

The background of the slide features a stylized sunburst design. A semi-circle at the bottom represents the sun, with numerous rays extending upwards and outwards, creating a bright, yellowish-gold glow that fills the entire slide. The text is centered and rendered in a dark blue, serif font.

*Update on Capital Outlay
Facilities Planning In Georgia
October 12, 2009*

Lynn Jackson,
Associate Superintendent for
Business Operations

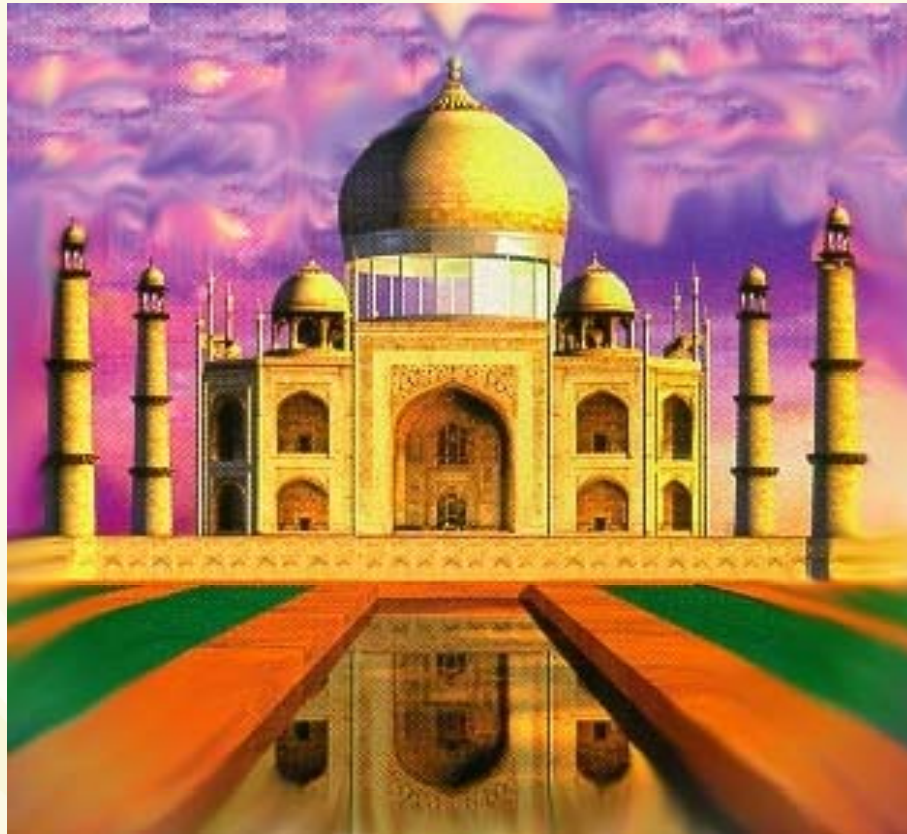
Kathy Cox,
State Superintendent of Schools

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.



PROGRAM: DESIGN ISSUES:



What the Owner Expects to get!

PROGRAM: DESIGN ISSUES:



What the Owner Expects to pay for!

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

A Review of the Planning Process

- Collection of Inventory – a continual process
- Population Projection – updated annually
- School Organization and Justification
- Current Organization
- Proposed Organization
- Program Pages – Elementary, Middle, High
- New Construction
- Renovations and Modifications
- Summary of Financial Data
- Tabulation of Priorities

From Site Selection to Opening School

- 1. Local school system selects proposed property
- 2. Local school system hires engineer to conduct phase one and risk hazard analysis
- 3. Local school system submits completed site selection package to GaDOE Facilities Section
- 4. GaDOE Facilities Section creates site/tract code
- 5. Local school system purchases property and sends a copy of the title or warrant deed to GADOE Facilities Section
- 6. GaDOE Facilities Section creates a facility code
- 7. Local school system applies for state funding
- 8. Local school system has plans and specifications approved by GaDOE, advertizes project, and then awards contract
- 9. Facility is constructed
- 10. In spring before the facility is completed, the local school system requests a school code
- 11. School is opened in the new facility

Funding Application Process

- 1. Revise Project Priority List (if needed)
- 2. Update cost estimates for projects (if needed)
- 3. Confirm with Local Board the intent to apply for specific projects
- 4. Meet with GaDOE Facilities Consultant to develop application
- 5. Review draft of application with GaDOE Facilities Consultant
- 6. Submit application to GaDOE Facilities staff for review and approval – typically by Aug. 15 each year
- 7. Receive GaDOE approved application to be presented to local board
- 8. Local Board approves application and returns signed copies to GaDOE Facilities Section
- 9. Capital Outlay Budget submitted to legislature for funding – no later than Sept 1 each year
- 10. Legislature appropriates funding
- 11. Governor signs appropriation bill
- 12. GSFIC sells bonds
- 13. Bond funds made available for reimbursement on approved projects

Types of Funding Available

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

Regular Funding - 1

- 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.

Regular Funding - 2

- 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.

Exceptional Growth Funding -1

- 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 - 2

- 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.

FY 2011 ENTITLEMENT

SCHOOL SYSTEM

ANY SYSTEM

SYSTEM NO. 567

5-YEAR PLAN EXPIRATION DATE 6/30/12

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>
6.	FY 2010 Annual Entitlement if funded by the Legislature at the following levels:				
	(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 2010 Exceptional Growth Entitlement if funded by the Legislature at the following levels:				
	System Average Growth	<u>645</u>	Ratio of total eligible growth statewide:	<u>0.022928</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>

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.
- 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.

Current Qualifying Parameters: Low-Wealth

The following criteria are examined:

- Sales tax wealth per weighted FTE is less than 75% of the state-wide average sales tax revenues per weighted FTE
- Net equalized property tax wealth per weighted FTE is less than 75% of the state-wide average value of property per weighted FTE
- Average per capita income is less than 75% of the state-wide average per capita income level as determined in the 2000 U. S. Census data
- The local system's millage rate for maintenance and operation is at least 60% of the system's constitutional authority to recommend (usually a minimum of 12 mills)
- A SPLOST is in effect and/or the local system has in place a millage rate for payment of bond debt service, and
- The local system is currently participating in advance funding and will continue to do so for at least one year beyond the fiscal year for which the system qualifies for Low-Wealth funding

If all criteria are met, then the system qualifies to submit an application for Low-Wealth funding

Merger Funding

- Merger Funding is available when:
 - Two 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. The current reimbursement rates cited for New Construction and Additions went into effect on July 1, 2008. These rates were an increase of \$8 per SF for new construction projects.
- Examples of items in the construction of a new school that Georgia does not fund:
 - Purchase of land.
 - Site preparation (Rough Grading)
 - Off site sewage system, septic tanks, water lines, highway acceleration or deceleration lanes.
 - Athletic facilities (except those used for instructional programs)

Facilities Planning

Pupil/Teacher Ratio

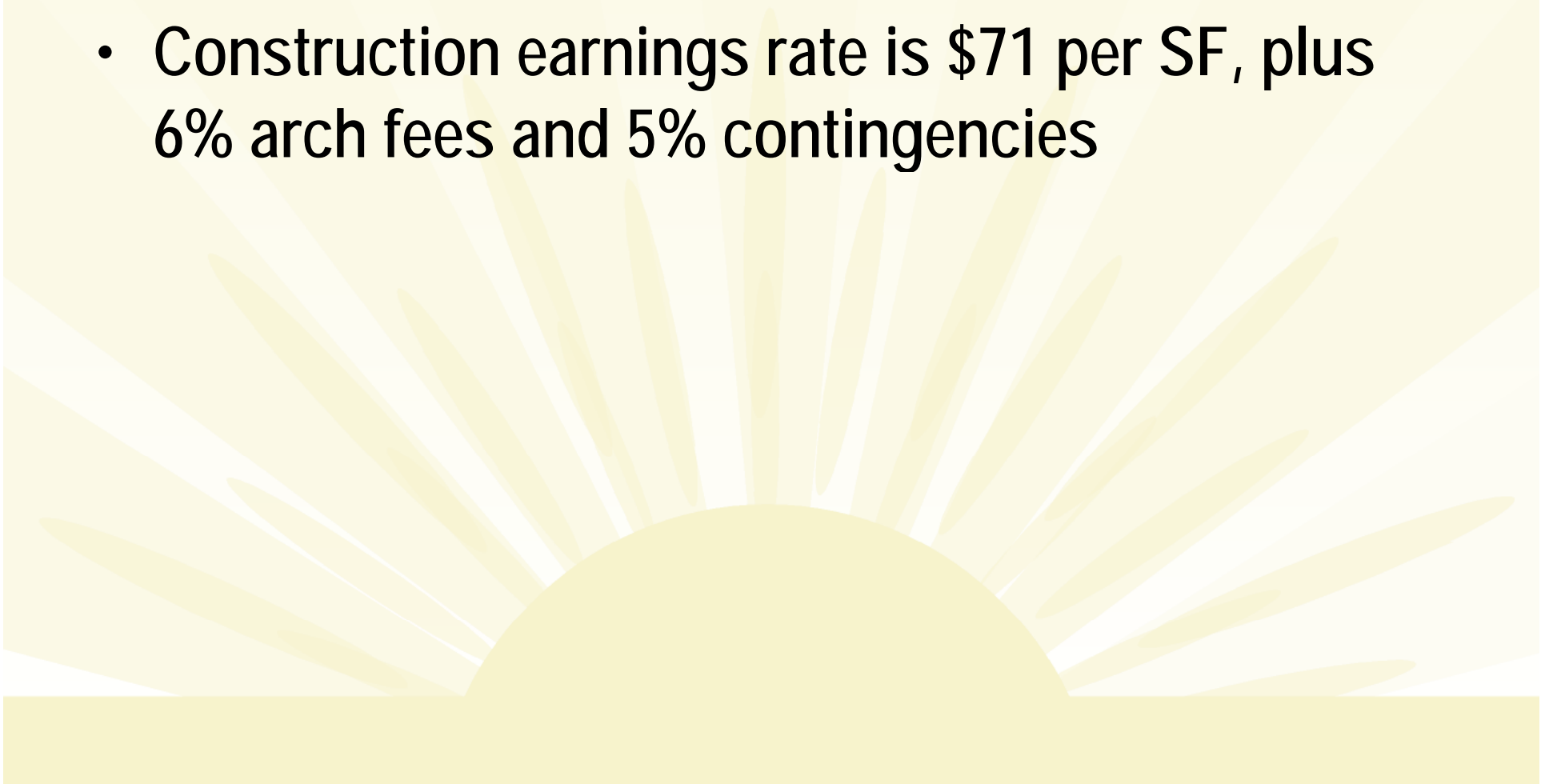
<u>Grade Level</u>	<u>Current Funding</u> <u>Class Size</u> **	<u>Former Funding</u> <u>Class Size</u>
• Kindergarten	15	22
• Grade 1-3	17	26
• Grade 4-5	23	26
• Grade 6-8 (Middle Grade)	23	26
• Grade 6-8 (Middle School)	20	26
• Grade K-8	23	26
• Grade 9-12	23	26
• Vocational Labs	20	20

Funding Formulas-Additions-1

- 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 may be increased for specialty IU, such as science labs, vocational programs, etc.

Funding Formulas- Additions-2

- Additions earn 30% for “circulation”
- Construction earnings rate is \$71 per SF, plus 6% arch fees and 5% contingencies



Funding Formulas – New School Construction

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

SPLOST

- **Total est. amount of SPLOST revenue**
= ***\$25,151,047,973***
- **Construction Projects**
= ***\$18,673,916,160***
- **Amt. of previous bonds to be paid**
= ***\$ 2,369,446,479***
- **Amt. of new bonds issues**
= ***\$ 6,487,753,789***

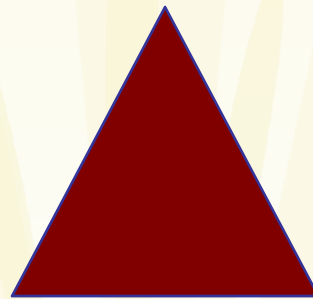
Thru June 2009

SPLOST (cont.)

- **158 Counties out of 159 Counties
have had a successful election**
- **21 City Systems out of 21 City Systems
have had a successful election**
- **179 Systems out of 180 Systems
have had a successful election**

Major Influences in School Construction

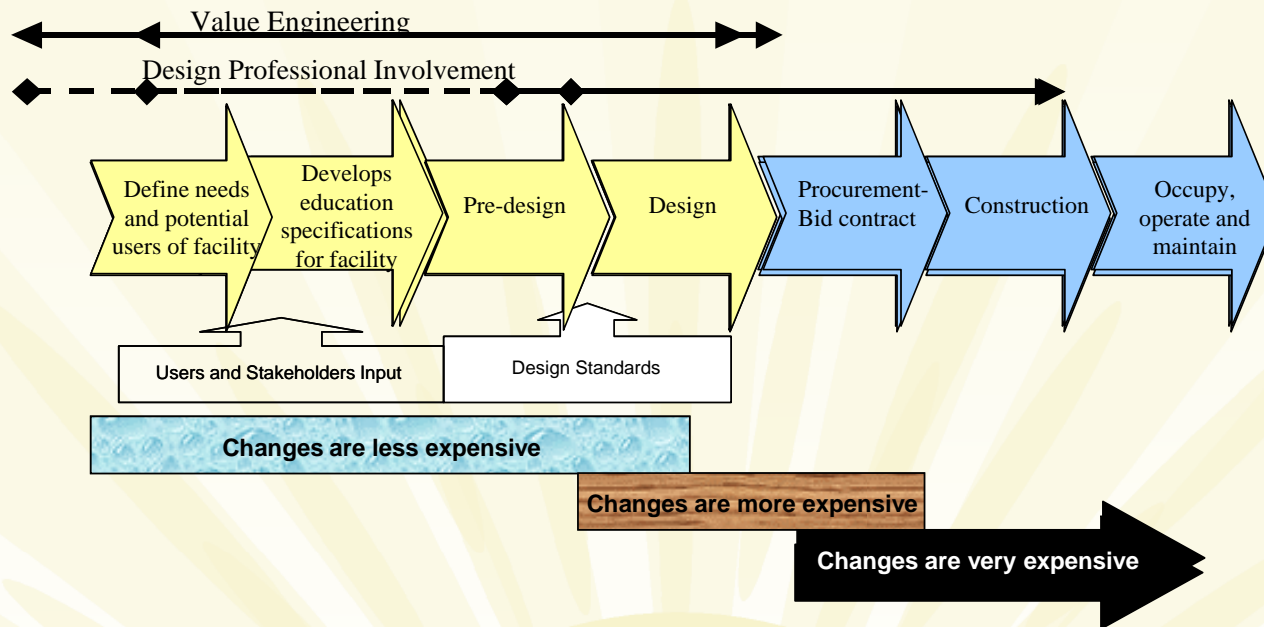
QUALITY



TIME

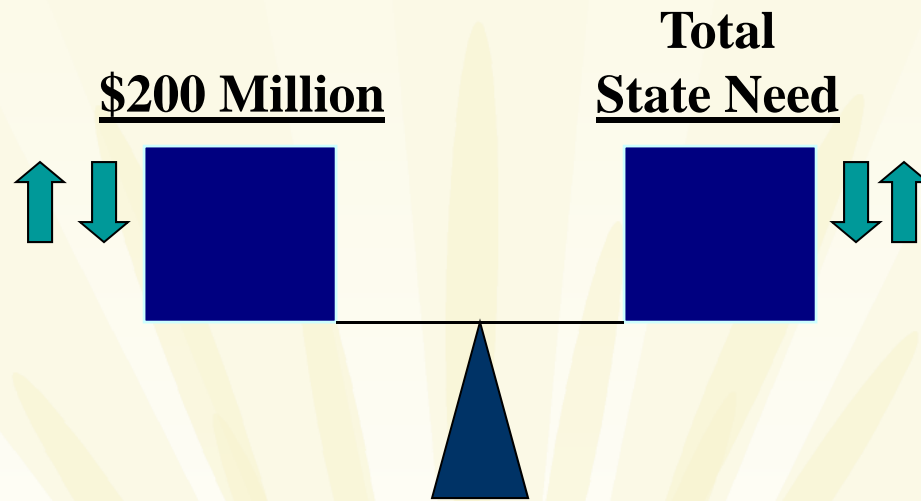
COST

Construction Process



State Capital Outlay Regular

- How does it work?



\$1 million eligible need in:

FY 2002 = \$39,515 in entitlement

FY 2005 = \$80,159 in entitlement

FY 2009 = \$72,742 in entitlement

FY 2003 = \$75,709 in entitlement

FY 2006 = \$84,023 in entitlement

FY 2010 = \$82,376 in entitlement

FY 2004 = \$51,150 in entitlement

FY 2007 = \$76,179 in entitlement

FY 2011 = \$65,466 in entitlement

FY 2008 = \$70,913 in entitlement

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

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	\$ 2,020,257
Total	\$328,796,695*

***53 School Systems**

Capital Outlay Budget FY '10 as Approved and Signed

Regular Applications	\$132,777,603
Growth Applications	\$105,198,132
Regular Advanced	\$ 78,690,225
Low Wealth	\$ 2,020,257
Total	\$318,686,217*

***53 School Systems**

Capital Outlay Budget FY '11 as Submitted to OPB

Regular Applications	\$44,499,711
Growth Applications	\$44,071,984
Regular Advanced	\$42,448,217
Low Wealth	\$ 4,668,291
Total	\$135,688,203*

***23 School Systems**

Diversity Within the State of Georgia

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

Tremendous Progress Great Need!

- **Built 710 new schools since 1993**
- **Reduction of class size has funded 4952 I.U.'s since 2001**
- **Countless Additions, Renovations, and Modifications**
- **And Growth Continues.....**

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

(STUDENT POPULATION AS REPORTED BY THE LOCAL SCHOOL SYSTEMS)

<i>SCHOOL YEAR</i>	<i>NUMBER OF STUDENTS</i>	<i>GAIN OR LOSS</i>	<i>RATE OF CHANGE</i>
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	1,627,793	25,361	1.56%
2010 - 2011	1,653,154	25,361	1.53%
2011 - 2012	1,678,516	25,361	1.51%
2012 - 2013	1,703,877	25,361	1.49%
2013 - 2014	1,729,238	25,361	1.47%

Where Do We Go From Here?

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

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 allowed DOE Facilities to accept applications for FY 10, legislation once again had to be considered for the 2009 session . We recommended continuance of each of these programs with some policy changes, but **“stuff happened.”**

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 average for growth in 2005-2006 was between 2.5 and 3% - considerably higher than the current qualifying parameter for Exceptional Growth
- 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 – Facts, Assumptions, and Proposal

- These systems have virtually no accumulated entitlement and a minimal SPLOST and property tax wealth
- Recent increases in construction cost have created a situation in which, in addition to the Required Local Participation (RLP) which is a part of the state funding formula (between 8% and 20% depending on the relative wealth of the system), there is an additional defacto local participation because the state funding formula has not kept up with the increases in construction costs for “safe and adequate” – the actual percentage amount that state formula generates had been, until recently, actually only about 50% of actual construction costs – that situation has changed somewhat in recent months
- The square footage reimbursement rate for “Low-Wealth” systems is the same as for all other systems

Low-Wealth ISSUES – Facts Assumptions and Proposal con't

- The General Assembly in 2008 included in the FY 09 Appropriations Bill 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 value

POSSIBLE STATEWIDE IMPACT

	<u>ADVANCE</u>	<u>GROWTH</u>	<u>LOW WEALTH</u>
2001	23,143,434	73,865,604	13,749,797
2002	31,556,958	113,286,683	15,139,006
2003	44,538,023	48,891,648	2,722,605
2004	26,203,982	93,186,187	6,284,796
2005	23,105,543	44,774,459	0
2006	7,471,902	63,217,021	0
2007	120,533,733	147,354,350	6,890,779
2008	122,986,925	143,354,350	10,250,151
2009	82,477,140	103,932,231	2,029,571
2010	<u>78,690,225</u>	<u>111,308,610</u>	<u>2,020,257</u>
TOTALS:	\$560,707,865	\$869,305,539	\$59,086,962

In Summary

- This 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

LOCAL FACILITIES PLAN SCHEDULE OF EVENTS

<u>ACTIVITIES</u>	<u>SCHEDULED DATE OF COMPLETION</u>	<u>PEOPLE INVOLVED</u>	<u>PROCEDURES FOR IMPLEMENTATION</u>
Facilities Study	_____	Local Board of Education, Superintendent & Appropriate Local Staff, Facilities Services Consultants, and Appropriate State Staff Members.	Resolution for Study filled with Facilities Services.
System Orientation	_____	Superintendent & Appropriate Local Staff and Facilities Services Staff Members.	Schedule with Facilities Services Consultant
Student Population	_____	Appropriate Local Staff & Facilities Services Staff.	Projections provided by Facilities Services Unit.
School Size and Organizational Study	_____	Local Board of Education, Superintendent, Local & State Staff and Community Representatives if desired and invited by local system.	Local Board of Education adopts System Organization and School Sizes.
Instructional Program and Construction Needs Identified for each School	_____	System's Facilities & Curriculum Staff, School Administrators, Facilities Services Consultant, and System's Architect.	Survey is completed for each school, including identification of programs, Construction needs, and cost estimates.
System Needs Prioritized	_____	Local Board of Education, Superintendent, And Appropriate Local & State Staff.	Include as Summary for Facilities Plan.
Survey Team Review	_____	Appropriate Educators from State Approved List of Survey Team Members.	Scheduled by Facilities Services Unit.
Facilities Plan Adopted	_____	Local Board of Education and State Board Education.	File with Facilities Services Unit
Annual Review	_____	Appropriate System Staff and Facilities Services Consultant.	Update Student Population, Projections & Distribution of Students & Update Construction Needs.

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*Questions, Comments
& Concerns*

GADOE WEB PAGE:

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

404-656-2454

