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The Perceptions of Superintendents and Principals in Georgia Regarding the Mandated 65 Percent Rule

Sonia M. Bacon

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THE PERCEPTIONS OF SUPERINTENDENTS AND PRINCIPALS IN GEORGIA
REGARDING THE MANDATED 65 PERCENT RULE

by

SONIA M. BACON

(Under the Direction of Linda M. Arthur)

ABSTRACT

The 21st Century has brought about an increased need for creative strategies to improve student achievement. As school districts across the nation implement innovative methods for meeting the challenge of raising academic performance, each district is also faced with balancing the budget to fund academic needs while maintaining the daily operations associated with running a school district. More specifically, in some states each school district is required to spend 65 percent of the operational budget on direct classroom instruction and using the remaining 35 percent to meet all other needs of the school district. Across the nation this is known as the 65 percent rule, an idea created by business man Patrick Byrnes.

In 2006, Georgia became one of the states taking legislative action to mandate the 65 percent rule for each of its 180 school districts. Senate Bill 390 (SB 390), legislation known as Classrooms First for Georgia Act, required school districts to follow the 65 percent rule starting with fiscal year 2008. There is little empirical data to support or discount the concept of the 65 percent rule. For this study five Superintendents and five Principals were interviewed to gain insight on the positive aspects and the problematic concerns of SB 390. The participants were selected from large and small school districts in Georgia's First District Regional Service Area (FDRESA). Student achievement and

demographic data from school districts in FDRESA were also collected in this study. Data analysis indicates that Principals perceive SB 390 as an overall benefit to the school district. Superintendents perceive SB 390 as having little to no benefits. Student achievement data collected from the Georgia Department of Education shows no consistent outcomes of increased student achievement as a result of increased funds spent on direct classroom instruction. Demographic data show no unique benefits or problems with SB 390 as a result of district size.

INDEX WORDS: 65 Percent Rule, Classrooms First for Georgia Act, SB 390, Operational Budget, Direct Instruction

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REGARDING THE 65 PERCENT RULE

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DEDICATION

I dedicate this dissertation to my grandparents Willie (deceased) and Lola Dixon. As my grandfather slipped away to go to Heaven his last words to me were “Are you sure you finished [earning your college diploma]”. Granddaddy, I thank you for instilling in me the importance of a good education. Even though you could not read and write, you were a great role model. You taught me more about work ethics than any school could ever teach. Thanks for continuing to support me through all of my detours in life. To my grandma (the greatest person in the world), thank you for loving me with patience and unconditional love.

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CHAPTER ONE

INTRODUCTION

In a time of economic turmoil and increasing budget cuts from federal, state, and local levels, educational decision-makers are seeking efficient methods for handling school funds. However, businessmen and politicians across the United States are promoting a more recent finance movement in education, the 65 percent rule. First Class Education, an organization whose goal is to provide every student in America with a first class education, is supporting Patrick Byrnes' 65 percent rule in an effort to make schools more effectively use their operational budget (First Class Education, 2005). The 65 percent rule requires that schools spend a minimum of 65 percent of their budget on direct classroom instruction as defined by the National Center for Educational Statistics (Byrnes, 2005).

As of June 2006, the 65 percent rule, a state level legislative decision, has been mandated in various forms in four states: Texas, Kansas, Louisiana, and Georgia (Jonson, 2006). In January 2006, the Georgia State legislature passed Senate Bill 390, making the 65 percent rule a state mandate to be enacted in the 2008 school fiscal year. According to Georgia Governor Sonny Perdue (2006, p.1), Senate Bill 390, also known as Classrooms First for Georgia Act, will "...give our [Georgia] students the best opportunity to reach their fullest potential." Georgia school leaders and other school stakeholders are interested to find out if the new legislation, Senate Bill 390, will be a benefit to the system of education; or will the fate of SB 390 be the same as other school legislation such as HB 1187. In 2000, the Georgia General Assembly passed House Bill 1187, the A Plus Education Reform Act (ERA), with little evidence on how the changes

would improve education. Upon the passing of ERA, school leaders in Georgia made efforts to meet the mandates, but as of 2006 the Education Reform Act remains unfulfilled.

First Class Education (2005) is supporting the 65 percent rule, claiming that the increase in classroom spending will increase resources for students and teachers without raising taxes. The increased dollars on classroom instruction will be a result of spending a maximum of 35 percent of the budget on administrative cost, transportation cost, food services, teacher training, support staff, plant operations and management (School Matters, 2005). Patrick Byrnes chose the amount of 65 percent of every dollar to be spent on classroom instruction based on information he gathered from the National Center of Educational Statistics. According to Byrnes, “the five states with the highest standardized test scores spend an average of 64.1 percent in the classroom. The five worst scoring states on average spent 59.5 percent in the classroom” (Jonsson, 2006, p. 8).

Georgia’s budget reflects that in 2003, Georgia schools spent an average of 63.3 percent of their budget on classroom instruction (Office of the Governor of Georgia, 2006). The national average is 61.3 percent (Phillips, 2006). According to the Office of Governor Sonny Perdue, 64 of 180 school districts in Georgia currently meet the criterion of Senate Bill 390. The remaining 116 school districts will be required to begin working toward meeting the 65 percent rule in 2008 (Office of the Governor of Georgia). However, provisions are in place for Georgia school districts in unique situations such as districts that cannot comply with SB 390 in a timely manner and districts that may be spending less than 65 percent of the budgets on classroom instruction but currently meet the state’s requirements for student achievement. As outlined in Senate Bill 390 (2006),

Georgia school districts will measure student achievement using criterion referenced competency tests, the Georgia High School Graduation test, and the SAT.

Georgia's Governor expects academic improvement due to the implementation of the Classrooms First for Georgia Act. "When school districts spend 65 percent or more of their education budget in the classroom students learn more and perform better" (Perdue, 2006, p. 1). However opponents of the Classrooms First for Georgia Act argue that there is limited empirical data to support that the implementation of the 65 percent rule will result in improved test scores for students. According to the results of research conducted by Standard & Poor, there is no significant correlation between the percentage of funds that districts spend on instruction and the percentage of students who score proficient or higher on state reading and math tests (School Matters, 2005, p.2).

Another concern for opponents is the effect that Senate Bill 390 will have on local budget control. Opponents fear that school boards may lose their ability to address the specific needs of a school district (National Association of School Psychologists, 2006). For example, rural school districts incur high transportation costs (American Association of School Administrators, 2006), which is not covered under the 65 percent rule. School districts that have high numbers of support services are also in jeopardy of losing funding due to the ambiguous definition of classroom instruction, the core element of the 65 percent rule. Although the National Center for Education Statistics (NCES) list positions, items and services that qualify as classroom instruction, the list does not include specialized services. For example, IDEA requires schools to accommodate students with disabilities with related services that will promote the students' right to a free appropriate

education. However, therapists, nurses, and counselors are not included under the NCES definition of classroom instruction.

In spite of Georgia's limited success with House Bill 1187 and the lack of research based support of the 65 percent rule, Georgia State legislators have imposed the Classrooms First for Georgia Act (Office of the Governor of Georgia, 2006). Each of Georgia's school districts has different needs in terms of student services, thus the need for flexibility in the implementation process. The Classrooms First for Georgia Act may or may not present obstacles for Superintendents and Principals. Regardless school leaders throughout Georgia await the changes, if any, that may arise as a result of the implementation of the 65 percent mandate.

Statement of the Problem

State legislators across the United States are discussing a contemporary school finance initiative called the 65 percent rule, a school finance concept originated by Patrick Byrnes, the CEO of Overstock.com. The 65 percent rule is a school finance proposal that requires school systems to spend a minimum of 65 percent of the total budget on classroom instruction. According to Byrnes, the leading states in student achievement spend an average of 64.1 percent of their money on direct classroom instruction and the lowest achieving states spend an average of 5 percent less on direct instruction. Although empirical research is limited in the area of proving a correlation between dollars spent on classroom instruction and student achievement, the 65 percent rule is being implemented in states across the nation.

In 2006 Georgia Governor Sonny Perdue urged Georgia leaders to mandate the 65 percent rule. The Georgia legislature passed Senate Bill 390, Classrooms First for

Georgia Act, which requires Georgia school districts to spend a minimum of 65 percent of the total budget on direct classroom expenditures. Opponents of the 65 percent rule are concerned with how the budget request will improve student achievement, how constraints of the mandate may affect local school board decision making, and how the new mandate will be implemented in districts that do not currently meet the requirements. Provisions are in place for school districts that have exceptional circumstances.

The 65 percent solution will be phased in throughout Georgia school districts beginning in 2008. Superintendents in Georgia's 180 school districts will be required to show documentation of compliance to Senate Bill 390. Budget changes made by the Superintendents may affect school Principals and their schools. The purpose of this study is to understand the perceptions of Superintendents and Principals in Georgia's First District RESA regarding the effects of implementing the mandated 65 percent rule.

Research Questions

Overarching Question

How will Senate Bill 390 affect Georgia Schools?

Sub-questions

1. What are the positive aspects of Senate Bill 390 as perceived by Superintendents?
2. What are the positive aspects of Senate Bill 390 as perceived by Principals?
3. What problems do Superintendents perceive as a result of the implementation of Senate Bill 390?
4. What problems do Principals perceive as a result of the implementation of Senate Bill 390?

Conceptual Framework

The context of this study is illustrated in Figure 1. The figure is a model of the origin, cause and effect of the 65 percent rule as perceived by Superintendents and Principals. The framework begins with a triangle representing the influences of the 65 percent rule. The 65 percent rule began with business practices. The idea was introduced to politicians. As a result, SB 390, Classrooms First for Georgia Act, was passed in 2006. SB 390 dictates to school districts what is considered instruction and non instructional as well as the percentage of funds that can be spent in either category. In turn decision making of the operational budget is influenced at the local level. Local level decision makers have similar and individual needs.

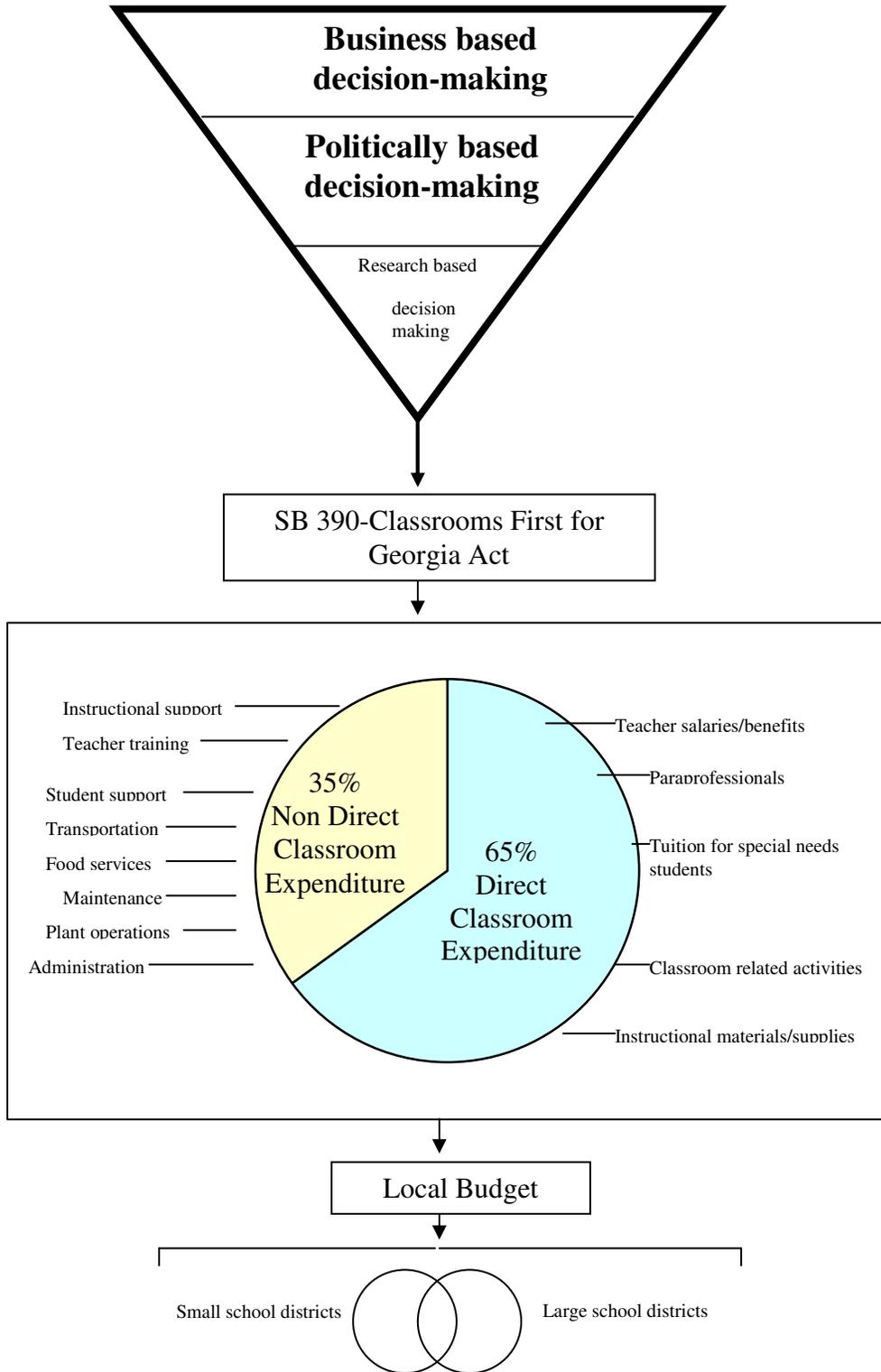


Figure 1: Conceptual Framework of the 65 Percent Rule.

Significance of the Study

School finance policies are changing in many states across America. Proponents of the 65 percent rule are promoting the concept with the intention of having all 50 states and the District of Columbia design a policy that will enforce the 65 percent rule. First Class Education, the leading support group of the 65 percent rule, implies that implementation of the 65 percent rule will improve student achievement and budget requirements can be met by all school districts. However, there is limited information that addresses the diverse economic needs of school districts and there is no empirical data to support that the 65 percent rule will improve student achievement. Despite the limited research to support for the 65 percent rule, Georgia legislators passed Senate Bill 390, enforcing the policy on Georgia school districts.

This study, a collection of Georgia Superintendents' Principals' and perceptions of the mandated 65 percent rule, is significant due to the potential for adding to the literature on the 65 percent rule. In an effort to address implementation procedures for school districts in Georgia's First District RESA, this study will include data from school districts with varied student populations. Including the varied student populations may enlighten school leaders under similar conditions on factors to consider prior to and/or during implementation. The perceptions of Superintendents are significant to the study due to the superintendent's role as the financial manager of school funds. School principal's perceptions are significant because they are the decision-makers who will adjust site-based budgets to meet the spending parameters set by the Superintendents. Also, the principal's perception will show a different perspective on the affects of the Classrooms First for Georgia Act, Georgia's version of the 65 percent rule.

The information collected is intended to provide information for future policy initiatives regarding school finance in Georgia's school system. Exposure to the variables that affect implementation of the 65 percent rule may aid Superintendents (the district level administrators) and Principals (the site level administrators) in making transitions from current budgeting procedures to budgeting under the 65 percent rule. This study may also prompt stakeholders to urge policy makers to collect research-based information as a part of the lawmaking process.

School Superintendents and Principals have an obligation to associated communities to be fiscally responsible. The study has personal significance due to aspirations of the researcher becoming a system level administrator who will be faced with budget decisions and meeting the needs of the students in the district.

Delimitations

The researcher interviewed five Superintendents in Georgia's First District RESA and five Principals in Georgia's First District RESA. The researcher collected finance data from the Georgia Department of Education Website on each of the five school districts. For each school district, the researcher also collected demographic and testing data from the Georgia Department of Education Website.

Limitations

The 65 percent rule, the basis of Senate Bill 390, is a new and evolving concept. Due to the limited information on the 65 percent rule and lack of empirical data, the researcher was uncertain of exactly what factors to consider for an in depth study. This study is limited to Superintendents and Principals in Georgia's First District Regional Service Area.

Definition of Terms

Direct classroom expenditure- 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 (Senate Bill 390, 2006).

First District Regional Education Service Area-There are sixteen Regional Education Service Areas (RESA) in the state of Georgia. Each RESA services the school districts listed in their district. The mission of RESA is as follows: It is the mission of First District Regional Educational Service Agency to deliver exemplary educational services for continuous school improvement. In this mission, the FDRESA team is committed to collaboration at all levels, incorporating research-based strategies and decision making, developing comprehensive and functional shared services, building the capacity of others, and advancing the ideal of equity and opportunity for all children (First District Regional Service Area, 2009).

Non direct classroom expenditure- cost for administration, plant operations and maintenance, food services, transportation, instructional support including media centers, teacher training, and student support such as nurses and guidance counselors (Senate Bill 390).

Instructional expenditures – current expenditures for activities directly associated with the interaction between teachers and students. These include teacher salaries and benefits, supplies (e.g., textbooks), and purchased instructional services (NCES, 2006).

Support services expenditures – current expenditures for activities that support instruction. These services include operation and maintenance of buildings, school administration, student support services (e.g., nurses, therapists, and guidance counselors), student transportation, instructional staff support (e.g., librarians, instructional specialists), school district administration, business services, research, and data processing (NCES, 2006).

Procedures

Design

A qualitative methodology was used for this research because minimal quantifiable data exist on Superintendent's and Principal's perceptions of the 65 percent rule. A qualitative methodology was conducted to elicit the perceptions from five school Superintendents in Georgia and five school Principals from the each district in which a Superintendent was interviewed.

Population and Participants

The participants involved in this study were selected from First District RESA school districts in the state of Georgia. Using purposeful random sampling, the researcher used five Superintendents and five Principals as the target population. The five Superintendents and the five school Principals were purposefully randomly chosen based on school district size. The unit of analysis for the study was Georgia Superintendents and Principals perceptions on Senate Bill 390. Using purposeful random sampling to

select participants, the researcher conducted interviews with five First District Regional Education Service Area Superintendents and five school Principals from five of the school districts in the First District RESA. The school districts chosen for data collection were determined by the district's student population.

The 18 school districts in First District RESA have student populations that range from 1,716 students to 32,825 students as listed in appendix E. When listed in ascending order and separated into quartiles, the first 25 percent are the districts with the smallest populations. Each corresponding quartile increases in student population. Hence, the 4th quartile consists of the school districts with the largest student populations. The researcher sought to interview participants from each quartile.

Data Collection

The researcher intended to collect information by conducting interviews. Letters explaining the purpose of the study and consent forms were mailed to all Superintendents in First District RESA. Participants were notified of the purpose of the study prior to the interview. Once five Superintendents consented to participating, letters were mailed to Principals in the same school districts as the consenting Superintendents.

The researcher collected budget data from the Georgia Department of Education's expenditure report. Using the expenditure report for fiscal year 2007, the researcher divided the dollar amount in the instruction column by the dollar amount in the total expenditure column to calculate the percentage of total expenditures spent on instruction. The same calculations were made for fiscal year 2008. To help maintain anonymity of the participants, calculations were made for all the districts in First District RESA.

Data Analysis

Data collected from the Georgia Department of Education and information collected from interviews with each Superintendent and each Principal were analyzed for emerging patterns and/or themes. Information collected from interviews was written in narrative form.

Summary

Educational policy is influenced by many variables. In 2006 in the state of Georgia a new educational policy, Classrooms First for Georgia Act, has been influenced by business and government. The act requires that school districts spend a minimum of 65 percent of their total operating budget on direct classroom instruction, a feat that will necessitate budget adjustments in currently non-complying school districts. School districts that need to make budget adjustments must begin the planning phase immediately, even though Georgia's school leaders will begin implementing the new policy in 2008.

The Classrooms First for Georgia Act dictates to local school districts how much can be spent on classroom and non classroom expenditures, but methods for meeting the mandate will be left to the local decision makers. As a local decision maker and leader of the district, each school district's Superintendent will take part in finalizing the budget so that the 65 percent rule is met. Due to the unique characteristics of each district and the newness of the 65 percent concept, Superintendents will be pioneering new budgeting strategies. Likewise, school Principals will also be faced with budget adjustments due to the unique needs of individual schools. In an effort to collect data that may be helpful to the profession of education and to policy makers, the researcher intends to study the

perceptions of Superintendents and Principals in Georgia's First District RESA regarding the mandated 65 percent rule.

As a means of data collection, the researcher interviewed five public school Superintendents and five public school Principals in Georgia. In order to provide an understanding of how the 65 percent solution will affect budget operations, the researcher will also collect financial data that shows spending prior to the Classrooms First for Georgia Act. After the researcher analyzes the information obtained in the interview any emerging themes and/or key points that evolve from the data will be summarized and written in narrative form. The final presentation of the study serves as data that has potential to form new school finance policy.

CHAPTER TWO

REVIEW OF RESEARCH AND RELATED LITERATURE

Introduction

“The provision of an adequate public education for the citizens shall be a primary obligation of the State of Georgia” (Georgia Constitution 8.5.1.). In January 2006, Georgia Governor, Sonny Perdue introduced legislation that (Office of the Governor 2006) requires 65 percent of all education dollars be spent directly in the classroom. This legislation became Senate Bill 390, Classrooms First for Georgia Act (CFGGA), a state mandate on public education. Although Governor Perdue believes that (2006) students will learn more and perform better as result of CFGGA, there is limited empirical data to support the claim. According to Standard & Poor’s analysis of data, “the data reveal no significant relationship between instructional spending at 65 percent or any other level and student performance” (School Matters, 2005, p.8). Nevertheless, in 2008, Georgia school district leaders were required to implement the conditions of CFGGA.

According to the Georgia Constitution, “Authority is granted to county and area boards of education to establish and maintain public schools within their limits” (Georgia Constitution 8.5.1.). However, the CFGGA was introduced and passed by members of the Georgia General Assembly, not local boards of education. In an effort to support local control, opponents of the bill argued that CFGGA and the use the National Center for Educational Statistics (NCES) definition of “instructional expenses”, may restrict the local leaders’ decision making ability.

Instructional expenses as defined by the NCES parallels with CFGGA usage of direct classroom expenditure. For this reason, direct classroom expenditure will be used

to include the meaning of instructional expenses. Direct classroom expenditures according CFGA excludes services that some local leaders deem critical to student achievement. This is a point of contention due to the unique needs among school districts.

History of Resources and Student Achievement

In 1966, James Coleman published *The Equality of Educational Opportunity Study*. This study became known as the Coleman Report, a document often described as the most significant education study of the 20th century (Kiviat, 2000). Gamoran and Long (2006) the Coleman Report became the catalyst for years of research related to school resources and student achievement.

The Coleman Report targeted the factors that influence student achievement. The study included surveys from thousands of students across the United States. The students were randomly selected for the study. James Coleman reported many findings; however, one of the most significant finding was that school resources had little effect on educational outcomes once family background was controlled (2006).

Many researchers studied the Coleman Report. Mistakes were found in the study. According to Viadero (2006), the Coleman Report used questionable methodology, received low numbers of replies on surveys, and utilized improper sampling techniques and used an inadequate testing mechanism. The initial Coleman report did however initiate further research on student achievement and school resources.

According to Wise (1968) the Coleman study points out that with the omission of teacher quality the influence of school variables on student achievement are very minute. Therefore, Wise concludes that there was no significant relationship between monetary resources and achievement.

Since the Coleman report, Hanushek (1989) examined 65 studies regarding expenditures per pupil. Out of the 65 studies, 13 showed a statistically significant positive relationship between spending per pupil and student achievement. Hanushek's findings concluded that there is little evidence to support that increased spending improves student performance.

Elligner & Wright (1995) points out that school finance equity and the impacts of student achievement were independent of each other, but related topics. Finance specialists debated whether sizably different funding amounts made a quantifiable difference in student progress. However, finance specialists conclude that many states allow considerable differences to occur in per pupil revenues and expenditures.

Robinson (1998) implies that public education as seen in elementary and secondary schools was hindered by lack of resources, a wilting local consensus, and declining political influence. Another significant point notes that when funds increased, they were ineffectively allocated and had no influence on improving student achievement.

Hanushek (1997) concludes that there is no systematic interconnection between spending more funds on public education and educational achievement. His determination is that differences in student achievement between schools are not connected to spending levels.

Murnane and Levy (1993) studied 15 low-performing schools in Austin, Texas. The schools were given an extra \$300,000 a year for five years. Two of the fifteen schools showed improved academic performance. The remaining thirteen showed no recognizable proof of improved academic performance. The two schools that showed

evidence of substantial academic improvements spent funds on collaboration among students, faculty, and parents to enhance the quality of teaching. The schools that did not show significant academic improvement spent funds on reducing student teacher ratio and did not spend funds on enhancing the quality of teaching.

Similarly, Hawley & Rosenholtz (1984) state that teachers are the primary influence on student learning. Likewise, the research of Odden & Conley (1992) also reports that teachers were the major components to improving education in America.

Greenwald, Hedges, and Laine (1996) researched whether there was sufficient supportive data to show that resources or expenditures ever impacted student performance. The results of their research support that student achievement is possible as a result of increased resources; however, this was less often the outcome.

Some researchers further studied the outcomes of increased resources by focusing on not the amount of the allocated resources, but instead on how the resources were allocated. These studies brought up issues of equity versus equality, funding sources and student achievement.

In 1985 Georgia legislature passed the Quality Basic Education Act (QBE) to improve the student achievement. The Quality Basic Education Act included a component that involved school finance. QBE put into operation the use of the Full Time Equivalent (FTE) formula to determine school funding needs.

Researchers have also studied equitable distribution as a basis for distributing funds and improving student performance. Hess (1998) states that in moving forward in educational equity, it is critical to take into consideration educational productivity while planning for finance equity.

Reschovsky & Weisman (1993) published five key points regarding finance equity. First, a minimum amount of disbursement should be confirmed; Second, expense variations among school systems should be factored into school aid formulas; Third, educational performance criterion should be linked to the distribution of resources; Fourth, state funding should be increased and property taxes decreased for public school funding. Fifth, local control over public school funds should be maximized. Point five relates to local control of school funds-a noted concern of opponents of SB 390.

Maintaining local control is important according to Jeffrey Williams, Georgia Schools Superintendents Association's research director. SB 390 will give the state control over local revenues which will in infringe upon the local boards of education's ability to make decisions at their discretion (Williams, Georgia School Boards Association, 2006).

Local Control

In 2006, Georgia legislators that opposed SB 390 stated that the CFGA will take local control away from school districts (Atlanta Journal Constitution, 2006). However, Robinson (1998) notes that increased state legislative participation could possibly help school districts to regain some of the political leverage that had been lost regarding funding. Robinson (1998) also states, after taking all things into account, the favorable aspects of increased input from the state regarding finance overshadows the possible disadvantages of the increased financial role of the state.

Bradbury (1994) reveals that local resources are supplemented with federal and state aid. A portion of the federal and state funds are set aside for specifics such as teacher retirement funds, student sub groups, transportation and school construction.

According to Brown (1996), local control is a common reason for sanctioning disproportional amounts spent on education. The funds for each local school district are determined by the tax rate and property wealth of the district. However, local control is not real if funds are unavailable. Also, Gillette (1999) notices a basic irrational reasoning for disparate spending on schools by “local control”.

Brown (1996) notes that money given to the school systems from the state is conditional. State standards and unfunded mandates obligate schools to function as specifically directed by the state. This also forces school districts to spend significant percentages of their budgets for predetermined expenditures, without taking into account local choice for spending.

Meltsner, Kast, Kramer & Nakamura (1973) found that legislative acts are responsible for moving the responsibility of school finance into the control of a central authority. Generally, when school finance matters are explained clearly to the voters and put under a vote in initiatives and referenda, local decision making on financial matters is the popular choice of the voters.

Origin of the 65 Percent Solution

First Class Education (FCE) was founded March 2005. Patrick Byrnes, who serves as the National Advisory Chairman of First Class Education (First Class Education, 2006), heads the organization. The goal of FCE is for each school district in a state to spend at least 65% of its operating budget on classroom instruction as defined by the National Center for Educational Statistics. First Class Education leaders chose a minimum of 65 percent based on standardized test scores from all 50 states. The

standardized scores were ranked and the states with the top five scores spent an average of 64.1 percent of the budget on classroom spending.

The 65 percent minimum was also based on best business practices (Delisio, 2007). According to Patrick Byrnes, businesses use methods they call “best practice” and “benchmarking” (First Class Education, 2006). Business schools study the methods of the most successful companies and release those methods for other companies to implement as best practice. First Class Education set 65 percent as a benchmark for school districts because their data showing that the states with the highest standardized test scores spent approximately 64.1 percent of the budget on classroom spending (2006).

According to FCE there are three possible benefits to implementing the 65 percent solution. The potential benefits are: 1) increasing the amount of money spent in the classroom without increasing taxes; 2) reducing the amount spent on “wasteful” administrative costs by making districts accountable for how they spend their money; and 3) improving student performance by focusing on classroom activities (school Matters, 2005). Although FCE points out multiple reasons for implementing the 65 percent solution, Georgia legislator, Fran Millar of Dunwoody, a supporter of the bill is primarily concerned with improving student performance. “It’s about achievement” (Miller, 2006 Atlanta Journal Constitution).

Georgia Legislators that oppose SB 390 state that it restricts local control and leaves out important services. Those who oppose the bill also argue that there is no substantial data that supports a significant correlation between funding and student achievement.

Classrooms First for Georgia Act

In January of 2006, Georgia legislator, Ronnie Chance filed Senate Bill 390 in Georgia's General Assembly. The bill passed both houses of the legislature, signed by Governor Perdue on April 4, 2006 to become effective on July 1, 2006 (Georgia General Assembly, 2006). Section one of SB 390 officially refers to the legislation as Classrooms First for Georgia Act.

The CFGA, Georgia's version of the 65 percent solution, states that "Beginning with fiscal year 2008: (1) Each local school system shall spend a minimum of 65 percent of its total operating expenditures on direct classroom expenditures..."(SB 390). Like FCE, CFGA uses the NCES definition of direct classroom expenditure.

"Direct classroom expenditures" means all operating 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. The term shall not include costs for administration, plant operations and maintenance. Food services, transportation, instructional support, including media centers, teacher training, and student support such as nurses and guidance counselors.

Georgia Code 20-2-171 explains alternatives for schools that do not meet the 65 percent minimum as outlined in the CFGA. School systems that do not meet the 65 percent minimum as shown on the 2007 expenditure data will be required to show an increase of at least 2 percent per fiscal year starting in the next fiscal year. School districts are expected to continue the 2 percent increase per year until it reaches the 65

percent minimum. The following are exceptions to spending a minimum 65 percent of the operating budget on direct classroom instruction:

1. School systems that are not able to meet the 65 percent minimum expenditure may apply for an achievement waiver. The achievement waiver requires the applying school system to present data that shows that it is surpassing state averages in specific academic categories. The academic categories are determined by the Georgia State Board of Education and may include Criterion-Referenced Competency Test (CRCT), the Georgia High School Graduation Test (GHSGT), and the Scholastic Aptitude Test (SAT). The waiver is renewable each year. Criteria for the achievement waiver also include a plan for reaching compliance.

2. School systems that are unable to meet the 65 percent minimum expenditure may apply for a hardship waiver. The waiver must include financial reports and an explanation of the conditions prohibiting the system from complying. Conditions for a hardship waiver are irregular circumstances such as but not limited to Acts of God and increasing energy and fuel costs.

According to the details in Georgia Code 20-2-171, the State Board of Education has the authority to impose sanctions on systems not in compliance with CFGA. The State Board of Education can also request data for proof of compliance. The requested data will include expenditure information that proves school districts meet the requirements of SB 390.

Georgia Spending Practices

Data from 2003-2004 indicates that Georgia spends an average of 63% of the budget on classroom instruction (NCES, 2006). According to the Georgia Department of Education 2003 records, nearly 64 percent of the school districts in Georgia did not meet the 65 percent minimum for spending on direct classroom instruction.

Beginning January 2008, school districts will be provided data comparing its direct classroom expenditures to the total operating expenditures. The percentage will be used as baseline data. Starting in January, 2009 school districts will be contacted and given information about the system's status regarding the CFGA.

Summary

In an effort to improve student achievement, financial reform in education has been a prominent topic for state and local policymakers (Johnston & Duncombe, 2006). Georgia, like many other states in the United States is showing a shift in control over public education policy. According to Johnston and Duncombe, local government's ability to make decisions regarding school finance is being hindered by state legislative action. Classrooms First for Georgia Act, a bill passed by the Georgia General Assembly, is expected to improve student achievement despite the limited research to support that increased financial resources improves student achievement.

The review of literature is limited in terms of empirical data. However, researchers have noted evidence in a few studies that student achievement increased as financial resources increased. Despite the limited findings in the research, Georgia legislators passed CFGA, and beginning January 2008, Georgia schools systems will be expected to meet the terms of CFGA.

In Georgia, there is a history of legislative intervention on public education. The review of literature also notes that in most Georgia school districts students are still under performing on standardized tests. In Georgia, standardized tests scores are used to compare school districts and their effectiveness on student learning. Standardized test scores are also used to compare the effectiveness of education from state to state.

Patrick Byrnes, the original designer of the 65 percent solution, validated the concept based on data received from the five states with the highest standardized test scores. Even though the five states spent 65 percent or more on direct classroom instruction, there is no empirical data that confirms that this method will work for Georgia's students. The research implies that there are other factors to consider beyond setting a 65 percent minimum. As noted in the review of literature, teacher quality, external variables, and funding allocations within each system may impact student achievement.

In order to better understand the impact of the CFGA, more research is needed on how the 65 percent of resources are allocated and the effectiveness of current practices and services provided to students in Georgia.

CHAPTER THREE

METHODOLOGY

Chapter Three is an overview of the purpose for the study and the research questions, a description of the research design, instruments, and the procedures used to collect the data. The purpose of this study was to examine the perceptions of public school Superintendents and Principals in Georgia's First District RESA on the Classrooms First for Georgia Act.

Qualitative data was collected through the use of interview questions on the perceptions of Superintendents and Principals regarding the Classrooms First for Georgia Act. The data was analyzed for reoccurring themes. Financial data about each school district in which a principal and superintendent were interviewed was collected from the Georgia Department of Education. This data was used to determine if there were any significant changes in the districts budget.

Interviews were conducted to serve as a method of collection for the qualitative data. This qualitative data was analyzed and written in narrative form.

Research Questions

Overarching Question

How will Senate Bill 390 affect Georgia Schools?

Sub-questions

1. What are the positive aspects of Senate Bill 390 as perceived by Superintendents?
2. What are the positive aspects of Senate Bill 390 as perceived by Principals?
3. What problems do Superintendents perceive as a result of the implementation of Senate Bill 390?

4. What problems do Principals perceive as a result of the implementation of Senate Bill 390?

Research Design

Qualitative methods were used in this study. According to Marshall and Rossman (1999), “Qualitative research is a broad approach to the study of social phenomena; its various genres are naturalistic and interpretive, and they draw on multiple methods of inquiry” (p. 2). For this research, the method of inquiry was interviewing. Kahn and Cannell (1957) describe interviewing as a conversation with a purpose. In this study, the researcher interviewed five Superintendents and five Principals in an effort to document their perceptions on Classrooms First for Georgia Act.

According to Glense (2006), an interview will give the researcher the opportunity to learn more about what the researcher can not see by survey and explore alternative explanations of what is seen and heard to understand perceptions and attitudes concerning a topic. Glense cites that qualitative inquiry is a search that leads into others lives, the discipline, the practice and the research: there is no way to be sure of what will be found but true research does not end; instead, it points the way for yet another search.

In this study, the researcher conducted what is considered “Elite” interviewing according to Marshall and Rossman (1999 p. 113). Superintendents and Principals can be categorized as elites due to the positions they hold. “Elite interviewees are also able to report on an organization and the organization’s policies, past histories, and future plans from a particular perspective” (Marshall and Rossman 1999 p. 113).

This researcher sought to develop a narrative summary of the perspectives of five Superintendents and five Principals in Georgia’s First District RESA. First District

RESA consists of 18 school districts of varied sizes in terms of student population. First District RESA serves as a representative sample of the state of Georgia. The school districts in First District RESA contain school districts with different financial needs.

Instrumentation

A semi structured interview process was used based on the review of literature. The semi structured interview allowed the use of open-ended questions that may lead to new ways of understanding the subject matter (Cohen & Crabtree, 2006). The researcher developed seven to ten basic interview questions that led to more questioning during the interview process. The chance to gain more knowledge about what is not seen and can be investigated with alternative explanations of what is seen is the unique strong point of interviewing in qualitative investigation (Glesne, 2006). Glesne also indicates the use of the semi-structured interview is advantageous in providing reasonably norm data across interviewees. Similarly, Cohen & Crabtree notes the semi-structured interview process can yield qualitative data that is reliable and comparable.

Interview questions were also been developed by the researcher from budget considerations found in the literature. Questions were reviewed for suggestions for improvement. The review panel consisted of three Georgia Southern University doctoral graduates. The researcher conducted pilot interviews with one superintendent and one principal to determine if the interview questions needed adjusting. A copy of the interview questions are listed in the appendix A.

Procedures

The researcher used purposeful sampling to select five Superintendents and five Principals from Georgia's First District RESA. Upon approval from the Institutional

Review Board (IRB), the researcher sent a letter to Superintendents and Principals explaining the study and assuring confidentiality. Along with the letter, potential participants received a participant consent form. The researcher set up a time and location for a face to face interview with each participant that returned a copy of the signed consent form.

Participants

The population that was considered for the interview on The Perceptions of Superintendents and Principals in Georgia's First District Regional Education Service Area (FDRESA) regarding the Mandated 65 Percent Rule was five Superintendents currently employed in Georgia's First District RESA during the 2008-2009 school year and five Principals currently employed in Georgia's First District RESA. First District RESA served as a representative sample of the state of Georgia. The school districts in First District RESA contain school districts of varied sizes and different financial needs.

The names of the Superintendents and Principals in Georgia's First District RESA were obtained through the Georgia Department of Education website. The researcher used purposeful random sampling to select five Superintendents and five Principals from the 18 school systems located in the FDRESA.

The researcher received consent and then scheduled a date, time, and location to conduct interviews with the participants. Tables were created to display demographics, expenditure data, Criterion Reference Competency Test (CRCT) data, Scholastic Aptitude Test (SAT) data, Georgia High School Graduation Test (GHSGT) data and Adequate Yearly Progress (AYP) data for all systems in FDRESA.

Method of Analysis

Five Superintendents and five Principals were identified to participate in a semi structured interview. The responses were analyzed to identify, themes, patterns, and ideas. According to the review of literature, increased funds without raising taxes, improved student achievement, and reduced wasteful administrative costs are three major points in support of the 65 percent rule. Reduction of local control, elimination of necessary services, and lack of empirical data are three major points against the 65 percent rule. The researcher collected data and analyzed the data to identify any information that supported that existing arguments for and against the 65 percent rule and for any new themes and patterns.

Summary

This chapter includes a restatement of the research questions, the research design, instrumentation, procedures, participants, and methods of analysis. This study involves only qualitative data. The participants in the study were selected from the First District Regional Educational Service Agency in Georgia. The researcher conducted a semi-structured interview with five Superintendents and five Principals. Interview responses were recorded, analyzed, and written in narrative form to present Superintendent's and Principal's perceptions on the Classrooms First for Georgia Act.

Expenditure data for fiscal year 2007 and 2008 was collected from the Georgia Department of Education. The data was presented in tables and analyzed for any significant changes in spending practices between fiscal year 2007 (the year prior to the implementation of SB 390) and fiscal year 2008 (the year of the implementation of SB390). State testing data from the Georgia Department of Education was also included

for analysis to see if there were any significant increases in test scores. The testing data includes 2007-2009 third, fifth, and eighth grade math and reading CRCT scores, 2007 and 2008 SAT average scores, GHSGT average scores for 2007-2009 and AYP data for 2007, 2008, and 2009.

CHAPTER FOUR

REPORT OF DATA AND DATA ANALYSIS

The purpose of this study was to develop a narrative on the perceptions of Superintendents and Principals on the Classrooms First for Georgia Act. The study used only qualitative data. The data was collected through semi-structured interviews from five Superintendents and five Principals in Georgia's First District Regional Educational Service Area.

Research Questions

Overarching Question

How will Senate Bill 390 affect Georgia Schools?

Sub-Questions

1. What are the positive aspects of Senate Bill 390 as perceived by Superintendents?
2. What are the positive aspects of Senate Bill 390 as perceived by Principals?
3. What problems do Superintendents perceive as a result of the implementation of Senate Bill 390?
4. What problems do Principals perceive as a result of the implementation of Senate Bill 390?

This chapter reports the results of the data analysis from interviews conducted with Superintendents and Principals. CRCT data, SAT data, AYP data, GHSGT data, demographic information, and expenditure information collected from the Georgia Department of Education is also presented in tables. The information resulting from the interviews with the Superintendents and Principals was organized by the themes and patterns that emerged from the interviewee's responses.

The names of the Superintendents and Principals interviewed for this study will remain anonymous. For the purpose of this study the names will be coded as follows: Superintendent J, Superintendent A, Superintendent C, Superintendent E, Superintendent F, Principal B, Principal G, Principal K, Principal M, and Principal O.

Superintendent J has been in school administration for 19 years. Superintendent A has been in school administration for six years. Superintendent C has been in school administration for 11 years. Principal B has been in school administration for five years. Principal G has been in school administration for 11 years. Principal K has been in school administration for five years. All of these administrators work in school districts with student populations of more than 5,000 students in the school district.

Superintendents E and F have been in school administration for 13 and 15 years respectively. Principal M has been in school administration for 5 years and Principal O for 7 years. All of these administrators work in school districts with student populations with less than 5,000 students.

Themes and Patterns

Research data was collected through interviews and written in narrative form. Data was categorized according major points that were revealed in the interviews. For each major point Superintendents' responses and Principals' were presented respectively.

Purpose of SB 390

The interviewed Superintendents voiced an overall perception that SB 390 is a means to make sure that school districts are spending an ample amount of funds on direct instruction.

The premise behind the bill was to make certain that board of educations were spending an adequate amount of

funding on direct instruction of students. I also think a major reason it was passed was the higher the state's overall direct instruction expenditures are the more federal funding entitlement they have (Superintendent A).

Two Superintendents expressed that accountability of spending is a core purpose of SB 390. According to Superintendent J, SB 390 was enacted "because there is a misconception we [Superintendents] spend money on administration, building, fantasy stuff and not kids." Superintendent A stated, "The decision to enactment SB 390 is a result of politicians looking only at whether or not school districts make AYP (adequate yearly progress). They [politicians] are not taking into account gains in student achievement and how funding is currently being used" (Superintendent A).

Superintendents C, E, and F expressed similar perceptions that SB 390 was enacted to increase test scores, but does not account for differences among school districts. "The choice to enact SB 390 was a one size fits all decision or mass prescription to improve state assessment scores. The decision required little effort on the part of politicians" (Superintendent C).

Fortunately, many school districts currently meet the 65 percent minimum. Mandating 65 percent as a minimum is a way to show the public that education is important in the state of Georgia. However, student achievement varies within each school district from school to school and class to class. Adding more resources is good if that is the outcome of SB 390, but other areas must be addressed to improve student achievement (Superintendent E).

Principals' perceptions of the purpose of SB 390 were different from those of Superintendents. Principals B, G, and K each expressed that monitoring of district level spending activity and procedures is there perceived purpose of SB 390. "A lot of money is being used in areas other than teacher's resources. SB 390 will force school districts to

monitor spending” (Principal B). “Monitoring of central office administrators will ensure that funds are used for purchasing resources that will improve student achievement” (Principal G). “Increased monitoring on spending is the purpose of SB 390” (Principal K).

Principals M and O perceive the purpose of SB 390 as a means to reduce class size and create flexibility in class structure.

SB 390 states that teacher salaries are included as a component of direct classroom instruction. Increasing the amount of funds in this area will also allow schools with high numbers of low performing students to hire additional teachers for remediation. This [SB 390] will also allow Principals to hire additional teachers for high stakes testing grade levels. Unfortunately, this will only help those districts that do not meet the 65 percent minimum and can afford to increase the amount they spend on direct classroom instruction” (Principal M).

Similarly, Principal O stated, “For those school districts in which money is being spent on non-instructional items, budget adjustments will be made so that Principals can hire more teachers for assistance with struggling students.”

Positive Aspects

The Superintendents interviewed for this study did not see any positive aspects to SB 390. When asked, what effect the implementation of SB 390 will have on the students in your district Superintendent J stated, “It [SB390] has not impacted student achievement.” Throwing money at a problem does not fix it.” The other four Superintendents responded with the single answer of “none”.

Overall the five interviewed school Principals perceive SB 390 as having one positive aspect. Principals perceive SB 390 as a method for ensuring that funds are used to enhance instruction.

When asked, what effect will the implementation of SB 390 will have on the students in your district similar responses were given. Principal B stated, “They [students] would have an abundance of resources in the classroom and additional support.” When asked to elaborate, Principal B stated that more technology resources could be made available for students. Principal B also stated, “Support personnel could be hired to give low achievers additional help. Retired teachers and additional paraprofessionals could be hired to work with the students.” The other four Principals commented with similar responses. Principal G stated, “There will be more available resources for teachers.” Principals K, M. and O noted that more funds would be available to purchase supplementary materials such as CRCT Coach Books and online programs such as Study Island, Education City, and Orchard.

Perceived Problems

Perceived problems were revealed in interview question two, what difficulties might your school district encounter as you implement SB 390? Superintendent J noted, “SB 390 forces districts to spend money in areas that more money is not needed.” The remaining Superintendents voiced concerns with items not included in the 65 percent allocated to direct classroom instruction.

Superintendent E stated, “Students require many services that are crucial to their learning. Counselors and nurses assist teachers everyday with students that are having emotional and physical issues that if not addressed at school, may result in unnecessary absences that hinder student achievement” (Superintendent E). Superintendent F believes the lack of funds for professional learning will be a problem.

Professional learning has greatly assisted in preparing teachers so that teaching and learning is effective.

Professional learning was especially necessary during the first phases of implementing the Georgia Performance Standards. Fortunately, funds were available to accommodate the multiple trainings needed to reach each teacher in the school district. Now, with the implementation of RtI (Response to Interventions) we are seeing a need for more professional learning on differentiated instruction, cultural diversity, and specific teaching strategies for struggling students (Superintendent).

Both Superintendents E and F are also concerned that budget items such as transportation and nutrition, which are considered as non-instructional and allocated to come from the remaining 35 percent of the total operational budget, will eventually become problems because of fluctuating gas prices and increasing numbers of students qualifying for free and reduced lunch.

There were also concerns from Superintendents A and C regarding maintenance and operations and transportation which are also categorized as non-instructional costs. Request for needed upgrades on facilities, vehicles, and maintenance and operations items could possibly cause problems. “We have a fairly large area to maintain in terms of maintenance and operations. We also transport students to and from remote areas of the district. If forced to cut cost combining bus routes would have students on the buses too long” (Superintendent C).

The interviewed Principals only expressed two primary concerns about SB 390. Principal B perceives that SB390 may cause funding shortages in other areas. Principal B also stated, “SB 390 will create an undesired amount of paperwork, micromanagement of funds, and additional recordkeeping to make sure the funds are actually being used for this [direct classroom instruction] purpose.” All of the other interviewed Principals noted

that SB 390 would increase monitoring of funds from the central office. The increased monitoring was perceived as a problem by Principals G, K, M, and O.

Local Control and SB390

All Superintendents noted that SB 390 will decrease local control of the school districts operating budget. According to Superintendent J, “It [SB390] takes away flexibility to deal with specials issues.” Superintendent E stated, “School districts will be forced [by SB 390] to spend additional funds in an area that may have initially had all needs met.” Superintendent E gave the following fact based account. His district currently meets the 65 percent mandate of spending a minimum of 65 percent of the total operation budget on direct instruction. According to Superintendent E, his school system has been directed by the state to make changes in their student information system. Thus forcing the school district to purchase a new student information system which increases the percentage of funds spent on pupil services which is categorized as a non instructional expenditure. As a result, more funds will need to be spent on direct instruction for the sake of meeting the mandate, not because direct instruction needs have been identified and voiced by local input (Superintendent E).

The Principals’ statements were general with no specific examples of how local control would be affected by SB 390. Two Principals explained similar circumstances concerning knowledge of state control versus local control. Principals G and K receive detailed school specific budget sheets from the central office. The budget sheets outline the amount of money that can be used for instruction for each grade level, class of exceptional students, and remedial class. Other than receiving the school specific budgets, Principals are not directly involved in any other budgeting information that

comes from the state. Principals are, however, given opportunities to submit requests for unique circumstances. Both Principals perceive that approval of these requests will decline.

Wasteful Administrative Cost

There were items listed as perceived wasteful administrative costs by one Superintendent. The other four Superintendents did not know of any wasteful administrative cost in their district. All five Principals perceive that there are wasteful administrative costs in their school district.

Superintendent C is the only interviewed superintendent that noted examples of wasteful administrative costs. “I consider non-essential travel, non-essential workshops and registration, and unnecessary stipends as wasteful administrative costs” (Superintendent C). Each of the other Superintendents stated that their school district did not spend funds on wasteful administrative costs.

According to Superintendent J, there are school districts that use central office to hide incompetent people until they retire. Very few places [school districts] have surplus [employees]. We have pretty lean operations. A business model has been applied to education and school districts do not have the choices that businesses have when productivity is not sufficient. For example schools do not control money or raw materials. If a business receives raw materials that are inadequate, they can send them back for replacement. We dedicate time and money into cultivating an effective product despite what is given to us to work with .

Superintendents A, E, and F also believes that their districts do not spend funds on wasteful administrative cost. Superintendent F noted that if any wasteful administrative costs existed, recent budget cuts have forced Superintendents to “trim the fat” and dissolve any positions possible. “We [school district] have been struggling to manage the

budget cuts from the state and have been consistently using all personnel as efficiently as possible. Recent retirees and others [from administrative positions] that have left us have not been replaced” (Superintendent A).

In another district, administrative positions that were willfully funded by the school district in the past no longer exist. “In some of our large schools we have allotted local funds to pay for additional administrators. Currently, we only have administrators that can be provided through state funding” (Superintendent E). Superintendents A, E, and F all had secretarial and maintenance positions that were cut from the budget.

Each of the five Principals made statements regarding central office personnel. Principal M stated, “Conferences and professional development for central office administrators that have no impact on student achievement are wasteful spending.” Principal O stated, “Some of the positions at the board [Board of Education] office are unnecessary. There is no evidence to show that positions contribute to student achievement.” Principals B, G, and K noted perceived wasteful administrative costs as using funds to pay for unnecessary out of town trips for administrators.

Changes for the School District

Closer monitoring of the budget was mentioned by all interviewed Superintendents. “The district will be made to take a look at what we are doing and will better articulate our spending” (Superintendent J). In addition to an increased analysis of the budget, Superintendent C noted that the use of virtual trainings, online classes, and in house experts will become a primary source of professional development. Superintendent F indicated that site level budget request will require solid justification prior to approval. Both Superintendent E and Superintendent A perceive that SB 390 will

result in additional paperwork delineating spending. “Nothing major [will be changed] other than the fact that we have more paperwork” (Superintendent A). All of the other Superintendents commented that each of their school districts already meet the 65 percent minimum, therefore minimal changes are expected.

Principals perceive that SB 390 will allow more flexibility in scheduling so that teachers and other instructional staff are efficiently utilized. “If student achievement is the ultimate goal, then I expect that we [Principals] will be able to schedule classes with little interference from central office” (Principal B).

“With direct instruction as the focus of SB 390, Principals will certainly be allowed to make more site level decisions regarding scheduling, resources, and alternative programs for low achieving students” (Principal G).

Principals K, M, and O were optimistic, but conservative in their expectations. All three Principals noted that SB 390 would lead a person to perceive that more field trips and creative learning opportunities will be available to all schools. “I hope that the core element [direct instruction] of SB 390 will be realized. However, with all that is going on with state budget cuts, I am concerned that we will need more than this [SB 390] to see a more than marginal change in daily instructional operations” (Principal M).

“We will welcome an additional opportunities to give our students more outside learning experiences. But, it is expensive to bring in mobile learning units, speakers, and instructional shows. I think the concept is great and gives the perception that an effort is being made to assist students, but the reality is limited because of other variables” (Principal O).

“Since the implementation of SB 390, we have been seeing increasing budget cuts which is the opposite of the original expectation. No major changes have occurred as a result of the budget cuts or SB 390 so we can still hope that more opportunities will be available soon” (Principal K).

SB 390 versus Other Mandates

Two Superintendents presented specific details explaining how SB 390 will affect existing mandates related to transportation. According to Superintendent J, buses are expected to be replaced when the bus fleet is greater than 10 years old. This is difficult to do using only 35 percent of the operational budget. Superintendent J also feels that SB 390 already conflicts with QBE and will eventually cause more conflicts regarding funding.

Superintendent E (2009) stated that increases in transportation cost would cause the district to spend more in direct instruction. Superintendent A noted only one concern regarding SB 390 and other mandates.

Direct classroom instruction is most important and should receive a considerable portion of the budget however the definition being used for SB 390 does not include areas that we [Superintendents] consider direct classroom instruction. There are many critical areas that collectively make up the remaining 35 percent of the budget. Media services play a significant role in classroom instruction particularly in our elementary schools. Technology and requirements for maintaining and running equipment is often essential for teaching in the 21st Century. Food services and transportation are expensive items and they are all clustered together with other costs and the cluster is expected to take up only 35 % of the budget. Any mandate related to non instructional areas as defined by SB 390 will definitely affect the amount of money we [school districts] spend on direct classroom instruction.

According to Superintendent C (2009) and Superintendent F (2009) SB 390 will eventually conflict with other mandates. “Legislation is passed all the time that conflicts with prior mandates. With the recent budget cuts and meeting the requirements of No Child Left Behind, there is a great chance that it [SB 390] will eventually conflict with another mandate” (Superintendent F).

Superintendent E perceives that SB 390 may conflict with HB 1187, A Plus Education Reform Act. There are specific requirements for guidance counselors. Guidance counselors are not considered in the 65 percent portion of the budget, but under HB 1187 they are required to stay within a specific student teacher ratio which may require that large schools hire additional counselors to be funded from the remaining 35 percent of the budget.

All Principals perceive that SB 390 will conflict with other mandates. “There are too many uncontrollable elements such as changing populations in school zones, changes in the population of exceptional students, gas prices, paper prices, etc. Because we can not account for these changes, nor can we use one standard for everybody, it is inevitable that SB 390 will conflict with another mandate” (Principal O).

Principal M believes that SB 390 is already conflicting with other mandates. “Recently we have been notified that class sizes will increase for the upcoming school term as a result of budget cuts. This is contradictory to adding more resources for direct classroom instruction” (Principal M). Principals B, G, and K sited not specific examples, but they all perceive that SB 390 will conflict with other mandates.

School System Data Comparison of 2007 and 2008

Senate Bill 390 states that testing data will be used to measure students' academic achievement. According to SB 390, each school district's testing data will be compared to state averages in certain academic areas to monitor progress of the school district.

The following Tables presents each school district's testing data and AYP status which is also a measure of the school district's academic achievement.

Table 1

FDRESA School District Data 2007

School District (SD)	2007 Student Population greater than	FY 07 Direct classroom Instruction	2007 AYP Status
SD 1	3,000	68%	yes
SD 2	6,000	70%	no
SD 3	8,000	68%	yes
SD 4	9,000	67%	yes
SD 5	1,000	67%	no
SD 6	33,000	68%	no
SD 7	10,000	69%	yes
SD 8	1,000	65%	yes
SD 9	11,000	68%	no
SD 10	2,000	69%	yes
SD 11	10,000	67%	no
SD 12	2,000	66%	no
SD 13	1,000	65%	no
SD 14	2,000	67%	yes
SD 15	3,000	67%	yes
SD 16	2,000	70%	yes
SD 17	2,000	70%	yes
SD 18	5,000	69%	no

Note. Adapted from *2006-2007 Expenditure Report* by the Georgia Department of Education, September 2009, Retrieved from http://app.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form

The data in table 1 shows that all 18 school districts in Georgia’s First District RESA all met the requirements of SB 390 in fiscal year 2007. Ten out of the 18 school districts made AYP.

Table 2

FDRESA School District Data 2008

School District (SD)	2008 Student Population greater than	FY 08 Direct classroom Instruction	2008 AYP Status
SD 1	3,000	66%	no
SD 2	6,000	71%	no
SD 3	8,000	67%	no
SD 4	9,000	68%	yes
SD 5	1,000	67%	no
SD 6	32,000	67%	no
SD 7	10,000	68%	no
SD 8	1,000	67%	yes
SD 9	12,000	67%	no
SD 10	2,000	70%	yes
SD 11	10,000	66%	no
SD 12	2,000	65%	yes
SD 13	1,000	63%	no
SD 14	2,000	66%	no
SD 15	3,000	68%	yes
SD 16	2,000	70%	no
SD 17	2,000	69%	no
SD 18	5,000	69%	no

Note. Adapted from *2007-2008 Expenditure Report* by the Georgia Department of Education, September 2009, Retrieved from http://app.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form

The data in table 2 shows that 17 school districts in Georgia’s First District RESA met the requirements of SB 390 in fiscal year 2008. McIntosh County School District did not meet the 65% minimum required by SB 390. Five out of the 18 school districts made AYP.

Table 3

FDRESA Comparison of 2007 and 2008 School District Expenditure Data

School District (SD)	FY 07 Direct classroom Instruction	FY 08 Direct classroom Instruction	Percentage difference spent on Direct Classroom Instruction from 2007 to 2008
SD 1	68%	66%	2% decrease
SD 2	70%	71%	1% increase
SD 3	68%	67%	1% decrease
SD 4	67%	68%	1% increase
SD 5	67%	67%	No change
SD 6	68%	67%	1% decrease
SD 7	69%	68%	1% decrease
SD 8	65%	67%	2% increase
SD 9	68%	67%	1% decrease
SD 10	69%	70%	1% increase
SD 11	67%	66%	1% decrease
SD 12	66%	65%	1% decrease
SD 13	65%	63%	2% decrease
SD 14	67%	66%	1% decrease
SD 15	67%	68%	1% increase
SD 16	70%	70%	No change
SD 17	70%	69%	1% decrease
SD 18	69%	69%	No change

Note. Adapted from 2006-2007, 2007-2008 *Expenditure Report* by the Georgia Department of Education, September 2009, Retrieved from http://app.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form

Table 3 shows that for fiscal year 2008, ten of the 18 school districts decreased the amount of funds spent on direct classroom instruction. Out of the 10 school districts that decreased in the amount spent on direct classroom instruction in 2008, only one school district of made AYP compared to five out of the ten school districts that made AYP in 2007. Five school districts increased the amount of funds spent on direct classroom instruction during fiscal year 2008. Each of these five school districts made no changes in their AYP status from 2007 to 2008, four made AYP both years and one school district

did not make AYP either year. Three school districts made no changes in the percentage of the budget spent on direct classroom instruction. Two of the school districts continued to make AYP and one school district made AYP in 2007, but not 2008.

Table 4

FDRESA School District Data 2008

School District (SD)	2008 Student Population greater than	Economically Disadvantaged	Special Education	2008 AYP Status
SD 1	3,000	61%	16%	no
SD 2	6,000	31%	7%	no
SD 3	8,000	53%	15%	no
SD 4	9,000	41%	11%	yes
SD 5	1,000	66%	14%	no
SD 6	32,000	59%	11%	no
SD 7	10,000	33%	13%	no
SD 8	1,000	76%	14%	yes
SD 9	12,000	48%	11%	no
SD 10	2,000	60%	16%	yes
SD 11	10,000	58%	11%	no
SD 12	2,000	67%	8%	yes
SD 13	1,000	71%	11%	no
SD 14	2,000	78%	16%	no
SD 15	3,000	68%	13%	yes
SD 16	2,000	76%	15%	no
SD 17	2,000	58%	7%	no
SD 18	5,000	57%	13%	no

Note. Adapted from *2007-2008 AYP Report* the Georgia Department of Education, September 2009, Retrieved from <http://public.doe.k12.ga.us/ayp2008/search.asp>

Table 4 shows that for fiscal year 2008 there were eight school districts with student populations of more than 5000 students. Of the eight school districts one made AYP in 2008 which is a decrease compared to 2007 data which shows that four schools with populations of more than 5000 students made AYP in 2007.

There are ten school districts with student populations of less than 5000 students. Of the ten school districts four made AYP in 2008 which is a decrease compared to 2007 data which shows that seven of the schools with populations of less than 5000 students made AYP in 2007.

Table 5

FDRESA School District Data 2009

School District (SD)	2009 Student Population	Economically Disadvantaged	Special Education	2009 AYP Status
SD 1	Data not available	Data not available	Data not available	no
SD 2	Data not available	Data not available	Data not available	yes
SD 3	Data not available	Data not available	Data not available	yes
SD 4	Data not available	Data not available	Data not available	yes
SD 5	Data not available	Data not available	Data not available	no
SD 6	Data not available	Data not available	Data not available	no
SD 7	Data not available	Data not available	Data not available	no
SD 8	Data not available	Data not available	Data not available	no
SD 9	Data not available	Data not available	Data not available	no
SD 10	Data not available	Data not available	Data not available	yes
SD 11	Data not available	Data not available	Data not available	no
SD 12	Data not available	Data not available	Data not available	yes
SD 13	Data not available	Data not available	Data not available	yes
SD 14	Data not available	Data not available	Data not available	no
SD 15	Data not available	Data not available	Data not available	no
SD 16	Data not available	Data not available	Data not available	yes
SD 17	Data not available	Data not available	Data not available	no
SD 18	Data not available	Data not available	Data not available	no

Note. Adapted from *2008-2009 AYP Report* the Georgia Department of Education, September 2009, Retrieved from <http://public.doe.k12.ga.us/ayp2009/search.asp>

Table 5 contains data for fiscal year 2009 Data for 2009 is limited. However, there was a two school district increase in school districts that made AYP in 2009 compared to 2008. More school districts made AYP in 2007, than in 2008 or 2009.

Table 6

FDRESA School District SAT 2007-2008

School District (SD)	2007 SAT Average	2008 SAT Average
SD 1	1386	1437
SD 2	1489	1514
SD 3	1495	1428
SD 4	1451	1481
SD 5	1372	1376
SD 6	1349	1366
SD 7	1438	1434
SD 8	1362	1277
SD 9	1495	1492
SD 10	1466	1418
SD 11	1411	1367
SD 12	1314	1322
SD 13	1275	1284
SD 14	1356	1331
SD 15	1334	1330
SD 16	1448	1486
SD 17	1500	1443
SD 18	1380	1420

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.gadoe.org/pea_communications.aspx?ViewMode=1&obj=1665

Table 6 is a comparison of Georgia’s First District RESA school districts’ average SAT scores. The data shows that nine of the eighteen school districts increased in average SAT scores from 2007 to 2008.

Table 7

FDRESA Comparison of Third Grade Reading CRCT Scores 2007-2009

School District (SD)	2007 reading CRCT grade 3 meet/exceed	2008 reading CRCT grade 3 meet/exceed	2009 reading CRCT grade 3 meet/exceed
SD 1	94.8	92.41	95.7
SD 2	92.9	91.7	94.2
SD 3	91.0	88.5	89.2
SD 4	91.5	93.1	91.3
SD 5	88.2	88.5	92.9
SD 6	80.5	81.3	83.0
SD 7	92.3	90.9	90.5
SD 8	81.3	71.4	88.1
SD 9	77.8	81.9	83.3
SD 10	90.3	86.5	90.7
SD 11	81.8	85.9	90.6
SD 12	86.1	89.1	91.7
SD 13	83.6	82.4	85.9
SD 14	84.9	86.7	91.0
SD 15	82.2	85.9	86.5
SD 16	90.5	86.9	81.3
SD 17	84.0	88.4	78.5
SD 18	85.6	81.7	86.2

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_CRCT

Table 7 is a comparison of third grade reading Criterion Referenced Competency Test (CRCT) scores for school districts in FDRESA. Nine school districts showed an increase in student achievement from 2007 to 2008 the year of implementation for SB 390. In 2009, seven of the nine continued to show an increase in test scores. In 2009 fourteen school districts showed an increase in test scores when compared to 2007 data.

Table 8

FDRESA Comparison of Third Grade Math CRCT Scores 2007-2009

School District (SD)	2007 math CRCT grade 3 meet/exceed	2008 math CRCT grade 3 meet/exceed	2009 math CRCT grade 3 meet/exceed
SD 1	95.9	76.4	86.6
SD 2	96.4	82.7	86.7
SD 3	94.0	67.3	77.5
SD 4	92.5	71.9	82.0
SD 5	88.9	60.3	86.5
SD 6	86.2	59.3	69.9
SD 7	96.5	78.0	85.9
SD 8	93.6	75.0	89.5
SD 9	87.7	64.5	76.1
SD 10	92.8	79.3	84.0
SD 11	92.1	72.2	81.8
SD 12	93.3	71.5	80.1
SD 13	92.1	76.8	83.0
SD 14	94.5	71.7	81.4
SD 15	88.5	63.9	72.3
SD 16	94.6	57.1	72.0
SD 17	90.6	63.6	77.7
SD 18	85.2	58.0	63.0

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_CRCT

Table 8 is a comparison of third grade math Criterion Referenced Competency Test (CRCT) scores for school districts in FDRESA. All eighteen school districts show a decrease in test scores in 2008. In 2009 all eighteen school districts show an increase in test scores compared to 2008. However, all eighteen school districts show a drop in performance in 2009 when compared to 2007. In 2008, Georgia school districts implemented new Georgia Performance Standards in mathematics. This variable may or may not have had an impact on the 100% decrease in third math test scores for the 18 school districts in FDRESA.

Table 9

FDRESA Comparison of Third Grade Math CRCT Scores 2007-2009

School District (SD)	2007 reading CRCT grade 5 meet/exceed	2008 reading CRCT grade 5 meet/exceed	2009 reading CRCT grade 5 meet/exceed
SD 1	86.6	83.5	87.6
SD 2	92.7	92.3	93.4
SD 3	87.9	88.7	91.1
SD 4	92.3	94.6	90.2
SD 5	76.2	77.4	87.3
SD 6	80.1	82.9	82.4
SD 7	87.5	93.4	91.9
SD 8	84.4	85.7	86.3
SD 9	82.8	83.7	85.7
SD 10	86.0	83.3	91.1
SD 11	87.8	88.5	90.3
SD 12	71.4	73.9	86.5
SD 13	77.4	76.5	82.5
SD 14	79.1	81.9	83.6
SD 15	79.6	77.9	78.8
SD 16	90.2	82.0	91.3
SD 17	80.7	86.1	84.4
SD 18	82.8	81.7	79.6

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_CRCT

Table 9 is a comparison of fifth grade reading Criterion Referenced Competency Test (CRCT) scores for school districts in FDRESA. Eleven school districts show an increase in student achievement from 2007 to 2008 the year of implementation for SB 390. In 2009, seven of the eleven continued to show an increase in test scores. In 2009 fifteen school districts show an increase in test scores when compared to 2007 data.

Table 10

FDRESA Comparison of Fifth Grade Math CRCT Scores 2007-2009

School District (SD)	2007 math CRCT grade 5 meet/exceed	2008 math CRCT grade 5 meet/exceed	2009 math CRCT grade 5 meet/exceed
SD 1	92.3	62.2	85.5
SD 2	95.1	78.7	85.2
SD 3	87.8	64.7	76.6
SD 4	94.5	76.9	84.6
SD 5	84.3	65.0	88.0
SD 6	82.3	60.5	71.9
SD 7	89.3	80.4	85.2
SD 8	86.2	79.0	78.6
SD 9	86.9	72.6	80.9
SD 10	88.2	76.2	85.2
SD 11	90.4	75.7	82.7
SD 12	76.0	53.3	76.8
SD 13	81.2	62.9	69.8
SD 14	83.7	63.8	60.9
SD 15	79.6	40.7	67.3
SD 16	92.6	63.1	76.7
SD 17	82.1	77.0	66.1
SD 18	79.8	57.8	67.6

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_CRCT

Table 10 is a comparison of fifth grade math Criterion Referenced Competency Test (CRCT) scores for school districts in FDRESA. All eighteen school districts show a decrease in scores from 2007 to 2008 the year of implementation for SB 390. In 2009, sixteen of the school districts show an increase in test scores from 2008 to 2009. A comparison of 2007 data to 2009 data shows that two school districts show an increase in scores. In 2008, Georgia school districts implemented new Georgia Performance Standards in mathematics. This variable may or may not have had an impact on the 100% decrease in fifth math test scores for the 18 school districts in FDRESA.

Table 11

FDRESA Comparison of Eighth Grade Reading CRCT Scores 2007-2009

School District (SD)	2007 reading CRCT grade 8 meet/exceed	2008 reading CRCT grade 8 meet/exceed	2009 reading CRCT grade 8 meet/exceed
SD 1	92.3	93.8	95.5
SD 2	92.3	96.5	96.4
SD 3	89.5	90.9	90.7
SD 4	92.6	94.0	97.0
SD 5	80.7	89.0	94.5
SD 6	82.8	88.2	88.0
SD 7	92.3	94.5	94.5
SD 8	90.8	89.8	91.7
SD 9	85.2	88.0	92.6
SD 10	86.2	82.4	88.1
SD 11	90.4	92.5	94.4
SD 12	84.8	81.8	93.0
SD 13	78.8	82.5	89.1
SD 14	89.4	87.1	91.4
SD 15	86.8	89.0	91.9
SD 16	86.6	83.4	88.8
SD 17	92.0	86.1	93.0
SD 18	87.6	90.1	92.2

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_CRCT

Table 11 is a comparison of eighth grade reading Criterion Referenced Competency Test (CRCT) scores for school districts in FDRESA. Twelve school districts show an increase in student achievement from 2007 to 2008 the year of implementation for SB 390. In 2009, eight of the twelve continued to show an increase in test scores. In 2009 all eighteen school districts show an increase in test scores when compared to 2007 data.

Table 12

FDRESA Comparison of Eighth Grade Math CRCT Scores 2007-2009

School District (SD)	2007 math CRCT grade 8 meet/exceed	2008 math CRCT grade 8 meet/exceed	2009 math CRCT grade 8 meet/exceed
SD 1	91.5	63.5	87.5
SD 2	89.4	70.0	78.5
SD 3	83.5	68.5	68.8
SD 4	88.2	71.6	78.5
SD 5	80.6	61.0	83.5
SD 6	74.7	47.3	52.8
SD 7	90.6	70.7	83.4
SD 8	94.2	67.6	74.1
SD 9	79.8	64.8	69.5
SD 10	82.6	55.4	74.1
SD 11	81.0	53.4	59.7
SD 12	83.2	58.2	72.8
SD 13	82.4	49.4	72.9
SD 14	80.4	47.9	81.0
SD 15	82.4	64.8	66.0
SD 16	84.6	61.9	70.6
SD 17	89.3	63.0	76.4
SD 18	81.2	59.9	65.8

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_CRCT

Table 12 is a comparison of eighth grade math Criterion Referenced Competency Test (CRCT) scores for school districts in FDRESA. All eighteen school districts show a decrease in scores from 2007 to 2008 the year of implementation for SB 390. In 2009, all eighteen school districts show an increase in test scores from 2008 to 2009. A comparison of 2007 data to 2009 data shows that two school districts show an increase in scores. In 2008, Georgia school districts implemented new Georgia Performance Standards in mathematics. This variable may or may not have had an impact on the 100% decrease in eighth math test scores for the 18 school districts in FDRESA.

Table 13

FDRESA Comparison of GHSGT Math Scores 2007-2009

School District (SD)	2007 math GHSGT meet/exceed	2008 math GHSGT meet/exceed	2009 math GHSGT meet/exceed
SD 1	78.3	70.0	73.3
SD 2	79.0	82.5	84.9
SD 3	81.6	83.2	81.5
SD 4	80.9	87.3	86.3
SD 5	75.5	71.8	71.0
SD 6	67.5	68.4	73.9
SD 7	84.9	80.7	81.8
SD 8	65.5	80.6	68.5
SD 9	80.0	75.7	85.7
SD 10	79.9	81.6	79.2
SD 11	70.3	73.4	69.3
SD 12	77.9	71.3	72.3
SD 13	61.1	73.2	77.8
SD 14	70.5	75.4	77.0
SD 15	71.9	77.0	79.8
SD 16	70.8	75.5	77.4
SD 17	78.9	79.3	80.0
SD 18	77.8	78.9	79.6

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_GHSGT

Table 13 is a comparison of 2007, 2008, and 2009 GHSGT math results by school district. The table shows the percentage of students that met or exceeded the test requirements for the spring of each year. Thirteen school districts show an increase in 2008 from 2007. Eight of the thirteen school districts continued to increase test scores in 2009. Three of the eight made AYP in 2009.

Table 14

FDRESA Comparison of GHSGT ELA Scores 2007-2009

School District (SD)	2007 ELA GHSGT meet/exceed	2008 ELA GHSGT meet/exceed	2009 ELA GHSGT meet/exceed
SD 1	97.5	92.3	87.4
SD 2	89.3	90.7	94.6
SD 3	93.2	83.2	93.3
SD 4	93.7	93.5	93.0
SD 5	90.4	86.4	84.9
SD 6	90.3	88.6	93.2
SD 7	93.7	91.6	92.0
SD 8	85.0	91.7	80.7
SD 9	92.7	88.8	95.2
SD 10	88.6	88.4	89.3
SD 11	88.0	88.1	92.5
SD 12	98.1	92.0	92.0
SD 13	85.0	93.7	88.9
SD 14	90.5	88.7	88.9
SD 15	89.8	84.8	87.2
SD 16	87.4	87.1	89.2
SD 17	91.8	89.4	93.1
SD 18	85.7	90.9	92.5

Note. Adapted from the Georgia Department of Education, September 2009, Retrieved from http://www.doe.k12.ga.us/ci_testing.aspx?PageReq=CI_TESTING_GHSGT

Table 14 is a comparison of 2007, 2008, and 2009 GHSGT ELA scores by school district. Five school districts increased test scores in 2008 compared to 2007. Three of the four school districts continued to raise test scores in 2009.

Summary

Chapter 4 presents a concise overview of the purpose of the study. An analysis of the data collected in the interviews of the Superintendents and Principals was categorized by theme and presented in narrative form. Administrative experience for each participant was collected during the interview and general school district data was collected from the

Georgia Department of Education. Interview responses were revealed using code names for each Superintendent and Principal. To assist in maintaining anonymity of the participants and decreasing the possibility of deducing the identity of each administrator, each table included all school districts in Georgia's First District RESA. The researcher was able to interview administrators from school districts in each of the population quartiles presented in appendix E. Based on the data collected in the interviews, the perceptions of Superintendents and Principals regarding SB 390 were revealed.

Fourteen tables displaying student population information, budget information, CRCT information, SAT information, GHSGT information and AYP information were presented to provide additional relevant data. The demographic information is presented to show the population size of the school districts in First District RESA and to show the percentage of the student population in two sub groups-economically disadvantaged and special education. Budget data and SAT data for 2009 was unavailable.

The Superintendents and Principals interviewed were all familiar with SB 390; however, Superintendents appeared to have more knowledge of SB 390. The Principals were more positive and perceive SB 390 as a means of direct assistance to the school. Principals were also optimistic that resources for schools in the school district would be increasing. Unlike Principals, Superintendents overall perceptions of SB 390 were not as positive and SB 390 would not bring any mentionable changes to the school district especially in the area of increasing student achievement.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND IMPLICATIONS

In the 2008 fiscal year, Georgia school districts were required to begin complying with SB 390, Classrooms First for Georgia Act which requires that 65 percent of the operational budget be spent on direct classroom instruction as defined by the national Center for Educational Statistics. The researcher has attempted to add to the literature regarding the 65 percent rule. Chapter V presents a discussion of research findings, conclusions, implications and recommendations for further study.

Summary

The researcher's purpose was to present a narrative of Superintendents' and Principals' perceptions of SB 390 entitled Classrooms First for Georgia Act, Georgia's implementation of the 65 percent rule. The qualitative study was conducted using "elite" interviews. Five Superintendents and five Principals from Georgia's First District RESA participated in the study. Face to face interviews were conducted at the convenience of the participants. Interview questions are listed in appendix A. Demographic information, expenditure information, testing data and AYP data from the Georgia Department of Education was also used for the study. Data from the Georgia Department of Education includes 2007, 2008, and 2009 math and reading CRCT scores for third, fifth, and eighth graders in FDRESA, average SAT scores for 2007 and 2008, and AYP outcomes for 2007, 2008, 2009. The information collected was presented in narrative form. The research was designed to collect useful data addressing the overarching question: How will Senate Bill 390 affect Georgia Schools? And following sub questions:

1. What are the positive aspects of Senate Bill 390 as perceived by Superintendents?
2. What are the positive aspects of Senate Bill 390 as perceived by Principals?
3. What problems do Superintendents perceive as a result of the implementation of Senate Bill 390?
4. What problems do Principals perceive as a result of the implementation of Senate Bill 390?

Analysis of Research Findings

The analysis of the data collected from the interviews and from the Georgia Department of Education resulted in the following findings:

Affects on Georgia Schools

1. Table 1 and Table 2 show that in 2007 and in 2008 student achievement as measured by AYP was inconsistent in school districts regardless of the percentage of the budget spent on direct classroom instruction.
2. The data in Table 3 denotes negligible budgeting changes made by Superintendents from 2007 to 2008.
3. The data in Table 4 and Table 5 shows no evidence that school districts with improved student achievement in 2008 as measured by AYP status was consistent with any specific demographic.
4. Data in Table 6 indicates that 50% of the school districts had an increase in average SAT scores.
5. The data in Table 7, Table 9, and Table 11 show that the number of school districts that improved on third, fifth, and eighth grade reading CRCT

progressively increased in 2008 and 2009. However, there was no evidence to show that increases were a result of SB 390.

6. The data in Table 8, Table 10, and Table 12 show that in 2008 100% of the school districts decreased in the percentage of students that met or exceeded on the third, fifth, and eighth grade math CRCT. Implementation of the Georgia Performance Standards in mathematics may or may not have had an impact on the outcomes of the CRCT scores.
7. Table 8 shows that in 2009 all school districts improved third grade math CRCT scores compared to 2008. Implementation of the Georgia Performance Standards in mathematics may or may not have had an impact on the outcomes of the CRCT scores.
8. Table 10 shows that in 2009 sixteen school districts improved fifth grade math CRCT scores compared to 2008. Implementation of the Georgia Performance Standards in mathematics may or may not have had an impact on the outcomes of the CRCT scores.
9. Table 12 shows that in 2009 all school districts improved eighth grade math CRCT scores compared to 2008. Implementation of the Georgia Performance Standards in mathematics may or may not have had an impact on the outcomes of the CRCT scores.
10. Table 13 and Table 14 show that in 2008 and 2009 student achievement on the GHSGT was inconsistent in school districts regardless of the percentage of the budget spent on direct classroom instruction.

Purpose of SB 390

Superintendents perceive the purpose of SB 390 as an attempt to improve student achievement by monitoring the budget. However, Superintendents perceive that SB 390 is imposing a single method upon each school district without making a distinction among the needs of each district. Superintendent's perceptions are consistent with the research conducted by Wise (1968) that concluded there was no relationship between instructional spending and student achievement.

Principals perceive the purpose of SB 390 is to directly assist teachers by increasing resources thus improve student achievement. According to the Education Policy and Leadership Center (2006) the role of Superintendents and Principals is becoming increasingly more complex. In terms of finance knowledge Superintendents are expected to work with state political leaders to get adequate funding and prevent political meddling in school operations. Both Superintendents and Principals must be able to manage resources effectively to bring about desired results. However, during the interview process with the participants in the study, Superintendents indicated that they had no input in SB 390. Principals also indicated that they have little say in budgeting decisions- especially state mandated decisions.

Positive Aspects of SB 390

Sub question one sought to gain insight on the perceptions Superintendents have on the positive aspects of SB 390. Overall, Superintendents did not perceive any positive aspects of SB 390.

Sub question two sought to gain insight on the perceptions Principals have on the positive aspects of SB 390. Principals perceive SB 390 as having the following positive aspects:

1. Increased technology resources for students.
2. Increased instructional staff.
3. Increased supplemental resources for students.
4. Increased flexibility for onsite decision making for direct instruction items.
5. Elimination of unnecessary staff at the central office level.
6. Elimination of spending on activities that are not research based and proven to improve student achievement.

Perceived Problems of SB 390

Sub question three sought to gain insight on the perceptions Superintendents have on the perceived problems of SB 390. Superintendents perceive that SB 390 will reduce flexibility in spending and cause the following problems:

1. Money may be spent in areas that are not needed.
2. Areas of need may not be allocated enough funds.
3. Unnecessary paperwork will be expected from central office.
4. Necessary professional learning may not be affordable.
5. Support staff such as nurses, guidance counselors, and media specialists may not be available to assist students.
6. SB 390 will decrease local control of the school district's budget.

Sub question four sought to gain insight on the perceptions Principals have on the perceived problems of SB 390. Principals perceive that SB 390 will support micromanagement of funds at the school level causing the following problems:

1. Additional paperwork will be expected from the schools.
2. There may be funding shortages in other areas.

3. Funds may be limited for site specific request.

Conclusions

The researcher has concluded from the study that Superintendents and Principals perceptions on SB 390 are very dissimilar on most elements. Superintendents were well informed and appeared to have an in-depth understanding of SB 390. Superintendents were able to articulate details concerning the timeline, restrictions, exceptions, and other expectations stated in SB 390. Principals on the other hand appeared less knowledgeable of the contents of SB 390. Comments from Superintendents and Principals also indicate a lack of trust between administrators at the central office level and the school level.

Superintendents perceive that distinct district needs are not accounted for in SB 390. Likewise, the National Association of School Psychologists (2006) made claims that under the 65 percent rule, individual district needs are not met. Robinson (1998) too supports that effective resource allocation is key to improving student achievement. More specifically, Murane and Levy (1993) focused their study on the school level and concluded that how funds were allocated and used within each school made the greatest impact on student achievement thus supporting the Superintendents perception.

Superintendents perceive that SB 390 will be ineffective in terms of improving student achievement. This is consistent with School Matter's (2005) publication of Standard and Poor's research that concluded there is insignificant data to support that increased resources will improve student achievement. Contrary to Superintendents Principals perceive that SB 390 will be effective in terms of improving student achievement. Much like Georgia's Governor, Sonny Perdue (2006), Principals are

optimistic about the potential of SB 390 and the possibilities of increased direct classroom resources.

Superintendents perceive that SB 390 will hinder the process of improving teacher quality and providing professional learning needed to prepare teachers for implementing new research based strategies as a means to improve student performance. This is consistent with Hawley's and Rosenholtz's (1984) conclusion that teacher quality is the most important influence on student achievement.

Superintendents perceive that local control will be decreased by SB 390. Like Williams (2006), Superintendents view increased local control as a positive and decreased local control as problematic.

Superintendents perceive that as a result of SB 390, changes in the school district will be minimal. Superintendents noted no concrete examples of unnecessary spending or wasteful administrative costs. Superintendents do however perceive that changes will consist of additional paperwork delineating budgeting decisions, stricter approval process for school site budgets, and increased virtual professional learning opportunities. More school districts made AYP in 2007, the year before implementation of SB 390, than in 2008 and 2009, the year of implementation and the year after implementation of SB 390. There are other variables that were not included in the study but may have had an impact on instruction. The first variable is administrator changes at the district level and the school level. The second variable is implementation of the math Georgia Performance Standards for eighth graders and Math I students. The third variable is the effect of budget cuts from the State of Georgia.

The following additional conclusions were drawn from the data collected in the interviews.

1. Both Superintendents and Principals perceive that they had no input on SB 390.
2. Both Superintendents and Principal perceive that SB 390 was enacted to improve test scores.
3. Principals perceive that the size of the school district has little impact of SB 390.
4. Principals perceive that increased flexibility for school site administrator's can improve student achievement.

Implications

The researcher's purpose of this study was to develop a narrative of Superintendents and Principals perception of the Classrooms First for Georgia Act to add to the literature regarding the 65 percent rule. The researcher's intent is for the information in this study to be a useful resource for anyone seeking information on the 65 percent rule in Georgia and for persons involved in school finance policymaking.

The study provided a comparison of Superintendents perceptions and Principals perceptions of SB 390. Superintendents are responsible for meeting the needs of his or her school district despite the size, student make up, and/or policies and mandates. Likewise, Principals are key players in the maintenance of day to day activities that influence student achievement. Since both Superintendents and Principals offer unique perspectives and experiences, their input on SB 390 is valuable to the study and should be reviewed by policymakers. .

The study also provides data from school districts that vary in multiple areas including but not limited to student population size, student needs in terms of special

services, tax base, and amount of resources applied to direct instruction. Each school district's distinctive circumstances require tailored strategies for improving student achievement as does each school within a district. Superintendents and Principals need flexibility in funding and resource allocation decision making. Therefore, policymakers should evaluate the individual needs of school districts when passing education legislation.

In 2006 when SB 390 was passed by the Georgia General Assembly, little empirical data existed to support the core of SB 390 that spending 65 percent of the total operational budget on direct instruction will increase student achievement. Despite the lacking evidence to support the legislation, Georgia's school districts were expected to show compliance and/or increased student achievement. This study also adds to the body of literature regarding the 65 percent rule and provides a base of information for policymakers to consider before passing education legislation.

This study will provide more data to be considered in future studies concerning state mandates on local school budgets as a means to improve student achievement. The tables in this study will provide information regarding student achievement of students in 2007 the year prior to SB 390 compared to student achievement in 2008 and 2009 the year of implementation and the year after implementation of SB 390.

In this study data was collected from Superintendents and Principals in Georgia's FDRESA. For each Superintendent interviewed a Principal was interviewed from the same district. Responses from interviewees were not similar according to district demographics, but more similar according to position-Superintendent or Principal. The five interviewed Superintendents had similar perceptions and the five interviewed

Principals had similar perceptions. When compared to each other, Superintendents had opposing perceptions compared to Principals. This indicates the need for increased communication between Superintendents and Principals-particularly in the same district.

Recommendations

1. Superintendents and Principals collaborate and devise a strategic plan to effectively implement mandates.
2. Policy makers should collect input from school administrators. School level and district level administrators
3. Policymakers need to survey the needs of school districts prior to passing rigid legislation for all school districts.
4. Policymakers need to evaluate the impact new legislation may have on existing mandates.
5. Policymakers should study high achieving school districts for strategies that may be applicable to the districts they represent.
6. Further research should be conducted on what resources impact student achievement.
7. Further research should be conducted on building trusting relationships between Superintendents and Principals.

Dissemination

The researcher intends to share the study with Georgia General Assembly Representatives from Georgia's First District. The researcher also plans to share the study with current and aspiring administrators that are interested in learning more about Classrooms First for Georgia Act. The researcher will attempt to present the study to

current local county school administrators in an effort to provide supporting evidence for building a learning community between district level administrators and school level administrators. The study will be available through the database found on the Georgia Southern University Zach S. Henderson Library.

Concluding Thoughts

The researcher has been an educator for twelve years. At the beginning of the researcher's career the infamous education pendulum was swinging in favor of increased flexibility, increased local control, and onsite decision making. Inevitably, the pendulum began to swing the other way. Classrooms First for Georgia Act, is one example of the move away from increased flexibility, local control, and onsite decision making.

As a classroom teacher, the researcher has experienced teaching in both resource rich environments and in environments with limited resources. In either circumstance, how resources were used made the greatest impact on learning in the researchers setting. As a school level administrator in charge of managing the onsite budget, the researcher was faced with making budgeting decisions based on the needs of the school. Each year for three consecutive years, the budget decreased. Despite the reduction in money allocated to direct instruction, the school continued to make AYP. During the same three years, money allocated to non instructional areas were also cut, but needs of students were efficiently met. Fortunately, the researcher was able to voice the concerns of teachers in the school to higher authorities. This resulted in approval to transfer and use funds in areas of need. The concept of taking into account the professional input of an educator seems logical to the researcher.

When SB 390 was passed in 2006, the researcher's aspirations to become a system level administrator and the researcher's curiosity of how the bill was derived prompted the researcher to seek out the perceptions of Superintendents and Principals. The research can contribute to the body of literature on the 65 percent rule, the basis of SB 390.

The findings of this study are important because of the increasing budget cuts and state policymakers influence on day to day school operations. Findings from this study have potential to assist administrators in making transitions to stricter budgeting procedures, encourage policymakers to collect research-based information as a part of the lawmaking process, influence legislators to solicit input from practitioners in the field i.e., Superintendents and Principals when discussing educational issues. Findings in the study may also influence administrators to increase communication among each other.

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APPENDICIES

APPENDIX A

Interview Questions

Background Information

How many years have you been a superintendent/principal?

Questions regarding SB 390-Classrooms First for Georgia Act (CFGGA)

1. In your opinion, why was SB 390, Classrooms First for Georgia Act, enacted?
2. What difficulties might your school/district encounter as you implement SB 390?
3. What changes will have to be made in your district as a result of SB 390?
4. What effect will the implementation of SB 390 have on the students in your district?
5. According First Class Education, money is spent in school districts on “wasteful administrative costs.” What would you consider as “wasteful administrative costs?”
6. What are the benefits to your system as a result of SB 390?
7. Explain how implementing SB 390 will affect local control of the school districts operating budget?
8. How does SB 390 affect any other mandates?

APPENDIX B

IRB Approval Letter

Georgia Southern University Office of Research Services & Sponsored Programs Institutional Review Board (IRB)		
Phone: 912-478-0843		Veazey Hall 2021 P.O. Box 8005 Statesboro, GA 30460
Fax: 912-478-0719	IRB@GeorgiaSouthern.edu	

To: Sonia Bacon
986 Holmestown Loop
Midway, GA 31320

CC: Charles E. Patterson
Associate Vice President for Research

From: Office of Research Services and Sponsored Programs
Administrative Support Office for Research Oversight Committees
(IACUC/IBC/IRB)

Date: January 5, 2009

Subject: Status of Application for Approval to Utilize Human Subjects in Research

After a review of your proposed research project numbered: H09137 and titled "**The Perceptions of Superintendents and Principals in Georgia Regarding the Mandated 65 Percent Rule**", it appears that (1) the research subjects are at minimal risk, (2) appropriate safeguards are planned, and (3) the research activities involve only procedures which are allowable.

Therefore, as authorized in the Federal Policy for the Protection of Human Subjects, I am pleased to notify you that the Institutional Review Board has approved your proposed research.

This IRB approval is in effect for one year from the date of this letter. If at the end of that time, there have been no changes to the research protocol; you may request an extension of the approval period for an additional year. In the interim, please provide the IRB with any information concerning any significant adverse event, whether or not it is believed to be related to the study, within five working days of the event. In addition, if a change or modification of the approved methodology becomes necessary, you must notify the IRB Coordinator prior to initiating any such changes or modifications. At that time, an amended application for IRB approval may be submitted. Upon completion of your data collection, you are required to complete a *Research Study Termination* form to notify the IRB Coordinator, so your file may be closed.

Sincerely,

Eleanor Haynes
Compliance Officer

APPENDIX C

Cover Letter to Participants

January 8, 2009

Dear _____,

My name is Sonia M. Bacon. I am a doctoral student at Georgia Southern University. I am asking for your assistance in a study I am conducting entitled, "The Perceptions of Superintendents and Principals in Georgia Regarding the 65 Percent Rule." In Georgia this is the Classrooms First for Georgia Act or SB 390. All information obtained from participants involved in this study will be used only for the purpose of the study. Participants' names will be kept confidential and coded in the researcher's dissertation. The data collected in the research is intended to add to the professional literature regarding spending 65 percent of a school district's total budget on direct instruction.

If possible, I would like to interview you to gain insight from Superintendents and Principals regarding the implementation of the Classrooms First for Georgia Act. Your responses and input are very important to the research and each response will be valued. As a participant you will be contributing to the literature on the new concept of the 65 percent rule, a finance model already adopted in Georgia, Texas, Kansas, and Louisiana.

Your valuable input will be greatly appreciated. However, you are free to refuse to participate in the research. If you choose to participate, please read and sign the participant consent form.

Sincerely,

Sonia M. Bacon
Georgia Southern University, doctoral student

APPENDIX D

Informed Consent Letter to Participants

PARTICIPANT CONSENT FORM

I agree to participate in the research entitled – The Perceptions of Superintendents and Principals in Georgia Regarding the 65 Percent Rule. The research is being conducted by Sonia M. Bacon, a doctoral student at Georgia Southern University. The purpose of the study is to understand the perceptions of Superintendents and Principals in Georgia’s First District RESA regarding the feasibility of implementing the mandated 65 percent rule. In Georgia this is the Classrooms First for Georgia Act or SB 390. Professional literature and empirical data on the effectiveness of spending 65 percent of a school system’s budget on direct instruction is sparse. In an effort to learn more about the topic, participation in the study will hopefully help add to the professional literature.

I understand that this participation is entirely voluntary. I understand that I can decline to answer any question during the interview without giving any reason and without penalty. I can withdraw my consent at any time without penalty and have the results of my participation, to the extent that it can be identified as mine, removed from the research records and destroyed.

The researcher will conduct interviews with the participants, five Superintendents and five Principals. A principal from each district in which a superintendent was interviewed will be chosen for the interview. Each interview will last approximately 45-60 minutes. There are no foreseen risks to any participants. Participants’ identities will be coded and kept confidential. Any individually identifiable information will not be released without my prior consent unless otherwise required by law.

The researcher will answer any questions about the research. Anytime during the course of the project, the researcher can be reached by telephone at 912-271-1506.

My signature below indicates that I consent to volunteer to participant in an interview for this study. I understand that I will be given a copy of this form.

Signature of Researcher_____ Date_____

Signature of Participant _____ Date _____

Note: Research at Georgia Southern University that involves human participants must be approved by the Institutional Review Board. If you have questions about the rights of research participants, contact the Office of Research Services and Sponsored Programs at 912-478-0843 or IRB@georgiasouthern.edu.

APPENDIX E

FDRESA Population Quartiles

Student population

School Districts in
QUARTILE 1

1,716

1,797

1,867

2,204

2,445

School Districts in
QUARTILE 2

2,721

2,721

2,823

3,212

School Districts in
QUARTILE 3

3,284

5,125

6,491

8,804

9,477

School Districts in
QUARTILE 4

10,442

10,524

12,127

32,825

APPENDIX F

Senate Bill 390

Senate Bill 390

By: Senators Chance of the 16th, Moody of the 56th, Carter of the 13th, Unterman of the 45th, Staton of the 18th and others

AS PASSED

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

(2) 'Total operating expenditures' means all operating expenditures by a local school system during a fiscal year, including expenditures from federal, state, and local funds and from any other funds received by a local school system, such as student activity fees. This term shall not include capital outlay expenditures, debt or bond payments, interest on debt or bonds, facility leases, or rental payments. This term shall also not include any costs which are incurred by a local school system to comply with any mandate by statute or by the Georgia Department of Education effective on or after January 1, 2006 to add specific non-classroom staff positions.

(b) Beginning with fiscal year 2008:

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

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

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

(4) A local school system that has direct classroom expenditures that are less than 65 percent of its total operating expenditures and that is unable to meet the expenditure requirements in paragraph (2) of this subsection may apply to the State Board of Education for a one-year renewable hardship waiver. Waivers granted pursuant to this paragraph shall be limited to extreme situations in which such situation is solely responsible for the local school system's inability to meet

the expenditure requirements. Such situations may include, but are not limited to, Acts of God and inordinate unexpected increases in energy and fuel costs. The waiver request must include revenue and expenditure reports and specific details providing compelling evidence as to the impact that the intervening extreme situation had on the local school systems' ability to comply with expenditure requirements and any other information required at the discretion of the board.

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

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

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

20-2-172.

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

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

SECTION 3.

This Act shall become effective July 1, 2006.

SECTION 4.

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

This information is provided in electronic format by the Georgia general Assembly as a public service. This information does not constitute an official record of the General Assembly and no warranty or guarantee of any kind is provided.

APPENDIX G

Georgia Code 20-2-171

O.C.G.A. § 20-2-171

GEORGIA CODE

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*** Current through the 2009 Regular Session ***

TITLE 20. EDUCATION

CHAPTER 2. ELEMENTARY AND SECONDARY EDUCATION

ARTICLE 6. QUALITY BASIC EDUCATION

PART 4. FINANCING

O.C.G.A. § 20-2-171 (2009)

§ 20-2-171. Minimum direct classroom expenditures; waivers; sanctions for noncompliance; submission of budget and expenditure information; rules and regulations

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

(2) "Total operating expenditures" means all operating expenditures by a local school system during a fiscal year, including expenditures from federal, state, and local funds and from any other funds received by a local school system, such as student activity fees. This term shall not include capital outlay expenditures, debt or bond payments, interest on debt or bonds, facility leases, or rental payments. This term shall also not include any costs which are incurred by a local school system to comply with any mandate by statute or by the Georgia Department of Education effective on or after January 1, 2006, to add specific nonclassroom staff positions.

(b) Beginning with fiscal year 2008:

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

(2) For any fiscal year in which a local school system has direct classroom expenditures that are less than 65 percent of its total operating expenditures, the local school system shall be required to increase its direct classroom

expenditures by a minimum of 2 percent per fiscal year as a percentage of total operating expenditures, beginning in the subsequent fiscal year and each fiscal year thereafter, until it reaches 65 percent. For fiscal year 2008, the baseline year from which the required increase will be determined shall be based on expenditure data from fiscal year 2007;

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

(4) A local school system that has direct classroom expenditures that are less than 65 percent of its total operating expenditures and that is unable to meet the expenditure requirements in paragraph (2) of this subsection may apply to the State Board of Education for a one-year renewable hardship waiver. Waivers granted pursuant to this paragraph shall be limited to extreme situations in which such situation is solely responsible for the local school system's inability

to meet the expenditure requirements. Such situations may include, but are not limited to, acts of God and inordinate unexpected increases in energy and fuel costs. The waiver request must include revenue and expenditure reports and specific details providing compelling evidence as to the impact that the intervening extreme situation had on the local school system's ability to comply with expenditure requirements and any other information required at the discretion of the board.

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

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

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

HISTORY: Code 1981, § 20-2-171, enacted by Ga. L. 2006, p. 56, § 2/SB 390;
Ga. L. 2009, p. 8, § 20/SB 46.

O.C.G.A. § 20-2-171