



## DEPARTMENT OF AUDITS AND ACCOUNTS

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February 16, 2021

Honorable Chuck Payne  
Chairman, Senate Education and Youth Committee  
324-B Coverdell Legislative Office Bldg.  
Atlanta, Georgia 30334

SUBJECT: Fiscal Note  
Senate Bill 47 (LC 49 0328)

Dear Chairman Payne:

This bill would expand the Georgia Special Needs Scholarship Act to include students eligible for accommodations under Section 504 of the federal Rehabilitation Act of 1972 and students with a diagnosis of one or more specified conditions. Students with a 504 Plan must have an impairment that causes a substantial limitation of a major life activity, have a prior history of such an impairment, or are regarded as having such impairment. Students eligible due to an identified condition must have a formal diagnosis from a licensed physician or psychologist of a condition specified in the bill or added by the State Board of Education.

The scholarship amount is the lesser of the quality basic education costs associated with that student or the private school's tuition and fees. The bill also expands eligibility for all special needs and 504 Plan students to include students having attended preschool in Georgia, students who were recently adopted or placed in foster care, and students who were only enrolled for one of the two annual, mandatory student counts.

### Georgia Department of Education – Administrative Costs<sup>1</sup>

The bill is expected to increase the number of scholarships administered by the Georgia Department of Education (GaDOE), which could increase the program's administrative costs. GaDOE currently employs analysts to manage approximately 5,000 scholarships, ensuring that quarterly payments are made to respective parents or private schools at the appropriate rate per student. GaDOE indicated it would need additional analysts, at a cost of approximately \$125,000 each (salary and benefits), to manage the increase in scholarships. The number of additional analysts would depend on the growth in the scholarships, which cannot be reliably estimated.

<sup>1</sup> The State Accounting Office would also see an increased workload associated with additional scholarships. All new vendors (parents and/or school) must be entered into a state system, and much of the workload overlaps with Form 1099 and other tax year reporting in January. The workload does not warrant an additional employee but could impact the timeliness of work performed.

GaDOE would also need to upgrade the scholarship portal to handle the additional data, at a one-time cost of \$100,000.

Georgia Department of Education – Scholarship Costs

Additional special needs scholarships will not require an immediate increase in other educational funds, because the scholarships are a redirection of quality basic education (QBE) funds that would be provided to school systems in the absence of the bill. However, there is potential for increased state funding in future years, as discussed below.

While an immediate increase in state funds is not required, a portion will need to be redirected from QBE to the Special Needs Scholarship Program. The amount of the redirection is difficult to determine due to uncertainty regarding the number of students who would qualify under the bill or the percentage that might take advantage of the scholarship. In fiscal year 2020, there were 54,336 students with a 504 plan; however, the number of students without a 504 plan that would qualify with a formal diagnosis from a licensed physician or psychologist is unknown.

Exhibit 1 shows a range of scholarship cost estimates. The estimates use varying levels of students and the FY 2020 funding per student (\$3,576). Unlike special needs students who receive larger QBE amounts than most general population students, the students qualifying under the bill would likely receive QBE funds at a portion comparable to general education students. Approximately 3.7% of special needs students that currently qualify for the scholarship utilize it. If this percentage was applied to the population of students with a 504 plan, it would result in approximately 2,000 additional scholarships at a cost of \$7.2 million. If other students with a formal diagnosis or a larger percentage of students with a 504 plan utilize the scholarship, the amount would be higher. Due to the unknowns around utilization, costs could widely vary. A range of student participation and associated cost is presented below.

**Exhibit 1**  
**Estimates of Student Population Utilizing the Scholarship**

Number of Students	Scholarship Amount
2,000	\$7.2 million
10,000	\$35.8 million
25,000	\$89.4 million

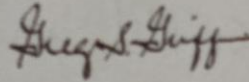
*58k IEP  
No idea how many  
will get the diagnosis.*

The bill could result in higher state funding in future years, due to differences in QBE funding for different grade levels. Under GaDOE's current practice, the scholarship amount is set based on the student's QBE funding when they first enter the program. The scholarship amount does not change over time, even if the student's QBE funding would have changed in the public school system. For example, a student without special education services who enters the program in first grade will receive a scholarship based on the QBE amount for grades 1-3 (\$3,603 in FY 2020), and the scholarship amount will not change over time. If the student had remained in a public school, the QBE amount would have fallen as they moved to higher grades (e.g., \$2,784 for high school in FY 2020), resulting in approximately \$5,000 more in state funding over the student's K-12 enrollment.

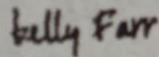
note for Senate Bill 47 (LC 49 0328)

CAEDOE indicated that current scholarship students primarily have special education segment  
their QBE calculation, so this issue does not have a significant effect on the funding amount  
However, students qualifying under this bill would primarily have general education QBE amount  
set by grade level, resulting in the need for increased state funding in future years in comparison  
to funding if the student had remained in the public school system. The increase in state funding  
would vary based on when the student entered the scholarship program and their current grade  
level.

Sincerely,



Greg S. Griffin  
State Auditor



Kelly Farr, Director  
Office of Planning and Budget

GSG/KF/ljs