



## Department of Audits and Accounts

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April 16, 2010

Honorable Fran Millar, Vice Chairman  
House Education Committee  
State Capitol, Room 417  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
House Bill 400 Substitute  
(LC 33 3782S)

Dear Vice Chairman Millar:

This bill, also known as the “Building Resourceful Individuals to Develop Georgia’s Economy Act”, would require the state Department of Education (DOE) to develop focused programs of study for local school systems’ implementation that would prepare students to enter academic and career fields that are in high demand, high skill, and high wage areas. When implemented by local school systems, such programs are intended to improve graduation rates and student preparedness for postsecondary education and careers. Development of such programs would include, for example: training guidance counselors and teachers to provide for educational counseling and career awareness; establishing teacher-advisor systems; developing systems to compile individual student graduation plans; and increasing parental and guardian involvement. To implement such programs, local school systems would apply to the state Board of Education for state funding through reform grants. Such competitive reform grants would be subject to state appropriation. The grants would enable selected local school systems to implement school reform measures, with priority given to chronically low-performing high schools.

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The development costs associated with this bill are estimated to total approximately \$7.5 million the first year and \$5.4 million each of the following four years, according to a collaborative five-year estimate compiled by the Governor's Office of Planning and Budget (OPB) and the Department of Education (DOE). These costs do not include implementation costs at the school level that would be funded through reform grants, subject to state appropriation. First-year development costs presented in this estimate include:

- a one-time cost of approximately \$998,000 for the DOE to hold training workshops to develop schools' career counseling and advisement methods;
- a one-time cost of about \$743,000 to hold math integration workshops for school staff;
- a one-time cost of nearly \$347,000 for the DOE to develop focused programs of study, which includes convening a committee for each program of study, such as those listed in the bill;
- annual costs of approximately \$4 million to address necessary upgrades to school laboratories to meet industry certification standards;
- annual costs of about \$800,000 in salaries for additional DOE personnel to certify all focused programs of study to ensure compliance with industry standards; and
- annual costs of about \$600,000 to develop a system for creating and maintaining individual graduation plans.

The comprehensiveness of some of the above estimates is questionable. For example, the above estimate of \$4 million for laboratory upgrades is based on an average upgrade cost of \$10,000 per laboratory. However, a previous estimate of these costs developed by DOE in fiscal year 2008 used an average of nearly \$70,000 per laboratory. Also, to arrive at the above costs for laboratory upgrades and some of the other listed cost areas, the DOE assumed that other funding sources (such as local governments and community organizations, business and industry, or bond proceeds) would be available to provide partial funding. Consequently, the above costs do not always include total expected costs.

This bill includes a provision for reform grants with priority given to chronically low-performing schools, subject to appropriation. The costs of the reform grants would depend on how many schools were selected and could range from 34 (schools have to be either in the lowest-achieving 5% of schools in the state or have a 3-year average graduation rate below 60%) to 442 high schools. High schools receiving these reform grants would be required to implement an evidence-based model program to address at-risk students. The at-

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risk model must include diagnostic assessments, a process for identifying at-risk students, and an evaluation component. The schools selected would also be required to provide: focused programs of study; implement a teacher adviser system; provide students in 9<sup>th</sup>-12<sup>th</sup> grades information on educational program offered; and schedule annual conferences to assist students and their parents or guardians. Additional components of the at-risk model, which are not required by the bill but may be considered optional, include: utilizing a flexible schedule; maintaining a student-teacher ratio in ninth-grade no higher than any other grade level ratio in high school; utilizing experienced and effective teachers as leaders; assigning students to a teacher mentor; and including ninth grade career courses which incorporate a series of mini projects. While the above mentioned requirements would have associated costs, an estimate of the extent of such implementation costs was not provided by the DOE.

The Governor's Office of Student Achievement (OSA) and the Technical College System of Georgia (TCSG) both indicated that they anticipate no material costs to implement the bill. However, the BOR did not provide feedback in time for the preparation of this fiscal note.

Because education funding requires local government participation, it is recommended that the Department of Community Affairs prepare a local government fiscal note in accordance with O.C.G.A. §28-5-49, the "State and Local Government Partnership Act of 1995."

Respectfully,

/s/ Russell W. Hinton  
State Auditor

/s/ Trey Childress, Director  
Office of Planning and Budget

RWH/TC/jr/eb