

Oct. 1, 2015

Fiscal Research Center

School Facility Funding in Georgia and ESPLOST

SR564 - Senate School Construction
Study Committee Meeting
Oct. 1, 2015

Introduction

- Nicholas Warner
 - Research associate for the FRC since 2011 focusing on education finance topics in Georgia
 - In 2012, I co-authored FRC Report 250: School Facility Funding in Georgia and the Educational Special Purpose Local Option Sales Tax (ESPLOST) along with Dr. Eric Brunner.

School Facility Funding in Georgia and ESPLOST

- The study was intended to provide a comprehensive overview of the ESPLOST and to examine the impact of ESPLOST revenue on the size and distribution of school facility investment in Georgia.

School Facility Funding in Georgia and ESPLOST

- Key findings regarding ESPLOST at the time of the study
 - I) It raises a substantial amount of revenues supporting facility investment in Georgia.

School Facility Funding in Georgia and ESPLOST

Aggregate Per Student Revenue for Facility Investment (In \$Millions)

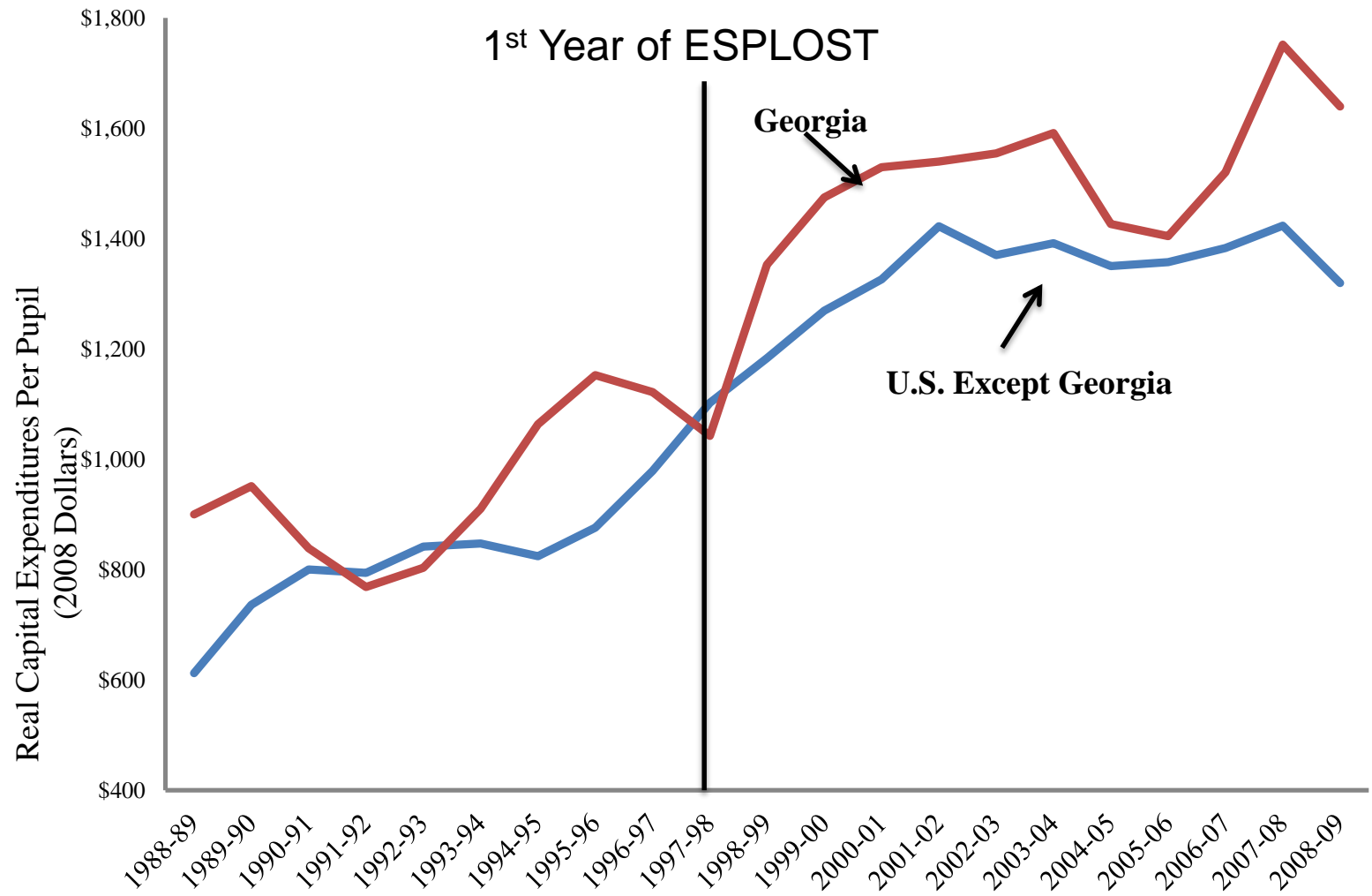
2001-2010 ESPLOST Revenue	\$15,713
2001-2010 Other Local Revenue	\$1,005
2001-2010 State Aid	\$3,086
2001-2010 Total Revenue	\$19,804

School Facility Funding in Georgia and ESPLOST

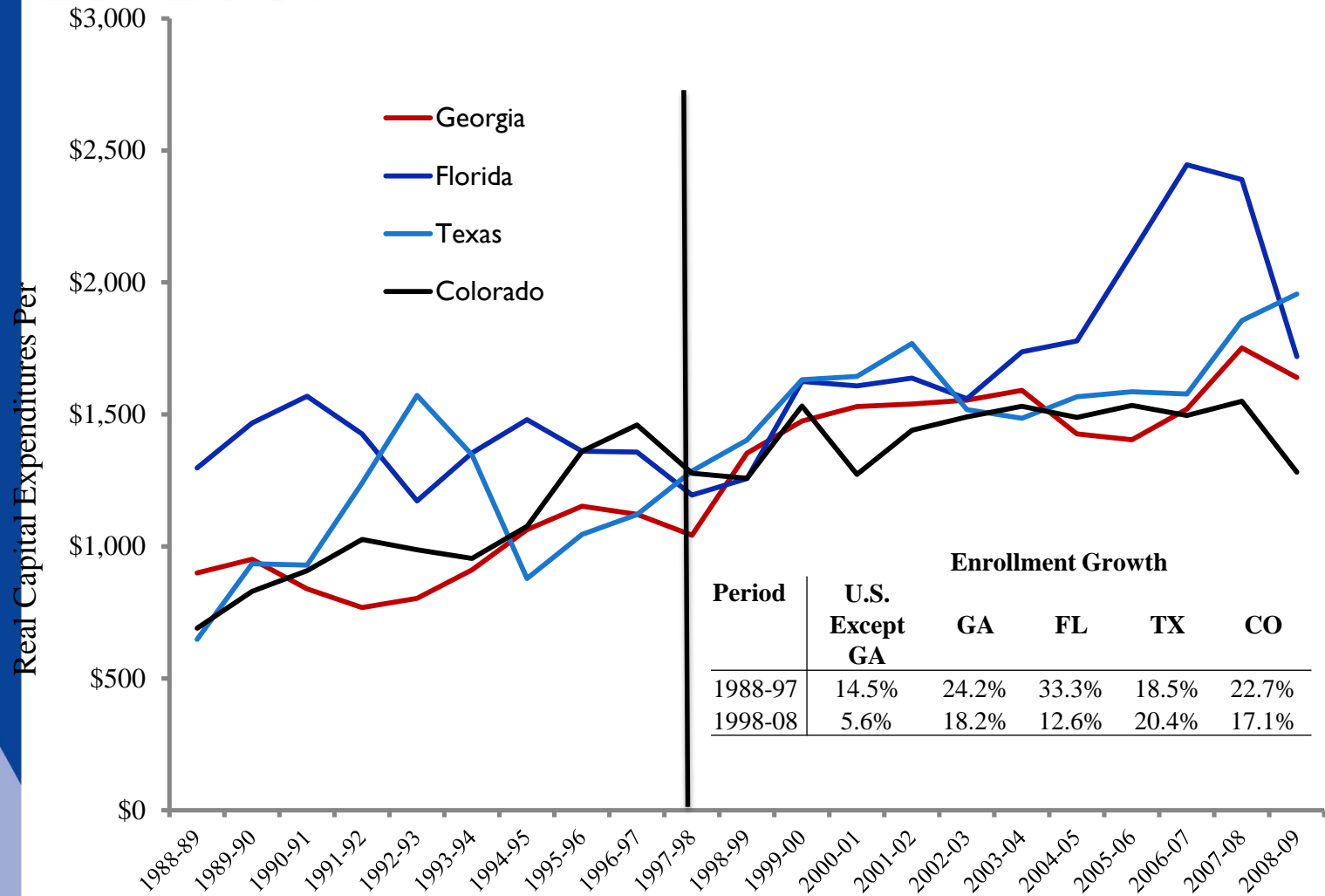
- Key findings and ESPLOST at the time of the study

2) It had served to raise Georgia's spending per pupil on facilities to be on par with other fast-growing enrollment states.

School Facility Funding in Georgia and ESPLOST



School Facility Funding in Georgia and ESPLOST



School Facility Funding in Georgia and ESPLOST

- Key findings and ESPLOST at the time of the study
- 3) It had appeared to limit the amount debt incurred investing in facilities.

School Facility Funding in Georgia and ESPLOST

STATE COMPARISONS OF LONG-TERM DEBT PER PUPIL, 1996-2008

Year	U.S.	GA	FL	TX	CO	NC
1996	\$3,882	\$3,162	\$4,109	\$4,630	\$6,546	\$3,043
2001	\$6,311	\$3,296	\$4,856	\$8,952	\$9,090	\$4,497
2008	\$7,980	\$3,561	\$6,592	\$12,577	\$9,029	\$6,852
Growth Rate of Debt 1996-08	106%	13%	60%	172%	38%	125%
Enrollment Growth 1996-08	8.1%	22.9%	17.3%	24.1%	21.5%	23.0%

School Facility Funding in Georgia and ESPLOST

- Key findings and ESPLOST at the time of the study

4) It was popular among the voters of Georgia.

School Facility Funding in Georgia and ESPLOST

Year	Count of Referendums Held	Count of Passed Referendums	Count of Failed Referendums
1997	112	103	9
1998	24	19	5
1999	17	16	1
2000	15	13	2
2001	65	63	2
2002	42	40	2
2003	22	22	0
2004	14	13	1
2005	34	33	1
2006	51	51	0
2007	46	45	1
2008	18	17	1
2009	28	24	4
2010	17	16	1
2011	57	55	2
Total	562	530	32

School Facility Funding in Georgia and ESPLOST

- Key findings and ESPLOST at the time of the study

5) Disparities in available ESPLOST revenues existed because available amounts were primarily determined by county sales tax base.

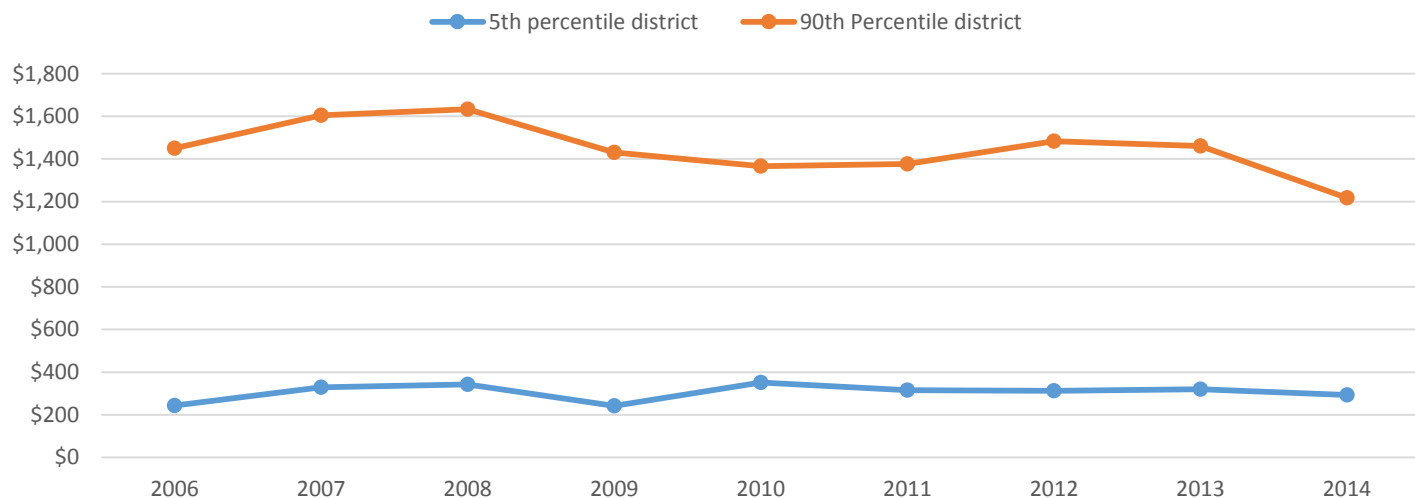
School Facility Funding in Georgia and ESPLOST

	Quintile Number				
	1	2	3	4	5
2007 County Sales Tax Base in \$1,000's	Less than \$81	\$81- \$98	\$98- \$105	\$105 - \$122	Greater than \$122
	n = 88	n = 39	n = 16	n = 20	n = 17
2006-2010 Georgia ESPLOST Revenue	\$2,788	\$4,303	\$5,137	\$5,734	\$7,803
2006-2010 Other Local State Aid for Construction	\$200	\$308	\$538	\$321	\$404
2006-2010 State Aid for Construction	\$1,127	\$1,150	\$499	\$586	\$852
2006-2010 Total Revenue for Construction	\$4,115	\$5,762	\$6,173	\$6,642	\$9,059

*All figures are in 2010 Dollars using the Producer Price Index for Construction Products and Quintiles are weighted by Enrollment

Some More Recent Data Regarding Disparities in ESPLOST

Comparing the amount of Nominal Per FTE ESPLOST Dollars Between the 5th and 95th Percentile District



Typically the 95th percentile district would be collecting five times the ESPLOST revenue per student than the 5th percentile district.

Some More Recent Data Regarding Disparities in ESPLOST

Revenues comparing levels of urbanization

	Per student ESPLOST	Percent of Statewide Student Population	Percent of Statewide ESPLOST
City: Large (n=1, Atlanta)	\$1,767	3.0%	5.7%
City: Mid-size (n=4)	\$1,296	6.8%	9.5%
City: Small (n=9)	\$914	6.9%	6.8%
Suburb: Large (n=13)	\$1,001	40.5%	43.7%
Town: Fringe (n=2)	\$560	0.9%	0.6%
Town: Distant (n=24)	\$704	5.2%	4.0%
Town: Remote (n=11)	\$935	2.6%	2.6%
Rural: Fringe (n=59)	\$758	26.0%	21.3%
Rural: Distant (n=40)	\$666	6.8%	4.9%
Rural: Remote (n=15)	\$682	1.3%	1.0%

In Conclusion

- ESPLOST has increased the amount of funding available for facility investment and debt reduction.
- It appears to have lowered districts long-term debt.
- As of 2012, voters were very supportive of ESPLOST.
- Disparities exist in the amount of ESPLOST available to school districts because it is based on the counties' level of business activity.



Any Questions?