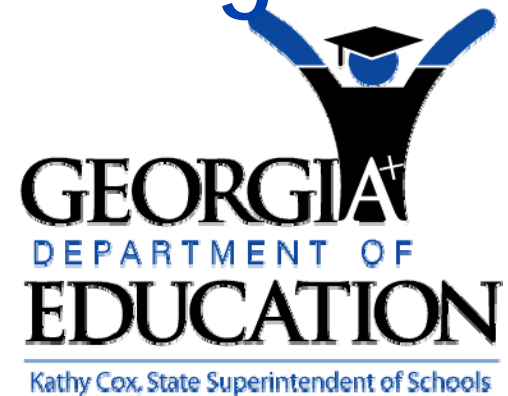




FACILITIES SERVICES:

The Changing Landscape of Capital Outlay Facilities Planning In Georgia

June 15, 2009



WE WILL LEAD THE NATION IN IMPROVING STUDENT ACHIEVEMENT.



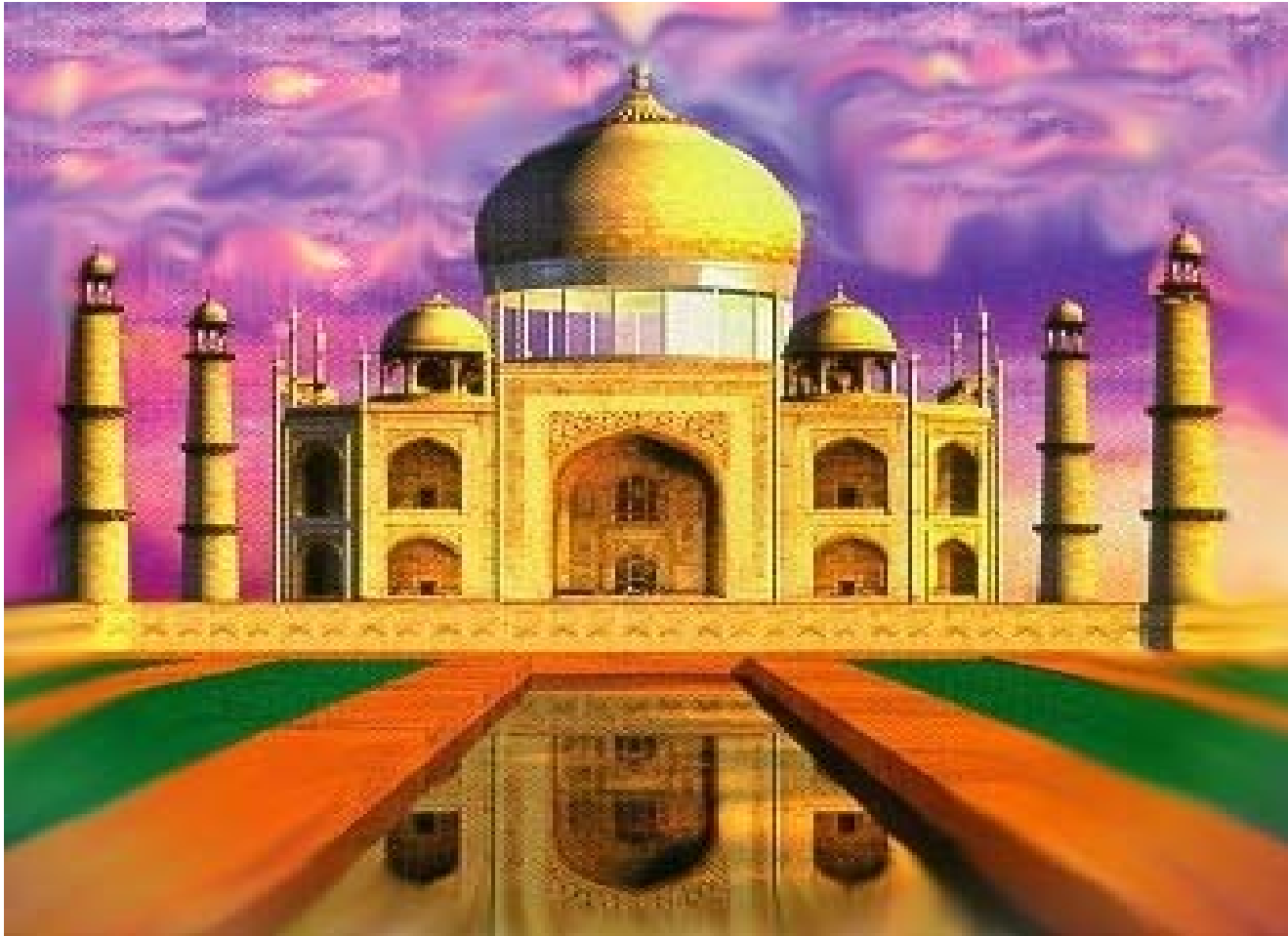
Mission:

The Facilities Services Unit will assist local school systems in developing long-range capital improvement plans, acquiring the funds needed to implement their plans, and reviewing their architect's plans to construct adequate and safe school facilities

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PROGRAM: DESIGN ISSUES:



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PROGRAM DESIGN ISSUES:



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Capital Outlay Summary

- The State of Georgia provides funding assistance for local schools systems in the construction of new schools, additions to existing schools, as well as renovations and modifications to existing facilities
- This assistance comes in the form of several funding programs, which systems qualify for on the basis of need as shown in a long-range facility plan, and student enrollment, verified by periodic state-mandated counts (FTE counts)



Capital Outlay Summary con't.

- The funding programs are not meant to be sole fund sources for building projects, but rather as state-local partnerships to accomplish system facility objectives

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Authorizing Legislation

- 20-2-260 – Capital Outlay
 - ✓ Declares the policy of the state of Georgia to be that every public school student shall be housed in a facility which is structurally sound and well maintained and which has adequate space and equipment to meet the each student's instructional needs.....
 - ✓ Authorizes the State Board of Education to adopt policies, guidelines, and standards for educational facilities construction plans



Authorizing Legislation con't.

- ✓ Defines Regular, Advance, Merger, and Exceptional Growth Funding, as well as the requirements which allow systems to participate under these funding categories
- ✓ Authorizes the State Board of Education to adopt policies, guidelines and standards as well as to determine the annual level of authorization
- ✓ Defines qualifying conditions and requirements
- ✓ Defines purposes for which State Capital Funds can be appropriated



Authorizing Legislation con't.

- ✓ Defines Required Local Participation
- ✓ Defines requirements for a Local Board of Education when considering the closing of any existing school or any construction project which requires the transporting of students to another new or existing school
- ✓ Defines priorities for the General Assembly in the event they are unable to appropriate the funds needed for a fiscal year to finance the total request of the State Board of Education under this Code Section



Authorizing Legislation con't.

- ✓ Defines elementary school construction as the priority consideration when practicable
- ✓ Defines minimum size of facilities which may be eligible to receive Capital outlay funds
- ✓ Defines Special Appropriation



Authorizing Legislation con't.

- 20-2-261 – Common Minimum Facility Requirements
 - ✓ Authorizes the State Board of Education to establish common minimum facility requirements which each public school facility must meet in order to be certified for use in any component of the educational or recreational program of that school
 - ✓ Authorized the State Board of Education to adopt rules to ensure such



Authorizing Legislation con't.

- ✓ Establishes that LEA's shall be exempt from county and municipal assessments and fees for building permits and from impact fees
- 20-2-262 – Low Wealth
 - ✓ Defines Low Wealth Funding, as well as the requirements which allow systems to participate under this funding category



Types of Funding Available

- Regular Funding
- Regular Advance Funding*
- Exceptional Growth Funding*
- Merger Funding
- Low Wealth Funding*

*Sunset June 30, 2010



Facilities Planning Pupil/Teacher Ratio

<u>Grade Level</u>	<u>Current Funding Class Size</u> **	<u>Former Funding Class Size</u>
• Kindergarten	15	22
• Grade 1-3	17	26
• Grade 4-5	23	26
• Grade 6-8 (Middle Grade)	23	26
• Grade 6-8 (Middle School)	20	26
• Grade K-8	23	26
• Grade 9-12	23	26
• Vocational Labs	20	20

** IU allocations based upon these ratios

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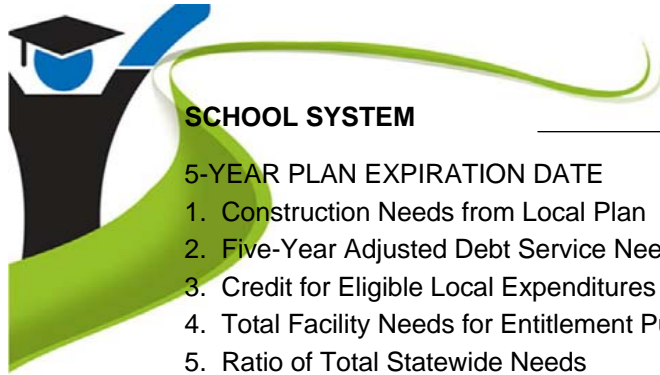
Prekindergarten

- Not under the Georgia Department of Education
- Regulated by the Office of School Readiness
 - Funded by lottery
 - No capital outlay funds included
- Currently 43,887 PK students in public schools
 - 2,195 classrooms used for Prekindergarten in public school settings



Regular Funding

- Determine eligible construction needs included in the system's Local Facility Plan
- Divide the system need by the total statewide need to obtain system ratio
- Multiply the system ratio by the Annual Authorization level set each year by the General Assembly for regular funding
- The result is the system entitlement for that year



SCHOOL SYSTEM

FY 2011 ENTITLEMENT

SCHOOL SYSTEM	ANY SYSTEM	SYSTEM NO.	567
5-YEAR PLAN EXPIRATION DATE	<u>6/30/12</u>		
1. Construction Needs from Local Plan			<u>\$38,115,177</u>
2. Five-Year Adjusted Debt Service Needs			<u>\$3,413,609</u>
3. Credit for Eligible Local Expenditures			<u>\$7,671,072</u>
4. Total Facility Needs for Entitlement Purposes (1+2+3)			<u>\$49,199,858</u>
5. Ratio of Total Statewide Needs			<u>0.02026438</u>
(a) \$200 Million	<u>\$4,052,876</u>	(c) \$120 Million	<u>\$2,431,726</u>
(b) \$160 Million	<u>\$3,242,301</u>	(d) \$80 Million	<u>\$1,621,150</u>
7. Accumulated Entitlement (Regular)			
(a) FY 81-05	<u>\$0</u>	(d) FY 08	<u>\$2,077,839</u>
(b) FY 06	<u>\$0</u>	(e) FY 09	<u>\$3,136,748</u>
(c) FY 07	<u>\$0</u>	TOTAL	<u>\$5,214,587</u>
8. FY 2011 Exceptional Growth Entitlement if funded by the Legislature at the following levels:		Ratio of total eligible growth statewide	<u>0.022928</u>
System Average Growth	<u>645</u>		
(a) \$100 Million	<u>\$2,292,763</u>	(c) \$60 Million	<u>\$1,375,658</u>
(b) \$80 Million	<u>\$1,834,210</u>	(d) \$40 Million	<u>\$917,105</u>
9. Accumulated Entitlement (Growth)			
(a) FY 96-05	<u>\$0</u>	(d) FY 08	<u>\$26,712</u>
(b) FY 06	<u>\$0</u>	(e) FY 09	<u>\$1,657,229</u>
(c) FY 07	<u>\$0</u>	TOTAL	<u>\$1,683,941</u>
10. Required Local Participation Percentage			<u>0.156981177</u>

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Regular Funding con't.

- In any given year, a system may make application for its entitlement funds, or allow them to accrue
- Application may only be made for projects included in the system's local facilities plan, and which are shown in the LFP as eligible for state funding
- Only one application period per year is open, generally in July and August
- After appropriation of funds by the legislature, an application becomes a contract between the system and the state



Regular Advance Funding

- Set up like a long-term no-interest loan
- Designed to assist small systems
- System is eligible if a project will earn state funds which are greater than three times its annual regular earnings at the \$200 million level plus any accumulated entitlement in the Regular category
- Funds are paid back from future annual regular entitlement earnings
- System is ineligible to apply for other projects under the regular program until the advance funding is repaid



Exceptional Growth Funding

- Designed to assist systems which are experiencing exceptional growth in student enrollment
- Criteria must be met as follows:
 - System must be growing by at least 65 FTE per year, and
 - System growth must equal or exceed 1.5%
- For those systems qualifying, this is a separate entitlement, over and above the regular entitlement program



Exceptional Growth Funding con't.

- To determine entitlement, each eligible system's Average Annual FTE Growth is divided by the total Statewide Eligible Growth, to give the System Growth Ratio
- Annual Growth Entitlement equals the System Growth Ratio multiplied by the Annual Growth Authorization Level set by the Georgia Legislature



Merger Funding

- Merger Funding is available when:
 - Two or more school systems merge
 - Consolidation of two or more like schools into a single school which meets or exceeds the minimum school size or represents 100% of the student population in those grades
- Similar to regular advance funding except no local matching funds are required
- No more than three years of entitlement are required to offset the advance funding



Other Local Costs

- Georgia funds capital outlay projects at a cost less than building cost in most areas
- Beginning July 1, 2008:
 - Classroom additions are funded at \$71 per square foot
 - New high schools, middle schools and elementary schools are funded at \$71, \$73, and \$75 per square foot, respectively



Other Local Costs con't.

- Examples of items in the construction of a new school that Georgia does not fund:
 - Purchase of land
 - Site preparation
 - Sewage system, septic tanks, water lines, highway deceleration lanes
 - Athletic facilities



Capital Outlay Budget FY '09 Passed and Signed

Regular Applications	\$122,990,685
Growth Applications	\$103,932,231
Regular Advanced	\$ 82,477,140
Low-Wealth	<u>\$ 2,029,571</u>
Total:	\$311, 429,627*

***50 School Systems**



Capital Outlay Budget

FY '10 as Submitted to OPB

Regular Applications	\$136,777,603
Growth Applications	\$111,308,610
Regular Advanced	\$ 78,690,225
Low Wealth	<u>\$ 2,020,257</u>
Total:	\$328,796,695*

*53 School Systems



Capital Outlay Budget

FY '10 as Passed by the General Assembly

Regular Applications	\$132,289,799
Growth Applications	\$105,198,132
Regular Advanced	\$ 78,690,225
Low Wealth	<u>\$ 2,020,257</u>
Total:	\$318,198,413*

*53 School Systems

They only saved \$10,598,282 in bonds to be sold at the 80% Level

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Tremendous Progress

Great Need

- Built 677 new schools since 1993
- Reduction of class size has funded 4952 I.U.'s since 2001
- Countless Additions, Renovations, and Modifications
- And Growth Continues.....

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STUDENT POPULATION TRENDS: 1980 - 2014 STATE OF GEORGIA PUBLIC SCHOOLS

(STUDENT POPULATION AS REPORTED BY THE LOCAL SCHOOL SYSTEMS)

SCHOOL YEAR	NUMBER OF STUDENTS	GAIN OR LOSS	RATE OF CHANGE
1980 - 1981	1,049,476		
1981 - 1982	1,036,392	-13,084	-1.26%
1982 - 1983	1,034,956	-1,436	-0.14%
1983 - 1984	1,034,885	-71	-0.01%
1984 - 1985	1,043,815	8,930	0.86%
1985 - 1986	1,061,887	18,072	1.70%
1986 - 1987	1,080,974	19,087	1.77%
1987 - 1988	1,100,140	19,166	1.74%
1988 - 1989	1,109,697	9,557	0.86%
1989 - 1990	1,120,909	11,212	1.00%
1990 - 1991	1,144,052	23,143	2.02%
1991 - 1992	1,169,199	25,147	2.15%
1992 - 1993	1,196,373	27,174	2.27%
1993 - 1994	1,222,154	25,781	2.11%
1994 - 1995	1,249,946	27,792	2.22%
1995 - 1996	1,279,546	29,600	2.31%
1996 - 1997	1,315,986	36,440	2.77%
1997 - 1998	1,337,146	21,160	1.58%
1998 - 1999	1,361,104	23,958	1.76%
1999 - 2000	1,382,785	21,681	1.57%
2000 - 2001	1,408,403	25,618	1.82%
2001 - 2002	1,428,212	19,809	1.39%
2002 - 2003	1,451,341	23,129	1.59%
2003 - 2004	1,475,626	24,285	1.65%
2004 - 2005	1,504,838	29,212	1.94%
2005 - 2006	1,550,793	45,955	2.96%
2006 - 2007	1,576,659	25,866	1.64%
2007 - 2008	1,590,728	14,069	0.88%
2008-2009	1,602,432	11,704	0.73%
(PROJECTED STUDENT POPULATION BASED ON BEST-FIT GROWTH TRENDS CALCULATED FOR SCHOOL SYSTEMS)			
2009-2010	1,616,089	23,193	1.43%
2010-2011	1,641,450	23,193	1.41%
2011-2012	1,666,811	23,193	1.39%
2012-2013	1,692,172	23,193	1.37%
2013-2014	1,717,533	23,193	1.35%

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Impact of Declining Growth

- Though the state and many systems are still growing, a declining growth rate has triggered the loss of anticipated need in several systems
- For instance, a system which had been growing at a rate of 1387 FTE in the plan from last year had the growth rate reduced to 786 for the current year
 - $1387 * 5 = 6935$
 - $786 * 5 = 3930$



Impact of Declining Growth con't.

- A reduction in FTE expectation of 1005 even though the system was still growing!
- This naturally leads to a reduction in IU's needed; to the tune of 68 IU's!



Impact of Declining Growth con't

- Another system which had been growing at 6539 in the plan from last year had the growth rate reduced to 4118 for the current year
 - $6539 \times 5 = 32,695$
 - $4118 \times 5 = 20,590$
- A reduction in FTE expectation of 12,105 even though the system was still growing!
- This naturally leads to a reduction in IU's needed; to the tune of 707 IU's!



TOTAL STATEWIDE CAPITAL OUTLAY PROGRAM NEEDS

Net Unfunded Construction Needs

➤ FY 2001	\$989,826,551
➤ FY 2002	\$1,169,779,043
➤ FY 2003	\$1,429,390,153
➤ FY 2004	\$1,087,690,109
➤ FY 2005	\$1,252,538,159
➤ FY 2006	\$1,306,767,322
➤ FY 2007	\$1,872,652,181
➤ FY 2008	\$1,963,695,711
➤ FY2009	\$ 1,863,652,807
➤ FY 2010	\$ 2,041,975,688
➤ FY 2011	\$ 3,055,025,389

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SPLOST

- **Total est. amount of SPLOST revenue**
» = ***\$25,130,947,973***
- **Construction Projects**
= ***\$18,664,374,580***
- **Amt. of previous bonds to be paid**
= ***\$ 2,360,946,479***
- **Amt. of new bonds issues**
= ***\$ 6,487,753,789***

Thru March 2009

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SPLOST (cont.)

- 158 Counties out of 159 Counties have had a successful election
- All 21 City Systems have had a successful election
- 179 Systems out of 180 Systems have had a successful election
- However, this is not the time for complacency



Diversity Within the State of Georgia

- **Size of Student FTE**
- **Dollars per sq/ft**
- **Student Achievement Levels**
- **Taxable Wealth per FTE**
- **Other Factors**

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Where Do We Go From Here?

- **Dollars per sq. ft.**
- **Size of I.U.'s**
- **New Programs**
- **Growth vs Limited Resources Issues**
- **Fluctuating Construction Costs**
- **Local Costs not covered by Capital Outlay**
- **Legislative Initiatives**

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At Issue.....

Prior to the 2008 legislative session, Exceptional Growth Funding (OCGA 20-2-260(j)(1)), Regular Advance Funding(OCGA 20-2-260(h)) and Low Wealth Funding (OCGA 20-2-262) all were scheduled to sunset on June 30, 2009. The last funding applications for these programs had been taken in summer of 2007. The decision of the General Assembly was to extend each of the three funding vehicles for an additional year. Although that was encouraging because it has allowed DOE Facilities to accept applications for FY 10, legislation again had to be considered for the 2009 session .



At Issue..... con't.

Legislation to again extend the three funding sources was introduced and championed by both the Governor and Senate. Unfortunately, the bill was used in the House in an attempt to get other legislation passed which didn't have as much favor and though it did pass the House, the Governor later vetoed the legislation, stating as he did so, that he fully supported the Capital Outlay portion of the legislation.



CAPITAL OUTLAY BUDGET

FY 2003 - 2010

	FY 2003 State Funds	FY 2004 State Funds	FY 2005 State Funds	FY 2006 State Funds	FY 2007 State Funds	FY 2008 State Funds	FY 2009 State Funds	FY 2010 State Funds
<u>Funding Category</u>	Requested	Requested	Requested	Requested	Requested	Requested	Requested	Requested
Regular Funding	\$22,037,475	\$69,807,445	\$69,175,406	\$53,264,189	\$108,175,215	\$178,309,599	\$122,990,685	\$132,289,799
Growth Funding*	\$49,891,648	\$93,186,187	\$44,774,459	\$63,217,021	\$147,354,350	\$143,504,473	\$103,932,231	\$105,198,132
Regular Advance Funding*	\$44,538,023	\$26,203,982	\$23,105,543	\$7,471,902	\$120,533,733	\$122,986,925	\$82,477,140	\$78,690,225
Low-Wealth Funding *	\$2,722,605	\$6,284,796	\$0	\$0	\$6,890,779	\$10,250,151	\$2,029,571	\$2,020,257
Deferred Funding	N/A	N/A	\$24,095,472	N/A	N/A	N/A	\$889,654	N/A
Totals:	\$119,189,751	\$195,482,410	\$161,150,880	\$123,953,112	\$382,954,077	\$455,051,148	\$312,319,281	\$318,198,413

* Sunset in 2010

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What Now?

As a result of discussions between GaDOE Facilities Division and the Governor's office, we have a contingency plan in place for accepting applications for funding in the Advance, Low Wealth and Exceptional Growth Funding categories for FY 2011. We also have a commitment to expedite the legislative process in order to not have these funding sources disappear.

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Next Steps

We would like to recommend continuance of each of these programs with some policy changes, but there must be support for the issues.

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GROWTH ISSUES –

- Many systems are growing – student population increases in approximately two-thirds of the systems annually
- However, there are systems which are growing at a rate which might be categorized as “Extraordinary-Growth”. The rate of growth in these school systems is much greater than the current 1.5% required to qualify for Exceptional Growth Funding
- The state-wide annual average for growth for the past 20 years has been higher than the current qualifying parameter for Exceptional Growth in all except 3 years
- GaDOE would like to recommend that the legislation which currently exists for Exceptional Growth be re-written to provide the funds needed for identified construction needs in systems growing at a lesser rate, as well as those experiencing extraordinary-growth
- An Extraordinary-Growth category could also assist the state in offsetting some of the burden which will be faced by systems impacted by recent BRAC decisions



LOW-WEALTH ISSUES –

- The vast majority of systems that needed to replace schools or improve existing schools at the inception of this program have been able to take advantage of this program, and these systems have improved/replaced substandard buildings
- However, there are a few isolated systems who have not been able to make needed improvements
- Current legislation provides relief only in the manner of an additional advance funded application, but does not provide any reduction in Required Local Participation, or any increase in the state funding formula cost factor, etc.
- Totally rework the legislation in such a way as to provide relief.....

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Low-Wealth Issues – con't.

- The General Assembly in 2008 included in the FY 09 Appropriations Bill A Special Appropriation of an additional \$10 million targeted to systems which had already submitted FY 09 and would be submitting FY 10 applications to be utilized for funding in either the Advance Funded or Low Wealth categories and which met all of the wealth criteria in 20-2-262
- Perhaps the following possibilities could be considered.....
 - Redefine Low-Wealth utilizing criteria of SPLOST and Property tax wealth
 - Require systems to apply for Low-Wealth status
 - System personnel and architects would work closely with GaDOE staff to maximize the product for the minimum cost (value engineering)
 - Include obsolescence of an existing building(s) as a criteria for Low-Wealth qualification
 - Decrease the RLP for Low-Wealth projects to a minimal factor



In Summary

- A two pronged approach which would address both Low Wealth and Growth issues which are now scheduled to sunset in 2010 while updating the issues to current needs might prove to be the best approach
- We would also recommend continuation of the Advance Funding category with some minor changes



Federal Stimulus Funds

- Two types of bond sources:
 - QZAB- Qualified Zone Academy Bonds
 - QSCB- Qualified School Construction Bonds
 - Interest free bonds – must be repaid
- Requirements:
 - QZAB – 10% local match – may be in-kind
 - Referendum required
 - Repaid from local fund sources
 - Must follow Federal Requirements
 - Davis Bacon
 - Buy American
 - Federal Auditing

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SB44 – Buy Georgia Legislation

20-2-500:

- (a) The State Board of Education is authorized to promulgate rules and regulations to regulate contracts or purchases which involve the aggregate sum of \$100.00 or more for or on behalf of students of any public elementary or secondary school supported in whole or in part from public funds.
- (b)(1) Such rules shall provide that such contracts for or purchases of supplies, materials, equipment, or agricultural products, including but not limited to school buses but not including instructional materials or beverages for immediate consumption, for public elementary and secondary schools supported in whole or in part from public funds **shall give preference as far as may be reasonable and practicable to such supplies, materials, equipment, and agricultural products as may be manufactured or produced in this state. Such preference shall not sacrifice quality.**

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Cuts to State Facilities' Staff

- Recently had a Reduction in Force at the GaDOE
- Resulted in two fewer positions in the Facilities Staff, which combined with the fact that we had been unable to hire into a vacant position over the past year results in three total vacancies in our staff
- We will strive to serve the systems' needs as we have in the past, but please realize it may take a bit longer for us to accomplish some tasks than it has in the past – please plan ahead



Training For Facilities Personnel

- Series of classes being developed
 - Continuing Ed Credit
 - School System Facilities Officer Certification
 - Offered regionally

Suggested Courses

Developing a New Five-Year Facilities Plan

Maximizing Funding

Site Selection

Development of Plans and Specifications

Capital Outlay Budgeting

Construction Methods

Project Management

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Funding Formulas – New School Construction

- New Elementary Schools
 - $1800\text{SF} \times 1.11 \times \$71 \times \text{number of state earned IUs}$
- New Middle Schools
 - $2250\text{SF} \times 1.11 \times \$73 \times \text{number of state earned IUs}$
- New High Schools
 - $2850\text{SF} \times 1.11 \times \$75 \times \text{number of state earned IUs}$
- 1000SF athletic reduction for Middle Schools, and 3000SF athletic reduction for High Schools.
- Construction earnings rate of \$71, \$73, or \$75 per SF plus 6% arch fees and 5% contingencies



Funding Formulas-Additions

➤ Elementary

- (Gds K-3) $750\text{SF} \times 1.3 \times 1.11 \times \$71 \times \text{number of state earned IUs}$
- (Gds 4-5) $660\text{SF} \times 1.3 \times 1.11 \times \$71 \times \text{number of state earned IUs}$

➤ Middle Grades (Grades 4-8)

- $660\text{SF} \times 1.3 \times 1.11 \times \$71 \times \text{number of state earned IUs}$

➤ High Schools (Grades 9-12)

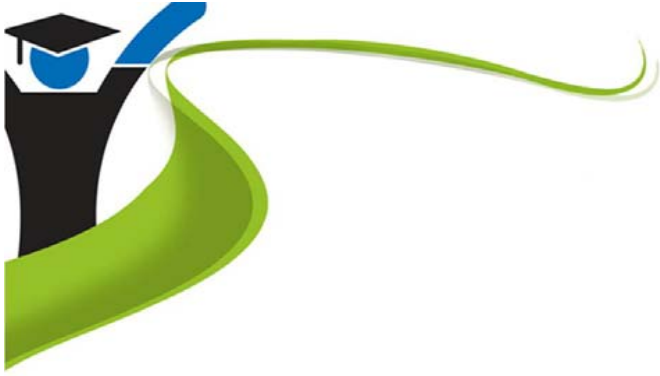
- $600\text{SF} \times 1.3 \times 1.11 \times \$71 \times \text{number of state earned IUs}$

- Square Footage allocation is increased for specialty IU's, such as science labs, vocational programs, art labs, music labs etc.

- Additions earn 30% for "circulation"

- Construction earnings rate is \$71 per SF, plus 6% arch fees and 5% contingencies

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Questions, Comments & Concerns

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Facilities Division

GADOE WEB PAGE:

http://public.doe.k12.ga.us/fbo_facilities.aspx

phone: 404-656-2454

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