized pursuant to paragraph (3) of this subsection; and

6 (5) Multiply the product resulting from paragraph (4) of this subsection by the most  
 7 recent ~~average~~ weighted full-time equivalent count for the local school system; and.

8 ~~(6) The resulting amount, calculation amount A, shall be the equalization grant for the~~  
 9 ~~ensuing fiscal year; provided, however, that for fiscal year 2001 the amount shall be~~  
 10 ~~adjusted by calculating a second amount, calculation amount B, under subsection (b) of~~  
 11 ~~this Code section by replacing the seventy-fifth percentile school system with the~~  
 12 ~~ninetieth percentile school system for the guaranteed valuation school system and~~  
 13 ~~subtracting five from the effective mills and using the resulting number of effective mills~~  
 14 ~~or 3.25 effective mills, whichever is less, as the number of effective mills to be equalized,~~  
 15 ~~and subtracting the resulting amount from calculation amount A and multiplying the~~  
 16 ~~resulting amount by .25 and adding that amount to calculation amount B; provided,~~  
 17 ~~further, that for each local school system which serves under contract all of the students~~  
 18 ~~in one or more grade levels from an adjoining system and for each local school system~~  
 19 ~~which sends under contract all of the students in one or more grade levels to an adjoining~~  
 20 ~~system, the equalization grant shall be recalculated~~ calculated ~~to represent the amount~~  
 21 ~~that would be earned if the students transferred under said contract were included in the~~  
 22 ~~full-time equivalent counts of the local school system in which they reside; provided,~~  
 23 ~~further, that any recalculated equalization grant to be earned by a local school system~~  
 24 ~~sending students to another system under the provisions of such a contract shall be~~  
 25 ~~reduced by an amount which represents the equalization funds earned per weighted~~  
 26 ~~full-time equivalent student multiplied by the total weighted full-time equivalent count~~  
 27 ~~for students transferred, and any recalculated equalization grant to be earned by the local~~  
 28 ~~school system receiving students under said contract shall be increased by the same~~  
 29 ~~amount. The amounts so recalculated shall be the equalization grants for such local~~  
 30 ~~school systems. The recalculations shall occur after the assessed valuation per weighted~~  
 31 ~~full-time equivalent of the guaranteed valuation school system has been calculated and~~  
 32 ~~shall not affect the calculation of the assessed valuation per weighted full-time equivalent~~  
 33 ~~of the guaranteed valuation school system.~~

34 (c) The State Board of Education shall allocate respectively the amount calculated under  
 35 subsection (b) of this Code section to each qualified local school system. For the first

1 effective year of the merger of any two or more local school systems, the equalization grant  
 2 shall be the addition of amounts which would have been separately earned by the systems  
 3 participating in the merger or the amount which would have been earned if the systems had  
 4 already been merged during the year of the applicable digest, whichever is greater. No  
 5 portion of local five mill share shall be applied to such equalization grants. In the event  
 6 sufficient funds are not appropriated in a fiscal year to the state board to allot the full  
 7 amount of equalization grants calculated to be payable to qualified local school systems as  
 8 provided in this Code section, the state board shall proportionately reduce the amount of  
 9 funds to be allocated to qualified local school systems.

10 ~~(d) The amount of funds appropriated each year under this Code section, for a period not~~  
 11 ~~to exceed five years beginning with fiscal year 2002, may be adjusted to allow local school~~  
 12 ~~systems that are losing funds due to a change from the ninetieth percentile guaranteed~~  
 13 ~~valuation school system to the seventy-fifth percentile guaranteed valuation school system~~  
 14 ~~sufficient time to adjust their local programs.~~

15 ~~(e)(d)(1) Beginning with Fiscal Year 2002, a A midterm adjustment in a local school~~  
 16 ~~system's equalization grant shall be made if:~~

17 (A) The school system ranks at or below the seventy-fifth percentile in dollars of  
 18 assessed valuation per weighted full-time equivalent student count, where the ranking  
 19 of school systems is such that the one-hundredth percentile school system is that with  
 20 the highest amount in dollars of assessed valuation per weighted full-time equivalent  
 21 student count; and

22 (B) The school system increases the actual millage levied against its digest for  
 23 maintenance and operation.

24 (2) If made, the midterm adjustment to the equalization grant shall be calculated as  
 25 follows:

26 (A) Calculate the percentage change in the actual millage rate for a school system by  
 27 subtracting the actual millage rate for the prior year from the actual millage rate for the  
 28 current year and dividing by the actual millage rate for the prior year; provided,  
 29 however, that for local school systems that impose local option sales taxes for school  
 30 maintenance and operation, as authorized by law, the Department of Education shall be  
 31 authorized to adjust this calculation by adding the equivalent property tax millage that  
 32 would be needed to produce the revenue raised by the local option sales tax to the  
 33 actual millage rate and calculating a revised percentage change;

34 (B) If the result from subparagraph (A) of this paragraph is a positive number, multiply  
 35 the number of effective mills calculated as part of the original equalization grant

1 calculation for a given year by the percentage increase calculated in subparagraph (A)  
 2 of this paragraph. Add the product of this calculation to the effective number of mills  
 3 from the original equalization grant calculation as described in subsections (a) through  
 4 ~~(d)~~(c) of this Code section;

5 (C) Recalculate the equalization grant substituting the revised number of effective  
 6 mills calculated in subparagraph (B) of this paragraph; and

7 (D) Subtract the initial equalization grant amount from the amount calculated in  
 8 subparagraph (C) of this paragraph.

9 The resulting amount shall be the midterm adjustment to the equalization grant.

10 (e) If the result from subparagraph (A) of paragraph (2) of subsection (d) of this Code  
 11 section is a positive number, the local school system's number of effective mills used in  
 12 the calculation of its equalization grant for the ensuing fiscal year shall be adjusted by  
 13 multiplying the number of effective mills calculated pursuant to paragraph (3) of  
 14 subsection (b) of this Code section by the percentage increase calculated in subparagraph  
 15 (A) of paragraph (2) of subsection (d) of this Code section. The resulting amount shall be  
 16 the adjusted number of effective mills used in the calculation of the equalization grant  
 17 pursuant to paragraph (3) of subsection (b) of this Code section; provided, however, that  
 18 in no event shall the adjusted number of effective mills to be equalized exceed 15 effective  
 19 mills. For Fiscal Year 2006 only, adjustments to equalization grants as provided in this  
 20 subsection shall be allocated to local school systems following the adoption of the amended  
 21 Appropriations Act for Fiscal Year 2006."

#### 22 SECTION 4.

23 Said article is further amended by in Code Section 20-2-260, relating to capital outlay funds  
 24 generally, by striking paragraphs (8) and (17) of subsection (b) and inserting in their  
 25 respective places the following:

26 "(8) 'Full-time equivalent student count' is defined as the average of the two full-time  
 27 equivalent counts pursuant to subsection (d) of Code Section 20-2-160 for a school year."

28 "(17) 'Weighted full-time equivalent student count' is defined as the average most recent  
 29 weighted full-time equivalent count as defined in paragraph ~~(3)~~(8) of subsection (a) of  
 30 Code Section 20-2-165."

#### 31 SECTION 5.

32 This Act shall become effective upon its approval by the Governor or upon its becoming law  
 33 without such approval.

1

**SECTION 6.**

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