

Appendix C: MOE Waiver Request

This form must be used for the submission of a request for a waiver of the requirements noted below. For assistance, please contact your State mailbox, which is [State].oeese@ed.gov .

State Georgia

On behalf of my State, I request a waiver of the following State maintenance of effort (MOE) requirements for the following fiscal years:

Please check all that apply:

- FY 2020 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- FY 2020 MOE requirement for higher education under section 18008 of the CARES Act.
- FY 2021 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- FY 2021 MOE requirement for higher education under section 18008 of the CARES Act.
- FY 2022 MOE requirement for elementary and secondary education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- FY 2022 MOE requirement for higher education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- FY 2023 MOE requirement for elementary and secondary education under section 2004(a) of the ARP Act.
- FY 2023 MOE requirement for higher education under section 2004(a) of the ARP Act.

Data for State support and overall State spending

A State must resubmit the baseline data for FYs 2017, 2018, and 2019 (baseline years) as part of this MOE waiver request. If these baseline data differ from a State’s previously submitted data, please provide a description of the reason for the change. Additionally, a State must submit MOE data for the years in which it is requesting this waiver.

	State support for elementary and secondary education	State support for higher education	Overall State spending *	State support for elementary and secondary education as a proportion of overall State spending	State support for higher education as a proportion of overall State spending
FY 2017	\$8,738,903,875.00	\$2,894,743,605.00	\$23,742,275,012.03	36.81%	12.19%
FY 2018	\$9,239,215,138.00	\$3,108,600,168.00	\$24,874,166,284.31	37.14%	12.50%
FY 2019	\$9,827,396,095.00	\$3,280,011,740 .00	\$26,177,641,115.97	37.54%	12.53%
Average FYs 2017-2019				37.16%	12.41%
FY 2020	\$10,461,149,490.00	\$3,438,498,521.00	\$26,615,638,245.45	Not Required	Not Required
FY 2021	\$9,949,530,552.00	\$3,313,833,534.00	\$25,545,819,437.95	Not Required	Not Required
FY 2022	\$10,879,590,509.00	\$3,659,718,365.00	\$29,034,304,094.89	37.47%	12.60%
FY 2023	\$11,126,570,218.00	\$4,162,804,617.00	\$30,681,297,595.86	36.26%	13.57%

*For overall State spending, a State may request a waiver based on final allocations or appropriations. For more information, see FAQ 10.

Additional submission requirements

In an attachment, please provide:

1. A description of the extent to which the State experienced fiscal burdens in preventing, preparing for, and responding to the coronavirus and an explanation of how those fiscal burdens affected the State's ability to maintain fiscal effort (e.g., the status of and any changes to the State's rainy day fund, whether the State experienced a decline in revenues, or an increase in other emergency expenses resulting from the pandemic, such as expenses related to health care, unemployment insurance, or support for small businesses); and
2. Documentation and data supporting the description of the State's fiscal burdens (e.g., revenue data, appropriation tables, unemployment statistics, etc.) including any State action that impacted State revenue (e.g., tax increases or decreases).
3. In addition, in its waiver request, a State should submit information on the relevant factors listed below to support its request. The Secretary may ask States for additional information after States submit the MOE waiver request form.

In determining whether to grant a State an MOE waiver, the Secretary may consider factors such as:

Has the State increased support for education?

The Department understands that it is possible that a State has maintained or increased overall funding for education and the proportion of the State budget for education has still declined because of increases in other areas of the budget (e.g., public health). In these cases, the Secretary may consider:

- Has total State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has total State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has the State appropriated an increase in State funding for K-12 education and for higher education for future fiscal years?

Are there exceptional circumstances that caused the State to be unable to maintain support for education?

If a State's support for education declined, the Secretary may consider:


- Are there specific severe effects of the COVID-19 pandemic on the State's economy that necessitated reductions in support for elementary and secondary education and for higher education?
- What steps did the State take to avoid and/or minimize such reductions?
- Did the State use Coronavirus State and Local Fiscal Recovery Funds awarded by the U.S. Department of the Treasury under section 9901 of the ARP Act to support elementary and secondary education and higher education?
- How did reductions in support for elementary and secondary education and for higher education compare to other budget categories?
- Did the State take steps that reduced or will it take steps to proactively reduce its financial resources in a way that impacted or will impact its ability to meet MOE requirements (e.g., tax changes (and in what context), additional contributions to rainy day funds)? If so, what was the impact of the reduction (e.g., to what extent were its resources reduced or will its resources be reduced)?

Has the State used or will it use ESSER, GEER, or Higher Education Emergency Relief (HEER) funding to replace State funding for education?

It is important for the Department to understand the State's use of pandemic-related Federal funds when reviewing a request for a waiver. The Secretary may therefore consider:

- Will all unallocated ESSER or GEER funds relevant to the waiver be used to provide net new resources to K-12 schools and to higher education and not be used to replace existing State commitments to K-12 education and to higher education?
- Will all unallocated HEER funds be used to provide net new resources to higher education and not be used to replace existing State commitments to higher education?
- Has the State previously used any ESSER, GEER, or HEER funds to replace State funding for education?

To the best of my knowledge and belief, all of the information in this MOE data submission are true and correct and the failure to submit accurate data may result in liability under the False Claims Act, 31 U.S.C. § 3729 et seq.; OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) in 2 CFR part 180, as adopted and amended as regulations of the Department in 2 CFR part 3485; and 18 USC § 1001, as appropriate, and other enforcement actions.

<u>State School Superintendent Richard Woods</u>	<u>404-657-1175</u>
Governor or Chief State School Officer or Authorized Representative (Typed or Printed Name)	Telephone
	
	<u>3/14/2024</u>
Signature of Governor or Chief State School Officer or Authorized Representative	Date

Public Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1810-0745. Public reporting burden for this collection of information is estimated to average 2 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit under section 18008 of the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, Division M, Section 317 of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA) Act, and Section 2004(a) of the American Rescue Plan Act of 2021 (ARP Act) If you have any comments concerning the accuracy of the time estimate, suggestions for improving this individual collection, or if you have comments or concerns regarding the status of your individual form, application or survey, please contact Britt Jung, Office of State and Grantee Relations, Office of Elementary and Secondary Education, U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20202-6450, email: SGR@ed.gov directly.

To: Office of Elementary and Secondary Education, United States Department of Education

From: State of Georgia

Date: 3/14/2024

Re: Waiver Request for 2023 Maintenance of Effort Requirement of Section 2004(a) of the American Rescue Plan Act of 2021 for Elementary and Secondary Education Spending

I. Impact of COVID-19 Public Health Emergency on Georgia Revenue and Budget

Georgia, like other states over the last four years, has experienced a large degree of fiscal uncertainty as it has navigated the impact of the pandemic and subsequent economic recovery. The state had a consistent trendline of revenue growth in the ten-year period emerging from the Great Recession¹. The national public health emergency in the spring of FY 2020 introduced tremendous uncertainty into the outyear revenue forecast for many states, including Georgia.

In the original FY 2021 budget, Georgia, along with other states, projected substantial revenue declines due to the pandemic and public health emergency as unemployment soared to near record levels and certain economic sectors faced business failures as a result of stay-at-home orders. Federal spending provided support to businesses and households to mitigate layoffs and assist in economic stimulus as consumers shifted purchases from the service sector to physical goods. Additionally, Georgia was early to lift shelter in place orders to mitigate economic impact of the pandemic on businesses and households while maintaining other public health measures to prevent the spread of COVID-19. As a result, while FY 2020 revenues were below prior year levels, FY 2021 revenues were closer to being “on trend” with the preceding ten-year period.²

However, even with stronger than anticipated revenues in FY 2021, uncertainty in the longevity of federal economic support coupled with inflationary pressures and federal economic policy in addressing inflation left tremendous outyear uncertainty in revenue performance, with increasing numbers of economists in 2022 and into 2023 warning of a looming recession. As a result, in both FY 2022 and FY 2023, the state maintained conservative revenue estimates in the original budgets, revising those estimates up to be “on trend” with the preceding decade only when additional revenue information was available for the current fiscal year for consideration in the Amended budget.³ Because Amended budget funding is not automatically carried forward into subsequent fiscal years, the state looked for opportunities to address one-time extraordinary needs

¹ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency Figure 1, State General Fund Revenues

² See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency Figure 1, State General Fund Revenues

³ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency Figure 1, State General Fund Revenues

that would not create outyear financial obligations in the event of a national recessionary economic climate.

In both the Amended FY 2022 and Amended FY 2023 budgets, the state prioritized spending stronger than anticipated revenues on K-12 education. In Amended FY 2022, the state increased its revenue estimate by \$2.8 billion from the original estimate based on stronger than anticipated revenues. Of that, the state invested more than \$1.2 billion, or 44 percent, of the additional funding directly in K-12 education. This included fully funding its Quality Basic Education (QBE) funding formula, providing \$404 million to local education agencies (LEAs) for a \$2,000 salary supplement for certificated employees and support staff, providing \$230 million to the State Health Benefit Fund to address financial needs in the School Fund supporting K-12 LEA staff and teachers due to the pandemic, and making an unprecedented \$188 million investment in school bus replacement and safety upgrades for LEAs.

In the original FY 2023 budget, the state provided more than \$453 million to fully fund the state's QBE funding formula and \$287 million to annualize the \$2,000 salary supplement for K-12 certificated personnel included in the Amended FY 2022 budget. In the Amended FY 2023 budget, again as a result of greater than anticipated revenues through the first half of fiscal year 2023, the state increased the general fund revenue estimate for the Amended budget by \$2.0 billion. More than \$756 million of that increase went directly to continue to expand the state's K-12 education support in the Amended FY 2023 budget. This included \$156 million to fully fund the state's share of enrollment growth as calculated for the midyear adjustment for QBE formula growth along with an additional \$420 million for the QBE formula to directly support 100 percent of an employer contribution increase for School Fund of the State Health Benefit Plan. This nearly half billion-dollar investment in the state's teacher and school employee health plan addressed financial needs of the plan post-pandemic and mitigated the need to increase employee contributions for educators to maintain plan fiscal health. The state also provided \$115.7 million to fund school security grants at an amount of \$50,000 per school, \$5 million to support paraprofessionals with bachelor's degrees seeking teaching certificates, and \$2.5 million in matching funds to support character education programming. In total, the state invested almost 38% of all additional dollars added in the Amended budget in K-12 education.

Throughout the post-pandemic period, despite national economic uncertainty, Georgia has continually prioritized investing in K-12 education over and above the amounts specified in its statutory funding formulas.⁴ The state has substantially increased state support of K-12 education on both an aggregate nominal and per-pupil basis annually through the post-pandemic period,

⁴ See Section III. Additional Relevant Information on Georgia's Educational Funding Formulas for further explanation on how the state's Local Education Authority funding formulas are calculated.

through increased teacher and support staff pay, additional ongoing state support for pupil transportation, and establishing permanent state funding for school security.⁵

However, as other states have experienced, local school systems in Georgia saw substantial disruptions in pupil enrollment across the 2020 and 2021 school years as parents made enrollment decisions in part based on in-person, hybrid, and virtual school options and their family's needs. While overall enrollment began increasing once again after a fall off early in the pandemic,⁶ enrollment trends were highly variable between school districts. At the same time, Georgia, along with the rest of the nation, saw an unprecedented rise in home values beginning in summer of 2020, particularly in the metro Atlanta area.⁷ As a result, Georgia saw significant impacts to both its QBE funding formula and QBE Equalization formula during this period.

Georgia does not have a poverty weight included as a direct component of its Quality Basic Education funding formula, but instead addresses system wealth inequities through the Quality Basic Education Equalization formula established under O.C.G.A. 20-2-165. The Equalization formula provides additional funding assistance to local school systems that rank below the statewide average of per pupil tax wealth. Because the formula is based on an individual LEA's per pupil tax wealth *relative to* other school systems, this formula can be variable from year-to-year. Additionally, Equalization is only calculated in the original budget for the fiscal year and is not adjusted in the midterm-adjustment like the QBE and Local Five Mill Share calculations.

At the time that the Equalization formula was calculated for the Fiscal Year 2023 budget, it utilized the full-time equivalent (FTE) pupil counts for Fall 2020, Spring 2021, and Fall 2021 as those were the most recent available, the three periods experiencing the largest enrollment disruption as a result of the pandemic. In comparison, the Equalization formula calculation for the preceding year, FY 2022, would have utilized Fall 2019, Spring 2020, and Fall 2020 FTE counts, capturing in part pre-pandemic enrollment trends. Furthermore, the subsequent FY 2024 Equalization budget utilized FTE counts for Fall 2021, Spring 2022, and Fall 2022, when many schools began to see a stronger return of pupil counts following peak pandemic disruptions. Because of the timing of the FY 2023 Equalization calculation, there was a net loss of 47,709 FTEs from the preceding FY 2022 Equalization count, an approximate two percent total decline; however, relative wealth based on tax digest per pupil increased almost nine percent during the same period. Metropolitan area school systems, particularly in the Atlanta area, were resultantly hit with simultaneous opposing factor changes in their Equalization formula calculation as their enrollments dropped while home prices, and thus tax digests, jumped, increasing their relative wealth to other systems and reducing their overall Equalization earnings.

⁵ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency, Figure 2, Spending by Policy Area Pre- and Post- Pandemic

⁶ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency Figure 4, K-12 Enrollment Trends Pre- and Post-Pandemic

⁷ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency Figure 5, S&P CoreLogic Case-Shiller GA Atlanta Home Price Index

As a result, in the FY 2023 Equalization calculation, the net funding requirement generated by the formula statewide for systems declined by \$164,188,077. 103 out of 180 school systems had a calculated decline in Equalization earnings for the 2023 fiscal year while an additional 7 were removed from Equalization eligibility altogether under their formula earnings. 8 of the 10 largest formula reductions occurred in large metro Atlanta school systems.⁸ Only 21 school systems experienced a relative increase in formula earnings for FY 2023. This was the only year in which local school systems in the aggregate experienced a decline in formula earnings for Equalization for the period between FY 2017 through FY 2025. For both FY 2024 and FY 2025, earnings in turn increased sharply, by \$122.3 million and \$266.8 million respectively, as students returned to school systems and housing prices began to stabilize.⁹

Had school systems not experienced this unprecedented reduction in their Equalization formula earnings as calculated under O.C.G.A. 20-2-165, the state would have met the Section 317(a) of Division M Maintenance of Effort proportionality requirement within the .5% flexibility parameter for Fiscal Year 2023. This was a one-time reduction in earnings that was directly attributable to changes in student enrollment and property tax digest wealth stemming from the hardest hit years of the pandemic. Despite the one-time reduction in Equalization earnings, overall per capita student funding and nominal statewide spending on K-12 increased during FY 2023,¹⁰ and Equalization earnings bounced back in subsequent years with a “return to normal” on in-person student instruction and stabilization of home prices, with those earnings fully funded by the state.

Through the proposed FY 2025 budget, Georgia will have added \$3 billion to the budget for direct K-12 investment since 2021, a nearly 30% increase in four years. Georgia has not used any other federal support received during this period to supplant state funding for education but has utilized this support to further supplement state funded investments by addressing learning loss, providing for afterschool and summer learning support, increasing supports for students with special needs, addressing teacher classroom material needs, and establishing school-based health centers. Georgia has been and remains steadfast in its commitment to ensuring local school systems receive the full financial state support they are entitled to under the law and that funding continues to increase to meet the needs of both a growing population and growing economy.

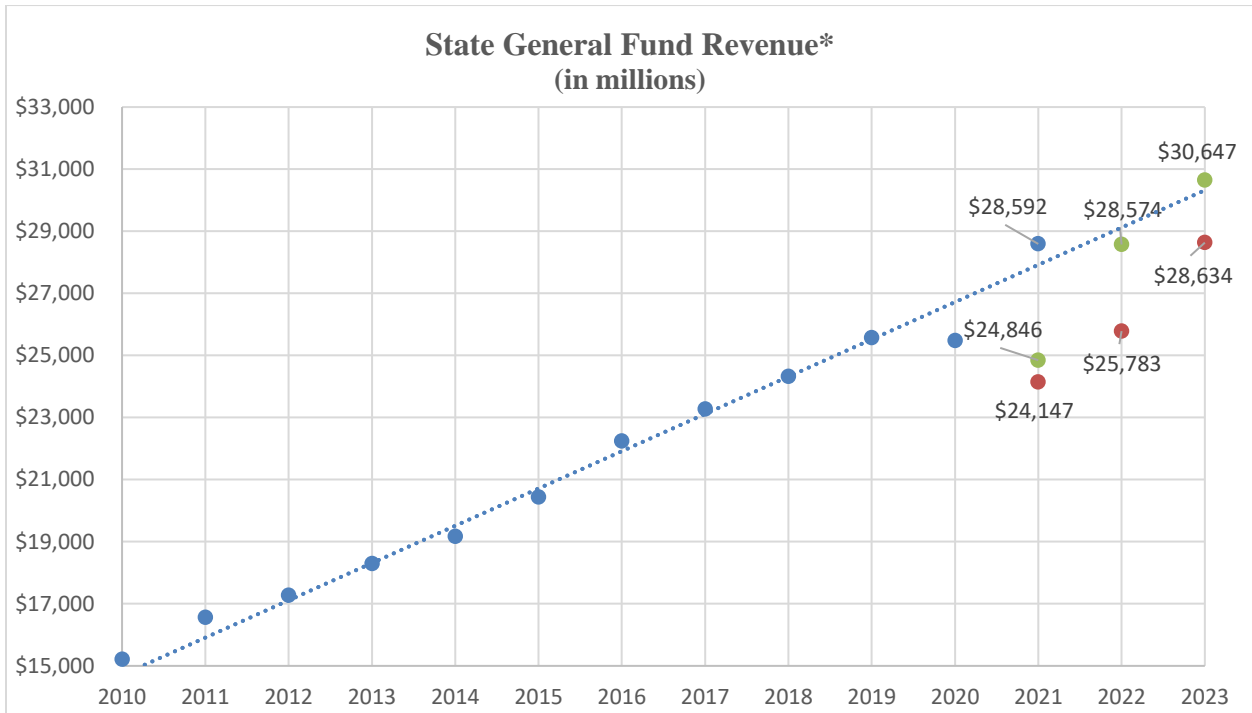
⁸ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency, Figure 7 Top 10 Equalization Formula Earnings Reductions by School System

⁹ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency, Figure 6 Quality Basic Education Formula Earnings

¹⁰ See Section II. Data Supporting State Spending During the COVID-19 Public Health Emergency, Figure 8 Per-Pupil State Funding for K-12 and Higher Education

II. Data Supporting State Spending During the COVID-19 Public Health Emergency

Figure 1.



*Note: Red dots indicate original state general fund revenue estimate, green dots represent Amended budget general fund estimate, and blue dots reflect actual year end revenue collections.

Figure 2.

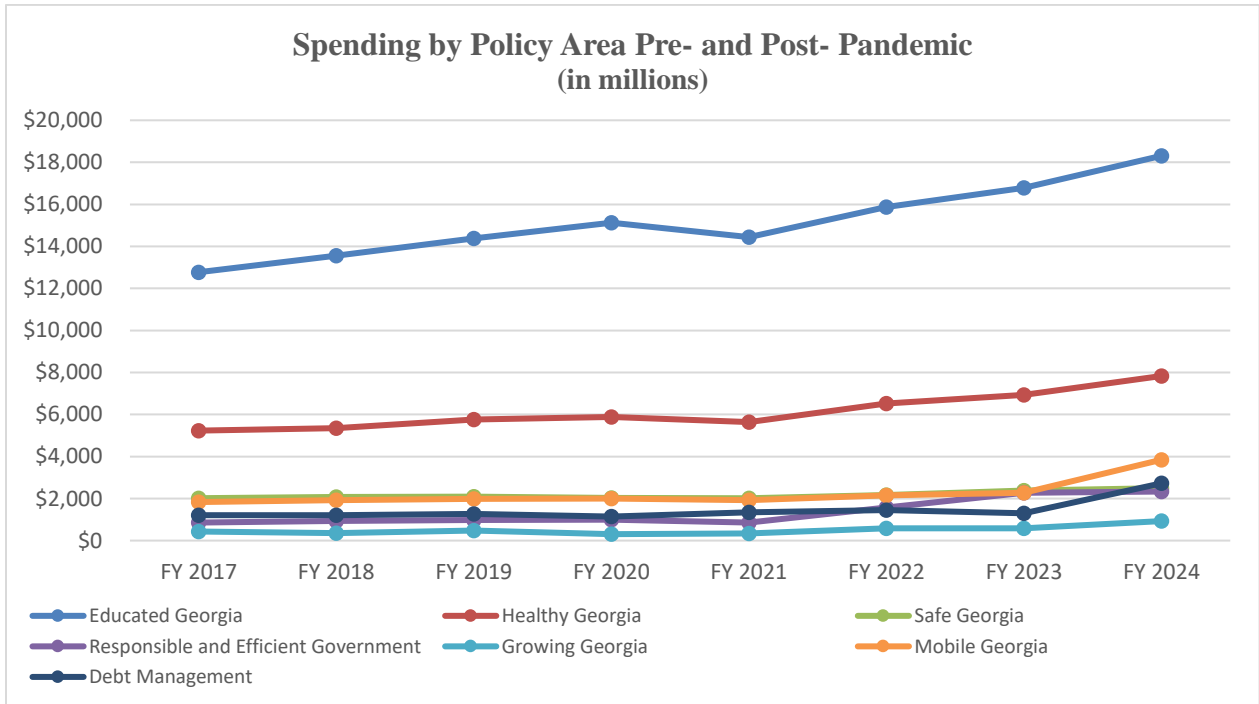


Figure 3.

	Final FY 2022 Budget	Final FY 2023 Budget	Total FY 2023 YOY Growth	% of FY 2023 YOY Growth
K-12 Education	10,879,590,509	11,126,570,218	246,979,709	2.27%
Higher Education	3,659,718,365	4,162,804,617	503,086,252	13.75%
Total	14,539,308,874	15,123,674,835	584,365,961	4.02%

Figure 4.

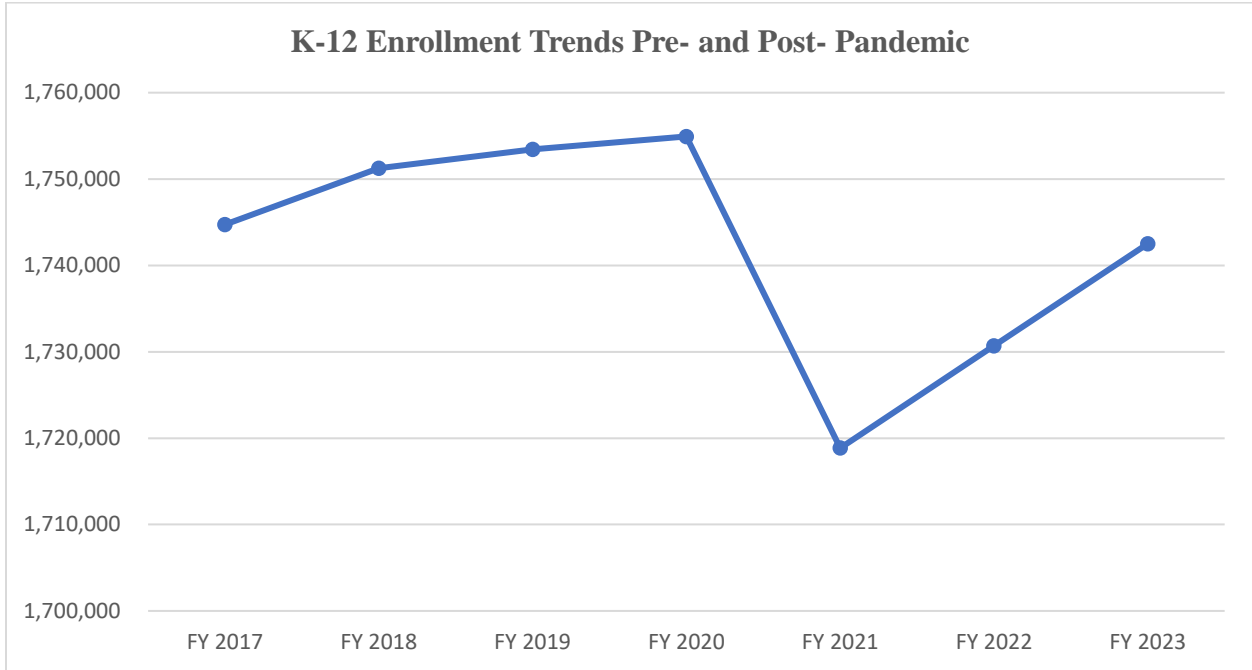


Figure 5.

S&P CoreLogic Case-Shiller GA Atlanta Home Price Index

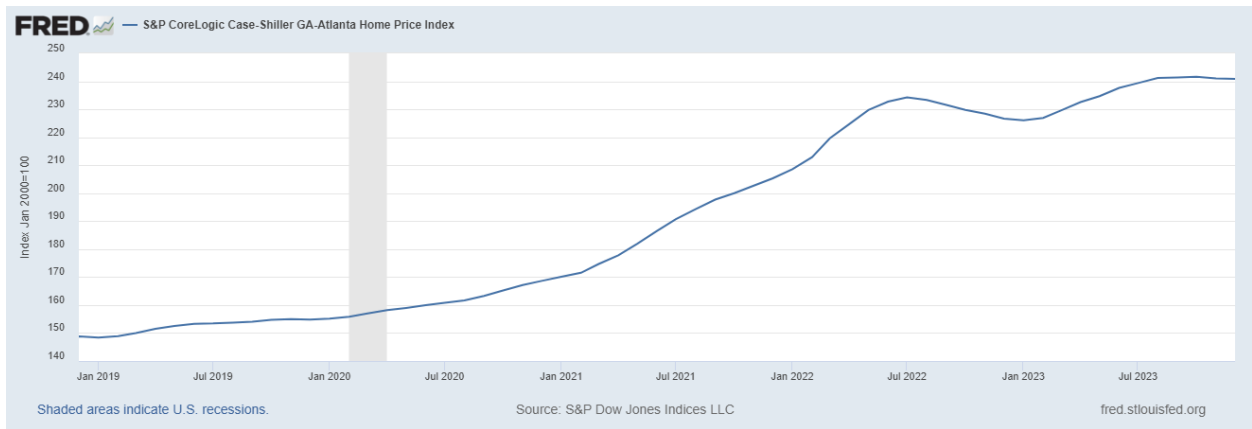
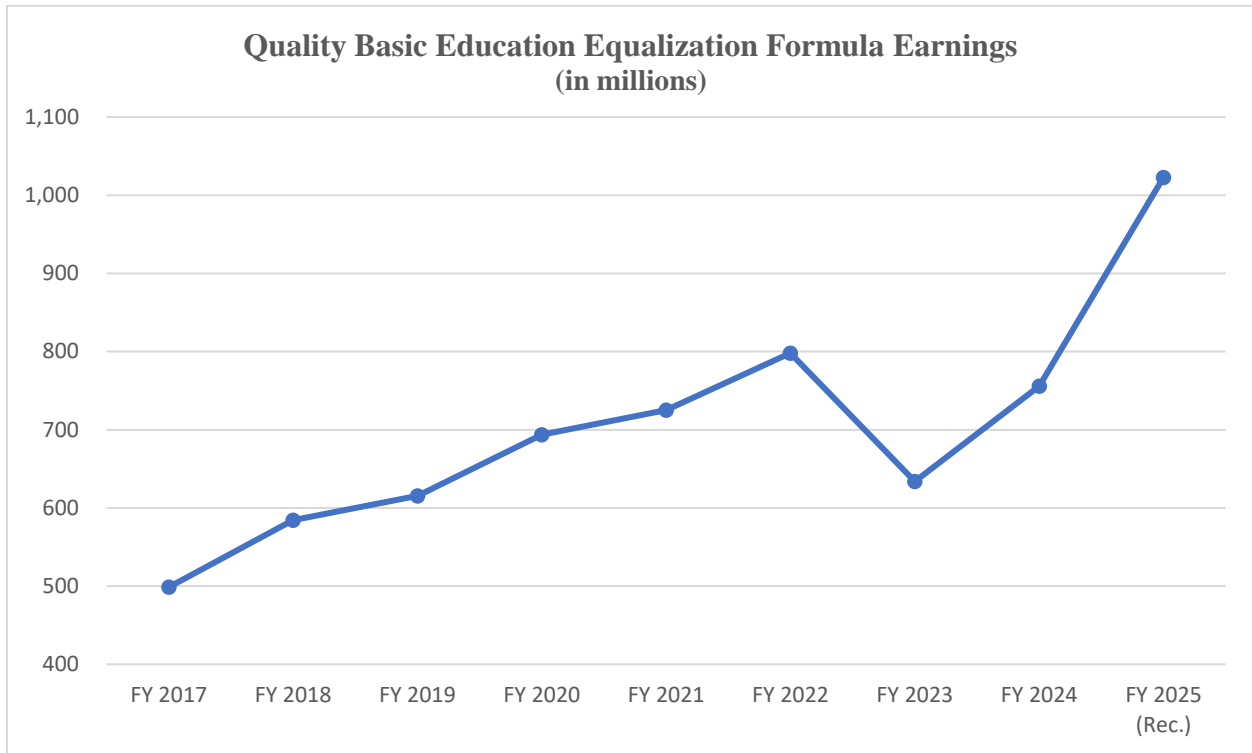


Figure 6.



QBE Equalization Formula Earnings by Year (millions)								
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 (Rec.)
\$498.73	\$584.56	\$615.32	\$693.62	\$725.22	\$797.97	\$633.78	\$756.06	\$1,022.85

Figure 7.

Top 10 Equalization Formula Earnings Reductions by School System

School System	FY 2022 Equalization	FY 2023 Equalization	FY 2023 Change	FTE Change from Prior Year	% Change from Prior Year
Gwinnett	\$84,620,080	\$34,719,877	(\$49,900,203)	(2,553)	-59.0%
Henry	\$14,338,960	\$3,518,768	(\$10,820,192)	(1,240)	-75.5%
Clayton	\$65,773,021	\$56,260,786	(\$9,512,235)	(2,035)	-14.5%
Douglas	\$13,388,751	\$6,123,079	(\$7,265,672)	(1,234)	-54.3%
Richmond	\$20,625,865	\$14,116,143	(\$6,509,722)	299	-31.6%
Rockdale	\$12,174,722	\$6,221,047	(\$5,953,675)	(1,091)	-48.9%

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Hall	\$5,679,351	-	(\$5,679,351)	(56)	-100.0%
Newton	\$20,350,306	\$14,691,661	(\$5,658,646)	(938)	-27.8%
Columbia	\$14,036,441	\$9,352,347	(\$4,684,094)	(190)	-33.4%
Paulding	\$31,196,325	\$27,309,670	(\$3,886,654)	137	-12.5%

Figure 8.

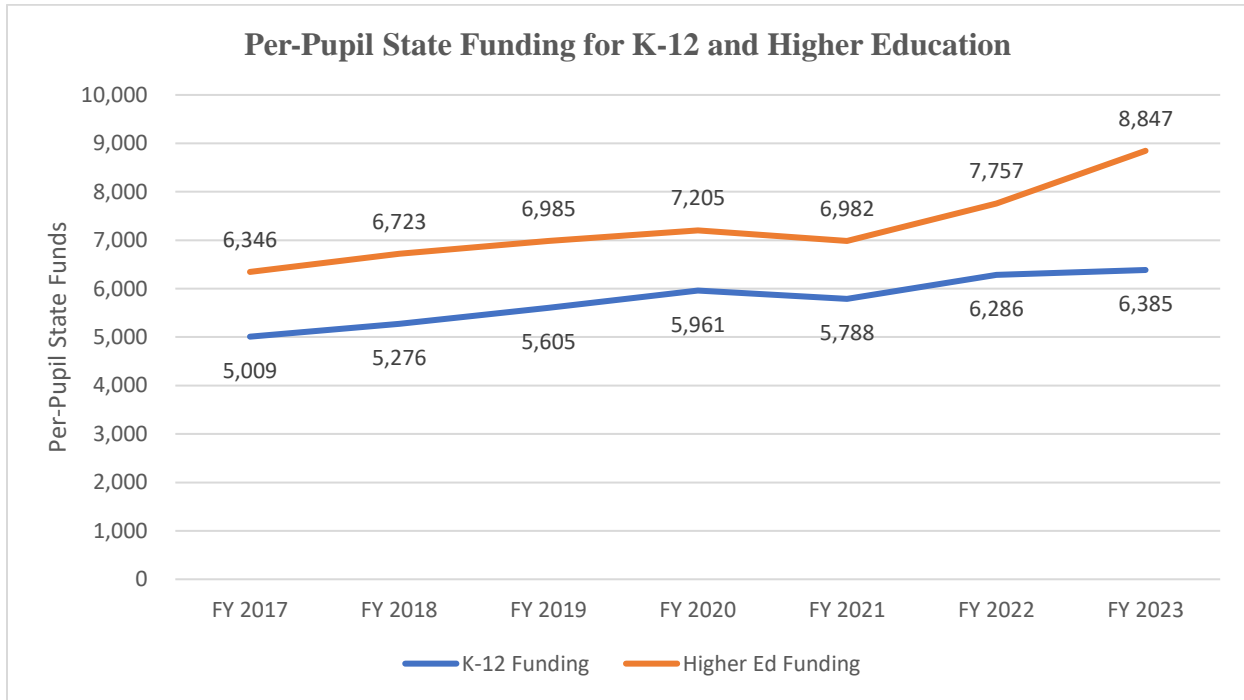


Figure 9.

Appendix B MOE K-12 and Higher Education Spending (in millions)							
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
K-12	\$8,738.9	\$9,239.2	\$9,758.4	\$10,461.1	\$9,949.5	\$10,879.6	\$10,960.9
Higher Ed	\$2,894.7	\$3,108.6	\$3,280.0	\$3,438.5	\$3,313.8	\$3,659.7	\$4,162.8

III. Additional Relevant Information on Georgia’s Educational Funding Formulas

The Quality Basic Education (QBE) funding formula and its associated components, as outlined in state law, are designed to calculate the state’s cost for elementary and secondary education. A brief overview is provided below:

QBE Formula	Purpose
Quality Basic Education (QBE)	The purpose of this appropriation is to provide formula funds to school systems based on full time equivalent students for the instruction of students in grades K-12.
QBE Equalization	The purpose of this appropriation is to provide additional financial assistance to local school systems ranking below the statewide average of per pupil tax wealth.
QBE Local Five Mill Share	The purpose of this program is to recognize the required local portion of the Quality Basic Education program.

QBE is the core formula that funds instructional costs based on weighted student FTE’s. It is calculated in the original budget based on the current fall and preceding spring and fall enrollment. The state then also provides midyear adjustments to the QBE formula based on updated enrollment in the subsequent year; growing districts typically receive additional funds for new or higher cost FTEs and are held harmless for formula losses. Local Five Mill Share is designed to calculate the expected local cost for K-12 education based on tax digests. Equalization is intended to narrow the gap in property tax wealth per pupil across the state. It provides additional state funds to school districts that are below the statewide average of local funds per pupil at the statewide average. Equalization funding requirements generally increases year over year, but the degree to which additional funds are required can vary as it is a formula based on a system’s per FTE wealth relative to other systems, which can fluctuate based on population and economic growth of an individual system. The relationship between changes in local property wealth, changes in the statewide average of local property wealth, and the number of students in those districts drives the total state cost of equalization. Unlike the Quality Basic Education formula, Equalization is only calculated in the “base” or original budget and then updated in the subsequent year’s budget. There is no mid-term adjustment for Equalization.