FUNDING SCHOOL CONSTRUCTION: AN EXAMINATION OF THE IMPACT OF STATE OF GEORGIA FUNDING POLICIES ON HIGH GROWTH DISTRICTS

by

DONANN TUBBS CLEMENT HOLT

(Under the Direction of Catherine Sielke)

ABSTRACT

The purpose of the study was to describe and explain Georgia school construction funding policies and their impact on high growth districts. The method was case study using four exceptional growth school systems in Georgia.

Rapidly growing school systems commonly needed to construct many more new schools than they could expect to build through the state capital outlay program and local funds. Students in rapidly growing areas were routinely housed in portable classrooms. The study attempted to find whether there were areas of policy that did not sufficiently allow the capital outlay process to accomplish housing all students in adequate facilities. Interviewees included local school system administrators, two persons Georgia Department of Education Facilities Services Unit regional, a policy coordinator from the Governor's Office of Planning and Budget, and two state legislators. Data from interviews and documents were constantly compared.

Findings were that Georgia has a viable capital outlay plan based on local facilities plans for each school system. The state provides equalized regular categorical grants and exceptional growth funding. Local revenues are bond referendums and special purpose local option sales taxes. Statutes prevent diverting of funds from the purposes intended. Legislative

district boundaries sever local school systems. The application for funds process is well defined and well coordinated with no overriding areas of incompetence at local or state levels. The state appeared to be in violation of GA CODE § 20-2-260 (c) (1) & (4) in that there were no standards for minimum specifications for portable classrooms. Local systems diligently accessed state and local funds. Special appropriations in 2001 directed surplus funds across the state for a popular issue (classroom size reduction) rather than to house all students in permanent facilities in a few exceptional growth districts. Information systems did not report the number of unhoused students or percentage of overpopulation by school to the Office of Planning and Budget or legislators. Annual appropriations combined with local funding were not sufficient to meet statewide facilities needs.

INDEX WORDS: high growth school systems, capital outlay, school facilities, school facilities construction, school facilities funding, portable classrooms, state aid, school infrastructure.

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DEDICATION

This work is offered in memory of my mother, Annlene Cheshire Tubbs, who drove many miles over winding roads for ten years to earn a college degree. She began when I was in elementary school, and graduated from the University of Alabama just three months before I graduated from Auburn University. My husband says I am tenacious. I suppose I learned it from my mother.

This dedication is also offered to many who have provided inspiration and care:

For my all-too-patient husband, Edsel Holt, Sr., who has never complained. He never gave me a reason to quit.

For my sons, daughters-in-law, and all the grandchildren, this work has made my time with them more precious: Craig, Robyn, Sullivan, Tucker, Andrew Preston and Ellie Clement; Chris, Julie, Jackson, and Jordan Clement. For my stepsons and their wives and children: Edsel, Jr., Toni, Jacob and Mitch Holt; John and Demi Holt.

For my dad, Donel Tubbs, who has waited patiently so we could travel a bit and spend more time at the lake.

For my cousin, Dr. Gail Sherer, who is both tenacious and intelligent, and who provided a role model.

In memory of Bernard Carmichael, and in honor of his wife Ann, who elevated and enlightened all those who had the good fortune to know them.

I dedicate this work to you all. I wish for you a love of hard work. It accomplishes much when the pursuit of intelligence eludes us.

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My husband, Edsel, over the last few years, has installed three new computers and kept each running with the latest technology. He saw me through the quest of the specialist and doctorate degrees with my many burnouts and his many nights and weekends alone. He never showed anger or frustration. He is the kindest person I know.

Teachers at Eagles Landing Middle School covered my classes so I could drive to Athens. Beverly Kodak, Donna Malone, and Dr. Janis Hayden helped proofread the work. Scott Honeycutt at Henry County High School provided final proofing.

Chase Westray, Jan Morton, and Dr. Danny Evans provided formatting. Mr. Westray edited for adherence to APA standards and Dr. Evans converted the work to PDF format.

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CHAPTER 1

INTRODUCTION

The purpose of this study was to describe and to explain the State of Georgia school construction funding polices and their impact on high growth districts. At the time of the study the goal of Georgia's capital outlay program for public school construction was "to assure 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 each student's instructional needs" (Quality Basic Education Act of 1985).

Statement of the Problem

In recent years, rapid population growth in some areas of Georgia, most notably metropolitan Atlanta, confounded attempts by local systems to house students in permanent facilities. Rapidly growing school systems commonly needed to construct many more new schools than they could expect to build through the state capital outlay program. Increasing numbers of students in exceptional growth areas, such as Henry County, Gwinnett County, and Forsyth County, were housed in portable classrooms. The trailer park atmosphere growing in school parking lots was regularly reported in print media and noted in Georgia Department of Education studies (Dodd, 2002; Governor's Education Reform Study Commission, 2000a). The primary deterrent to providing new school facilities in a timely manner appeared to be delayed or inadequate funding or the process of acquiring funding (Governor's Education Reform Study Commission, 2000b). The researcher was interested in discovering and describing the state policies that guided the acquisition of capital outlay funds by local school systems and in

discovering whether there were areas of policy that did not sufficiently allow the capital outlay process to house all students in adequate facilities.

Background

The National Center for Education Statistics (U. S. Department of Education, National Center for Education Statistics, 2003) estimated a nationwide increase of 616,000 students in public elementary and secondary schools from 2001 to 2005 and an increase of over two million from 2001 to 2013. In recent years, communities across the United States have struggled to construct new schools and renovate old ones to meet rising student enrollments. At the same time, how capital outlay programs were funded became a concern for equity and adequacy challenges in court. States were often required to set minimum standards that every school facility must meet (Augenblick & Silverstein, 2002; Giardino v. Colorado State Board of Education, 1998; Roosevelt v. Bishop, 1994).

Traditionally, school construction was a local responsibility; more recently, states increased their oversight and involvement with all education funding. Some political entities saw equity of spending across districts within a state as a state, rather than just a local, responsibility. Some also saw funding of adequate facilities as a state responsibility. Because of court cases in which state policies were challenged, states took on increasing roles of responsibility regarding the insuring of equitable and adequate financing of all school related funds across districts within a state (Augenblick & Silverstein, 2002). With greater state involvement there appeared to be an increasing political rivalry between low wealth and exceptional growth districts for capital outlay funds. The dilemma was that high wealth districts might also be rapidly growing and unable to house increasing student populations in permanent facilities. Contributing to the dilemma in

some areas were state initiatives to reduce classroom size, (numbers of students per classroom), thereby adding to the need for more classrooms (Education Commission of the States, 1998).

Georgia followed the national growth trend. Georgia was projected by the National Center for Education Statistics (U. S. Department of Education, National Center for Education Statistics, 2003) to have an increase in student population of about 42,000 students from 2001 to 2005 (10,500 per year) and an increase of 100,000 from 2001 to 2013 (8,333 per year). The Georgia Department of Education Facilities Services Unit in its *2003 Status Report of Georgia Capital Outlay Program* (2003) showed growth reported by school systems totaled for the school years as (a) 25,618 in 2000-2001, (b) 19,809 in 2001-2002, and (c) 23,129 in 2002-2003, for an average growth of 22,852 per school year (see Appendix A).

Georgia's current capital outlay program was enacted in 1977 when the student population was declining. The trend reversed in 1984 and the average student population growth from 1995-1996 to 2002-2003 was approximately 25,000 per year (Georgia Department of Education Facilities Services Unit, 2003). The Georgia Department of Education projected 66% of total growth for FY 2002 would occur in the counties ranking in the top 10 by growth—Gwinnett, Cobb, Fulton, Henry, Dekalb, Forsyth, Clayton, Paulding, Cherokee, and Hall (Governor's Education Reform Study Commission, 2000a).

In the 1990s, the Georgia Department of Education had in place a capital outlay program that required local school systems to report a survey of their existing facilities and project their facilities needs for five years. Local school systems could apply for and receive state funding based on a ratio of local facilities needs to state facilities needs with an adjustment for local school system wealth. Beginning in 1996, the state provided additional funding for exceptional growth districts. Additionally in 1997, the state allowed local communities to, with voter

approval, impose a 1% special purpose local option sales tax (SPLOST) for school construction. This provided school systems in counties with a large commercial base to have greater access to funds. Again, this brought up issues of funding equity across the state. Sales tax wealth was then included in calculations of local system wealth. Even so, rapidly growing communities (a) were not able to meet the demands of growing student populations, (b) had large numbers of unhoused students, and (c) could for practical purposes be considered facilities-poor.

The Governor's Education Reform Study Commission (2000a), reported Georgia was one of the first states in the nation to require local systems to develop long-range facilities plans and provide an orderly legislative process and logical effort to assist local school systems in meeting their needs. Georgia ranked 17th (of 42 states reporting) in percentage of state funding allotted to infrastructure in 1998-1999 (Sielke, 2002). From the same data, the national average for those states reporting was 2.6% of state funding allotted to infrastructure in 1993-1994 and 4.5% in 1998-1999. In 1993-1994 Georgia reported less than 1% of state funding allotted to infrastructure, which was well below the national average. Georgia moved closer to the national average by achieving 4.4% in 1998-1999.

School systems across the United States used varying combinations of funding programs including flat grants, equalized funds, basic support, full funding, and categorical grants (Sielke, 2002). In 2004 local school systems in Georgia employed several sources of funding. These included equalized funding from the state, local bonds, local sales taxes, categorical grants, and special appropriations from the state. Equalized funding from the state was in the form of categorical grants based on a ratio of projected local facilities needs to statewide needs, adjusted for local system wealth. Local bonds, approved by local voters, could be repaid from taxes based on assessed valuation of taxable property or from special local option sales taxes. A one-cent

special purpose local option sales tax (SPLOST) could be approved by local voters for a 5-year period and used to repay bonds or to finance construction projects directly. Some categorical grants in the form of special appropriations have addressed specific issues. In Georgia these have been passed by the Georgia legislature and approved by the governor for programs such as the reduced class size initiative, House Bill 1187, in 2001-2002. In that case funding was to aid local systems in the building of additional classrooms needed as a result of reducing classroom size (number of students per classroom).

Although some significant amendments, such as the special purpose local option sales tax, were made, no comprehensive revision of the state plan in the determination of how Georgia's local school systems qualified for state funds, or how the capital outlay program was financed, occurred since the original enactment in 1977. The responsibility for funding kindergarten through 12th grade (K-12) facilities was shared by the state and local boards of education. Each local system was required to develop a 5-year local facilities plan (LFP) that it forwarded to the Georgia Board of Education for approval. Applications for state funding were based on needs identified in the local facilities plan. The Department of Education Facilities Services Unit received applications for funding. The governor and legislature set a level of funding with advisement from the Office of Planning and Budget. The Georgia State Financing and Investment Commission (GSFIC) oversaw the financing of state funds for capital outlay through the sale of state bonds. The types of funding of most interest to systems with rapidly growing student populations were regular and exceptional growth (Governor's Education Reform Study Commission, 2000b). Local systems received regular capital outlay funds based on a ratio of their systems' facilities needs compared to those facilities needs of the state as a

whole with an adjustment for system wealth. Exceptional growth funds were for systems growing a minimum of 1.5% per year and a minimum of 65 students.

In the 1990s and early 2000s, rapidly growing local systems were unable to house all students in permanent facilities. Aggressively expanding school systems commonly needed to construct many more new schools than they could expect to build through local funds or the state capital outlay program. On August 23, 2000, (Georgia School Superintendents Association, 2000a) the facilities services director of the Department of Education presented data to the Governor's Education Reform Study Commission that indicated Georgia's student population over the next decade would be the fourth fastest growing in the nation and that three metropolitan Atlanta counties were among the fifteen fastest growing in the nation. The "2003 Status Report of Georgia Capital Outlay" (Georgia Department of Education Facilities Services Unit, 2003) showed regular and growth funds authorization at a total of $1.32 billion from 1996 to 2002, but total capital outlay needs ranged from $2.388 billion to $2.53 billion during that period. The primary deterrent to providing new school facilities in a timely manner appeared to be delayed or inadequate funding or the process of acquiring funding.

> Rapidly growing school systems commonly need to construct many more new schools than they can expect to build through the state Capital Outlay Program, unless they delay the construction of those schools until long after they are needed to house the increased enrollment. . . . In systems experiencing significant growth, more classrooms may be constructed with additional local revenue than with the combination of state and required local funds. (Governor's Education Reform Study Commission, 2000b, p. 18)

Theoretical Framework

This is a qualitative study. The epistemology, or investigation of the nature of the research topic, was constructionism. Constructionism is an attempt to bring together both objectivity and subjectivity (Crotty, 1998). It is an effort to construct meaning from what is known. The theoretical perspective was symbolic interactionism, which considers situations from

the point of view of actors (interviewees), (Crotty, 1998). The methodology was grounded theory. Grounded theory was linked with policy analysis. Grounded theory is a "process of inductive theory building based squarely on observation of the data themselves" (p.78).

Throughout the investigation, the researcher endeavored to ensure that her explanations of the capital outlay process arose from the data. The data were state law, documents at both state and local school system levels, and interviews with persons involved with the capital outlay process at local system levels, state department levels, and legislative levels.

Within the epistemology of constructionism the researcher was inclined to adhere more to an objectivist view that the data exist and the researcher finds them (Crotty, 1998). The role of the researcher was more that of "a conduit for the research process than that of a creator of it. . . . The research participants can and will relate significant facts about their situations" (Gubrium & Holstein, 2001, p. 677). The approach used was closely related to institutional ethnography in that the researcher recognized there were hierarchies of power either coordinating or conflicting among local system personnel, state department officials, and state legislators. However, the study was not focused on ruling practices as is typical of institutional ethnography. The researcher was interested in discovering whether there were areas of policy that did not sufficiently allow the capital outlay process to accomplish the goal of housing all students in adequate facilities. The purpose of this study was to describe and to explain the State of Georgia school construction funding polices and their impact on high growth districts.

Research Questions

The study was guided by the following research questions:

1. What school construction funding policies has the State of Georgia had in effect for the last 10 years?

2. How have Georgia school construction funding policies impacted exceptional growth school systems as those systems endeavored to house all students within permanent structures?

Method

Case study analysis was selected as an appropriate approach for this policy analysis.

> The case study is an intensive description and analysis of a phenomenon or social unit such as an individual, group, institution, or community. By concentrating on a single phenomenon or entity (the case), this approach seeks to describe the phenomenon in depth. The unit of analysis, not the topic of investigation, characterizes a case study. For it to be a case study, one particular program (a bounded system), selected because it was typical, unique, experimental, or highly successful, etc., would be the unit of analysis.
>
> Since it is the unit of analysis that determines whether a study is a case study, this type of qualitative research stands apart from the other types. (Merriam, 2002, p. 8)

The primary case examined was a local school system that qualified for exceptional growth capital outlay funds. Three other school systems of differing demographics were studied for cross case comparison.

The state law, the Official Code of Georgia (2004), or Georgia Code (GA CODE), pertaining to capital outlay for public school construction was reviewed. A study of historical changes in the Georgia Code over the previous ten or more years was conducted. Local and statewide enrollment growth, projections of local and statewide facilities needs, local and state participation in capital outlay, local system applications for state funds, and legislative authorization levels for state funding of capital outlay were examined in the research process. Archival data included documents from local systems such as the Local Facilities Plan and applications for capital outlay funds. Data collected were small and purposeful using the researcher as primary instrument using interviews, observations, and documents (Merriam, 2001). The impact of the Georgia Code and the resulting Georgia Department of Education

policies on school construction were examined at the local school district level in the four local school systems studied.

Sample

The primary target of study was a school system that met the State Board of Education criteria to qualify for exceptional growth funds. Three other systems of differing demographics based on local system wealth were studied for cross case comparisons. Multiple sources of evidence were used. The Official Code of Georgia was the regulatory document of law examined. Georgia Board of Education rules and regulations were accessed by Georgia Department of Education websites, or provided by interviewees, and clarified during interviews. State Board of Education personnel at the state and regional levels were interviewed for their expertise in administering the capital outlay process. One person at the Office of Planning and Budget and two state legislators were interviewed. Documents prepared by local school system personnel in the process of applying for capital outlay funds were analyzed. Local school system personnel involved in the process of applying for state capital outlay funds were interviewed. The researcher used structured and open-ended questions. Those interviewed were encouraged to act as guides in explaining the capital outlay system. Interviewees' responses were recorded, transcribed, and compared.

At the beginning of each interview, the purpose was explained and a consent form reviewed and signed. Interview notes were transcribed immediately after interviews. Interviewees suggested other persons at state and legislative levels whom they considered to have significant knowledge of the capital outlay program. Those persons were interviewed when possible. The findings were analyzed through policy analysis. Strategies that were used to ensure consistency and dependability were multiple sources of data and multiple methods.

Triangulation, respondent validation, cross case analysis, and discrepant case analysis were used to lend validity and reliability to the data.

Significance

A number of school systems in Georgia have experienced rapid increases in school populations for years. The local systems have, in many cases, been unable to build school facilities rapidly enough to house all students. Individual schools have had as much as 50% of their school population housed in portable classrooms. "Several school systems have experienced such rapid growth in enrollment that they have hundreds—even thousands—of students attending classes in portable classrooms" (Governor's Education Reform Study Commission, 2000b, p. 31). The primary deterrent to providing new school facilities in a timely manner appeared to be delayed or inadequate funding or the process of acquiring funding.

The Governor's Education Reform Study Commission (2000b) found a number of policy issues that were problematic. Those having most relevance to this study are given here.

> The original regular entitlement levels in the Georgia Capital Outlay Program were established when the law was first funded in 1981. . . . With no inflationary adjustment, the maximum amount of entitlement has, in effect, decreased as costs increase. . . . Furthermore, the original selection of $100 million as the maximum annual entitlement level was regarded as sufficient to accomplish all of Georgia's facility needs over a ten-year period. However, the maximum entitlement amount was adopted at a time when the state had a stable enrollment statewide.
>
> The establishment of a second entitlement program in 1996 created an additional level of entitlement earnings for growing school systems. . . . However, the exceptional growth program was not adopted in the context of an overall, systematic review of the state Capital Outlay Program. . . .
>
> The premise is widely accepted that current [year 2000] earnings per square foot [$49 for elementary schools, $51 for middle schools, and $53 for high school] in the Georgia capital outlay formula do not reflect current construction costs. . . .
>
> Property wealth per student was established as the measure of school system financial ability at a time when the property tax was the only significant revenue source available at the local level to boards of education. . . . When a one-percent local

> option sales tax became available to local boards of education for school construction purposes, variation in the capacity to produce sales tax revenue per student became a legitimate issue in the determination of local wealth. . . . To date, however, sales tax wealth has not been included in the definition of wealth used to distribute state capital outlay dollars.
>
> Although there is a tendency for high-wealth systems to also be more likely to experience rapid enrollment growth, there are many exceptions; therefore, there is no perfect correlation between the two variables. The state may wish to consider alternatives for disassociating need from wealth in determining the proportion of required local effort in each system. (p.22-23)

The Governor's Education Reform Study Commission (2000b) conceded, "changing the law could be difficult and may not be accomplished in a timely manner for funding" (p. 26). The Commission's report was completed in November 2000. A number of recommendations and alternatives were made for changes in state policy. That there was an inquiry of this nature at the state level is testament to the significance of the problem. The researcher attempted to discover whether any recommendations made by the Commission were instituted. The researcher also attempted to discover any state policies that impeded or delayed adequate capital outlay funding for public schools in exceptional growth areas of Georgia.

Definition of Terms

Within the discussion of this study the following terms will be understood to represent the meanings that accompany them. Many of these terms are defined as given in GA CODE § 20-2-260.

Addition: Square footage of room floor space for instructional or other purposes added to an existing educational facility, whether physically connected thereto or a separate structure located on the same site.

Allowable Costs: Construction costs ($ per square foot) based on current annual construction cost data maintained by the Department of Education. Not to be confused with eligible costs.

Annual debt service: Expenditures for the annual retirement of debt for capital outlay construction projects for educational facilities and shall include the interest on the principal as well as the principal of the debt.

Average Weighted Full-time Equivalent Student Count: The average weighted full-time equivalent count as defined in paragraph (3) of subsection (a) of Code Section 20-2-165 is the first count of a fiscal year weighted two parts and the second count weighted one part.

Capital Outlay: Includes, but is not necessarily limited to, expenditures which result in the acquisition of fixed assets, existing buildings, improvements to sites, construction of buildings, construction of additions to buildings, retrofitting of existing buildings for energy conservation, and initial and additional equipment and furnishings for educational facilities.

Construction project: Refers to the construction of new buildings, additions or expansion of existing buildings, relocation of existing buildings or portions thereof, renovation or modernization of existing buildings or structures, and procedures and processes connected thereto, related to educational facilities.

District: More often called a "system" or "school system" in Georgia. Usually a school system with boundaries along county lines, but sometimes contained within city boundaries.

"Do Right" Entitlement: An expression used by local system administrators in reference to § 20-2-260 (g) (4) that is essentially a credit for local expenditures for eligible costs. In the

event that projects requested for funding exceed the total state entitlements and required local participation, local school systems may elect to contribute additional local funding. Local funds contributed in excess of required local participation on state eligible project costs may be credited toward earning entitlement for state eligible project costs to the extent of the state eligible needs identified in the Local Facilities Plan.

Educational Facilities: This includes buildings, fixtures, and equipment necessary for the effective and efficient operation of the program of public education required by this article, [§ 20-2-260] which, without limiting the generality of the foregoing, shall include classrooms, libraries, rooms and space for physical education, space for fine arts, restrooms, specialized laboratories, cafeterias, media centers, building equipment, building fixtures, furnishings, related exterior facilities, landscaping and paving, and similar items which the State Board of Education may determine necessary. The following facilities are specifically excluded: swimming pools, tracks, stadiums, and other facilities or portions of facilities used primarily for athletic competition and the central and area administrative offices of local units of administration.

Educational Facilities Survey: A systematic study of present educational facilities and a five-year forecast of future needs.

Eligible Costs or State Eligible Project Costs: Construction costs pertaining to educational facilities as defined above and specifically excluding swimming pools, tracks, stadiums and other facilities or portions of facilities used primarily for athletic competition and the central and area administrative offices of local units of administration. This is not to be confused with allowable costs.

Entitlement: The maximum portion of the total need that may be funded in a given year for a specific school system.

Exceptional Growth: That growth experienced by an exceptional growth system under the calculations specified in subparagraph (j)(2)(A) of GA CODE § 20-2-260 as the average of each school system's average full-time equivalent count for the three most recently completed school years ('most recent average') will be compared to the average of that system's average full-time equivalent count for the three most recently completed school years prior to the most recently completed school year ('earlier average'). If there is an increase in a school system's most recent average of at least 1.5 percent and at least 65 average full-time equivalent counts over that system's earlier average, that system will be an exceptional growth system. For each such exceptional growth system with an increased average count of at least 65 average full-time equivalent counts after the above calculation, the amount of such increase will be divided by the total such increase for all exceptional growth systems under this subsection to provide the ratio of each system's growth to the total growth of all systems with exceptional growth; and (B) each of the school systems identified as being an exceptional growth system under subparagraph (A) shall be entitled to a portion of the total entitlement authorization set by the General Assembly annually for exceptional growth based on each system's relative exceptional growth to the sum of exceptional growth for all systems. The entitlement for each school system shall be determined annually by multiplying each system's ratio of need to the total need for exceptional growth by each of the program authorization levels required. In addition to the annual entitlement, the local school system is eligible to receive any entitlement accrued [from exceptional growth entitlement] from previous fiscal years for

which state funds have not been received. Any method of determining entitlements in subsequent years shall in no way affect the amount of previously accrued entitlements.

Full-time Equivalent Student Count: The average of the two full-time equivalent counts pursuant to Code Section 20-2-160 for a school year generally stated as the following. The initial enrollment count shall be made after October 1 but prior to November 17 and the final enrollment count after March 1 but prior to May 1. The average of the first full-time equivalent program count, weighted two parts, and the projected second full-time equivalent program count weighted one part, shall be used to initially determine the funds needed to finance the program for the ensuing fiscal year. (Procedures for calculating the projected second count are found in GA CODE § 20-2-160 (c). See also, Average Weighted Full-Time Equivalent Count).

Level of Authorization or Level of Funding: For purposes of deliberations with the Governor and the General Assembly regarding the amount of state funds to be appropriated, calculations shall be made for at least three levels below the $200 million authorization for regular program funding GA CODE § 20-2-260 (g) (1) and $100 million for exceptional growth funding GA CODE § 20-2-260 (j) (1).

Local funds: Funds available to local school systems from sources other than state and federal funds except any federal funds designed to replace local tax revenues.

Local School System's One Percent Sales Tax Wealth: The funds in dollars generated or which could be generated during the year by a one percent sales tax.

Local Wealth Factor: The average of the property tax wealth factor and the sales tax wealth factor. The property tax wealth factor is determined by dividing the

local school system's net equalized adjusted property tax digest per weighted full-time equivalent student by the state-wide net equalized adjusted property tax digest per weighted full-time equivalent student. The sales tax wealth factor is determined by dividing the local school system's one percent local sales tax wealth per weighted full-time equivalent student by the statewide one percent sales tax wealth per weighted full-time equivalent student.

Net Equalized Adjusted Property Tax Digest: The equalized adjusted property tax digest furnished pursuant to Code Section 48-5-274, reduced in accordance with paragraphs (1) and (2) of subsection (a) of Code Section 20-2-164.

Physical Education Facility: Any facility which is designed for an instructional program in physical education and shall exclude any spectator stands, lobbies, public restrooms, concession areas, or space normally identified to serve only the interscholastic athletic program in which the school may participate.

Renovation or Modernization or Both: Construction projects which consist of the installation or replacement of major building components such as lighting, heating, air-conditioning, plumbing, roofing, electrical, electronic, or flooring systems; millwork; cabinet work and fixed equipment; energy retrofit packages; or room-size modifications within an existing facility, but excluding routine maintenance and repair items or operations.

Required Local Participation: The amount of funds which must be contributed by local school systems from local funds for each construction project.

System: A local school system usually bounded by county lines, but sometimes contained within a city boundary. Also known as a district.

Unhoused Students: Those students who are not housed in school facilities which are structurally sound with adequate space as defined by the state board. This term is routinely used to describe students having classes in portable classrooms.

Summary

The purpose of this study was to describe and explain the State of Georgia school construction funding polices and their impact on exceptional growth districts. School systems in many states have experienced rapid growth with resulting difficulties in funding construction of school facilities. Georgia has had a number of exceptional growth school systems that housed students in portable classrooms because the systems were unable to access funds to build permanent facilities rapidly enough to house those students. Traditionally, school construction was a local system responsibility, but more recently states increased their oversight and involvement with all education funding. Part of this was the result of court actions challenging state funding policies across the United States.

In 2000 the Governor's Education Reform Study Commission studied the state capital outlay program for public school construction. From that study a number of recommendations were made for changes in the program. The researcher attempted to discover whether or which recommendations were adopted.

The study was guided by the following questions:

1. What school construction funding policies has the State of Georgia had in effect for the last 10 years?
2. How have Georgia school construction funding policies impacted exceptional growth school systems as those systems endeavored to house all students within permanent structures?

The theoretical framework of the study originated from an epistemology of constructionism, which is an attempt to bring together objectivism and subjectivism, to construct meaning from what is known. The theoretical perspective was symbolic interactionism with an objectivist view that the data exist and the researcher finds them. The methodology was grounded theory linked to policy analysis using case study as the method for data collection. The target case study was a school system that meets the Georgia Department of Education Facilities Services Unit criteria for exceptional growth. Three other exceptional growth school systems of differing demographics were studied for cross case comparison. Data were collected through interviews, observations, and document collection.

Two issue papers presented in 2000 from the Governor's Education Reform Study Commission support the significance of the study. The Governor's Commission acknowledged the trailer park atmosphere surrounding school campuses in high growth areas of Georgia. Also, that media have repeatedly found the issue of interest should be of concern to legislators, who are, in fact, policy makers and answer to their constituents. School systems in Georgia have turned to special purpose local option sales taxes (SPLOST) to aid the effort to provide adequate permanent classroom space. The use of local sales taxes may have created new issues of equity and adequacy, as low wealth districts with limited retail sales were unable to access revenues as great as that of high wealth districts. Equity and adequacy litigation in other states indicated states might be held accountable for insuring local school systems provide facilities that meet minimum standards for all students. The plethora of data in the literature underscores a need for analysis of capital outlay policies at the state level.

Organization of the Study

The description of this study is organized into six chapters. Chapter 1 outlines the purpose of the study, background of the study, theoretical significance, research questions, method, definition of terms, summary and organization of the study. Chapter 2 consists of a review of literature on national concerns regarding student enrollment, construction costs, state funding, local funding, and portable classrooms. The chapter includes State of Georgia concerns regarding student enrollment, construction costs, and portable classrooms. A history of the state capital outlay program is outlined. Issues of concern, litigation, the research process, and a summary are presented. In Chapter 3, the theoretical framework, research questions, rationale for qualitative study, design of the study, data sources, analysis of data and a summary are presented. In Chapter 4, findings from the data are presented. Chapter 5 includes an analysis of the findings as they relate to the research questions and as they apply at the local, state agency, and legislative/gubernatorial levels. Chapter 6 summarizes the previous chapters and discusses the findings as they apply to the research questions. Implications of the study, concluding thoughts, recommendations, and implications for further study are presented.

CHAPTER 2

REVIEW OF LITERATURE

The purpose of this study was to describe and explain the State of Georgia school construction funding policies and their impact on high growth districts. This chapter addresses (a) the national problem of rapidly growing student enrollment, (b) construction costs across the United States, (c) state funding across the U.S., (d) local funding across the U.S., and (e) use of portable classrooms across the U.S. Next, state concerns regarding capital outlay funding are considered: (a) student enrollment in Georgia, (b) construction costs, (c) use of portable classrooms in Georgia. Litigation at state levels in which school systems have sought to challenge state capital outlay policies for school facilities is presented. Then, the history of the capital outlay program for school construction in Georgia is summarized. Georgia state and local funding procedures are described. Selected areas of state policy that were of concern to the Governor's Education Reform Study Commission in 2000 (2000a, 2000b) are offered for consideration. A summary of research regarding current findings in policy analysis is presented.

National Concerns Regarding Student Enrollment, Construction Costs, State Funding, Local Funding, and Portable Classrooms

Student Enrollment

The U.S. General Accounting Office (2000, September) reported the second greatest growth related concern among communities was an inadequate local tax base for supporting schools and services. Data from a number of sources revealed growth of student populations as a matter of national concern. The U. S. Department of Education, National Center for Education

Statistics (2003), estimated an increase of 616,000 students in public elementary and secondary schools from 2001 to 2005 and an increase of 2,049,000 from 2001 to 2013. Enrollments in 17 southern states were projected to increase 681,000 from 2001 to 2013. The baby boom echo—the 25% increase in the nation's number of annual births that began in the mid-1970s and peaked in the 1990s—and rising immigration increased school enrollment dramatically. Growing enrollments in public elementary and secondary schools were expected to continue to a high of 49.7 million by 2013 for a 4% increase over 2001. (U.S. Department of Education, National Center for Education Statistics, 2003).

According to the National Governor's Association, (2000, p. 1),"Communities across the nation are struggling to construct new schools and renovate existing ones to meet rising student enrollment."

U.S. Secretary of Education, Richard W. Riley (1998), commented:

> The long-term implications of this immense wave of young people going to school require educators and community leaders to recognize that short-term solutions—symbolized by the ever-present portable classrooms in countless school yards—may not be sufficient to the task at hand. (p.1)

[Growth] is being played out again and again in hundreds of school districts . . . throughout the United States. . . . Population growth is forcing schools to come up with more classroom space" (Kennedy, 2001, ¶ 5).

Augmenting the problems of increased student enrollments were initiatives to reduce classroom size:

> Dramatic increases in enrollment due to the 'baby-boom echo,' immigration, and migrations have led many schools to enroll far more students than they were designed to accommodate. Compounding these conditions are initiatives to reduce class size, resulting in the need for even more classrooms. (U.S. Department of Education, National Center for Education Statistics, 2000, p. vi)

In 1999, 18% of schools in the South reported they were overcrowded by 6-25% and 8% of schools reported overcrowding above 25% (U.S. Department of Education, National Center for Education Statistics, 2000).

> The South has had larger enrollments than other regions in the United States over the past 35 years. . . .Between 2003 and 2013, . . . enrollment in pre-kindergarten through grade 12 is expected to . . . increase from 17.3 million to 17.9 million in the south. (U.S. Department of Education, National Center for Education Statistics, 2004, p. 39)

The problem of providing adequate facilities and classroom space for student populations for many districts was compounded because school districts experienced shortages in funds (Argon, 1999). Those shortages were attributed to continuing growth of school populations, especially in districts bordering metropolitan areas, and changes in safety and curriculum requirements (Lawrence, 2001). Two kinds of districts experienced the highest magnitude of problems: those with a tax base that would not support rudimentary repairs and renovations and those with explosive growth (Hardy, 1997).

Construction Costs

In the United States, construction expenditures for elementary and secondary schools grew by 39% between 1990 and 1997, most of which was for new construction (U.S. General Accounting Office, 2000). In the "2003 Construction Report" (Abramson, 2003) announced an all time high for 2002 completions for new schools at $12.4 billion. The report estimated new school completions across the United States for 2003 at about $11.8 billion. Nationally, overall construction starts slowed somewhat from 2002 to 2003, but the ratio of new to total new construction, additions, and renovations increased. Renovations and additions declined from about $9.2 billion in 2002 to a projected $8.9 billion in 2003. Projections for total new, renovations, and additions completions in 2003 were at about $21.6 billion and total 2003 starts were at about $20 billion.

In 2002 the southeastern region (Florida, Georgia, Alabama and Mississippi) had total new, renovation, and addition construction at $2.34 billion. In 2002 the southeastern region had new construction at $1.77 billion, 73.4% of all new, addition, and renovation construction. This 73.4% in the Southeast compared with a ratio of new construction at 57.4% of total new, renovation, and addition construction across the United States. Costs in the region ranged from $88 to $111 per square foot. Georgia and Florida had the highest overall spending in the Southeast.

In September 2004, both "Education Week" (Sack, 2004) and "Engineering News Record" (Grogan & Hampton, 2004) reported costs for construction materials had increased dramatically. "Education Week" reported the increased costs of steel and other construction materials and shortages in some materials were forcing some school districts to delay projects, redesign projects, substitute other materials, or look for more money.

State Funding of School Facilities Across the United States

The willingness of states to participate in capital outlay programs varied across the nation:

> In 2002, eight states . . . provided no state funding for school infrastructure projects. In the rest of the 42 states, funding support ranged from full state funding to minimal amounts of per pupil funding. The increased state involvement in funding school construction is due to a number of factors: recent litigation that has expanded equity from programmatic issues to facilities issues, increased enrollments, state mandates that require more classrooms, and large state fund balances. (Sielke, in press, p. 10)

In the early 2000s, there were two general types of school aid—basic support and categorical aid. These helped fulfill state responsibilities for providing and maintaining public education systems and insured some minimal or adequate educational programs in local districts. States have a broader tax base than local systems from which to generate revenue that can be equitably re-distributed. Basic support aid was usually sent to local systems based on specific

state formulas. These formulas usually addressed disparities among districts so all students within the state had equitable educational opportunities. Categorical grants usually referred to specific objectives or policy goals. Some states weighted their basic aid formula to address specific goals (Swanson & King, 1997).

States offered varying combinations of funding methods. Some states offered flat grants on a per pupil basis as part of their facilities funding. Flat grants were not considered to be equitable, as they were not based on need or ability to pay. Equalized grants meant districts that had a greater local funding capacity received less state funding and those with lesser fiscal capacity received greater state funding. However, funding capacity was rarely the only criteria. Specific needs such as high enrollment growth, health and safety issues, and general disrepair might also be considered. State loans might be made to low wealth districts that could not raise funds. This allowed districts to borrow at low interest rates and repay, usually from bond issues. Wealthier districts in the United States, even with the influx of new tax money from growth, were sometimes unable to keep up with need. California and Colorado have attempted to impose impact fees on developers of new residential and commercial construction (Lindsay, 1995).

An evaluation of funding sources in California found a funding proposition passed in California in 1990 for $1.6 billion left about $6 billion more in facility projects not funded. The process of applying for state funding at that time was complicated and time-consuming. School boards found it challenging to go through the process only to find there were no funds available (Shilts, 1992).

> State laws sometimes severely limit the amount of indebtedness a school district can incur. . . . Some school districts have found themselves in the position of having developed aggressive building plans (or sometimes not so aggressive) only to discover that the plans cannot be implemented due to fiscal limitation. (Sielke, in press, p.1)

Local Funding of School Facilities Across the United States

In recent years the majority of states have contributed to school construction in some way. Traditionally, local school districts bore the costs of facilities construction. As enrollments grew and curriculum requirements changed, communities were forced to find ways to finance facilities. Sales of bond issues became a way for communities to raise funds and extend repayment over many years (Sielke, in press).

Bond issues required voter approval, usually for a specific amount and for a specific purpose. Approval of a bond issue gave the school district the right to levy mills (property taxes) to meet the annual repayment of principal and interest on the bonds. Most states imposed some kind of debt limitation upon local school districts. The debt limitation was a function of the tax base used to refund the borrowing that occurred. This debt limit was usually expressed as a percent of the taxable property or assessed valuation of the school district. If there were no state provisions for equalizing funding, and because the taxable property wealth usually varied greatly from district to district within a state, disparities might exist in the local ability to fund capital improvements. Advantages of bond issues were that (a) bond issues did make large sums of money available at one time, (b) local systems did not have to save funds over years, (c) funds could be invested and earn interest, and (d) payment was deferred over time. Disadvantages were that (a) there were interest costs, credit ratings, and complicated accounting issues; (b) most states required voter approval; and (c) the bonding capacity was linked to property values, which was a concern for both student and taxpayer equity. Students who resided in low wealth communities usually did not profit from the same quality facilities as children in other districts. This left the state at risk for equity and adequacy challenges in court (Sielke, in press).

Local option sales taxes, called special purpose local option sales tax (SPLOST) in Georgia, have been recently used in Georgia, Florida, and North Carolina with voter approval at the local level. The sales taxes were usually ½% to 1%. Advantages were (a) the local system might raise large sums in a short period of time, and (b) the tax burden extended beyond property owners, and even local residents, to anyone who spent money in the community. Low wealth communities with no large commercial base were unable to access such funds. Additionally, if residents of rural, low wealth districts had to purchase goods in wealthier communities that had approved local option sales taxes, they were, in fact, providing revenues to other than their own school systems. Also, sales tax revenues rose and fell with the economy and a school system might well have a facility planned or under construction but be unable to complete it if sales revenues declined (Sielke, in press). Even so, voter approval of special local option sales taxes in Georgia was so successful that it began replacing bond issues to fund school construction (U.S. General Accounting Office, 2000).

Other local funding options included sinking funds in which systems saved for future facilities with voter approval of additional millage. Developer or impact fees on new homes could be used by rapidly growing districts to aid in providing facilities for students. A pay-as-you-go method allowed districts to levy special mills expressly for capital projects. This was highly dependent on the property wealth of the district and might be either authorized by the local board of education or require voter approval.

Portable Classrooms

In "Condition of America's Public School Facilities: 1999" (U. S. Department of Education, National Center for Education Statistics, 2000), in a survey of 903 schools, about 22% of schools had enrollments more than 5% above their capacity. Schools that were classified

as overcrowded were more likely than other schools to report at least one type of on-site building in less than adequate condition. Overcrowded schools were also more likely than other schools to (a) have at least one building feature such as floors, foundations, framing and electrical power in less than adequate condition; (b) have at least one environmental factor in unsatisfactory condition; and (c) more likely to have unsatisfactory ventilation, heating, lighting, indoor air quality, acoustics and security. Kozol (1991) also found schools overburdened by too many students were likely to experience greater deterioration to their facilities.

School systems tended to alleviate overcrowding in permanent buildings by using portable classrooms.

> From a district's perspective, the two advantages of portable classrooms are low initial cost and short time between specification and occupancy. They are intended to provide flexibility to school districts, enabling quick response to demographic changes and providing the ability to be moved from one school to another as demographics change. In reality, portable classrooms are seldom moved and become permanent fixtures of the school. (U.S. Environmental Protection Agency, 2003, p. 1)

U. S. Department of Education, National Center for Education Statistics (2000), reported about 36% of schools indicated they used portable classrooms and 20% reported using temporary instructional space primarily to relieve overcrowding. There are drawbacks in the use of portable classrooms as alternatives to overcrowding in schools. The United States Environmental Protection Agency underscored their concerns about indoor air quality in portable classrooms by identifying such problems as (a) heating, ventilating and air conditioning systems that provide minimal ventilation with outside air, (b) poor acoustics from noisy ventilation systems, (c) chemical off-gassing from pressed wood and other high-emission materials, (d) water entry and mold growth, and (e) exhaust pollution from nearby parking lots or loading areas. The Children's Health Environmental Coalition (Webber, 2003) cited concerns regarding portable classrooms

with (a) high levels of formaldehyde and the presence of mold that were linked to problems with asthma, (b) respiratory tract problems, and (c) skin rashes. The California Department of Health Services (2003) presented a study of environmental conditions in California's public classrooms. That study, commissioned by the California legislature, had as its primary area of concern health issues related to portable classrooms. The study found:

> A variety of problems, such as inadequate design, operation, and maintenance of ventilation systems; contaminants present at undesirable levels in the air and floor dust; excessive noise levels; inadequate lighting, and mold and moisture problems. (p. 23)

A study by the British Columbia Teacher's Federation, in a survey of teachers, found teachers experienced poor air quality conditions in portable classrooms (Naylor, 1997). The study also found teachers were concerned about physical isolation from the main building, poor emergency communication resources, inability to properly monitor students between portables and the main building, and vandalism.

Georgia Concerns Regarding Student Enrollment, Construction Costs, and Portable Classrooms

Student Enrollment in Georgia

A number of schools systems in Georgia have experienced rapid increases in school populations for years. The local systems, in many cases, have been unable to build school facilities rapidly enough to house students. The researcher observed individual schools with as much as 50% of their school population housed in portable classrooms.

When the current capital outlay program in Georgia was enacted in 1977 (Governor's Education Reform Study Commission, 2000b), the student population in Georgia was declining. This trend reversed in 1984 when the average student population reported in grades 1-12 for the 1984-1985 school year increased by almost 9,000 students. While the data show the average

student population appeared to increase significantly from 1985 through 1988, the growth in grades 1 through 12 remained almost constant at 9,000 new students per year. However, implementation of the full-day kindergarten program in public schools over the three-year period from 1985 to 1988 resulted in an additional increase of approximately 10,000 new kindergarten students. This brought the total increase in student population to approximately 19,000 per year for those three years (Governor's Education Reform Study Commission, 2000a).

The increase in student population in Georgia between 2000 and 2002 was estimated at 36,000 students with another increase of 22,000 from 2002 to 2004 (U.S. Department of Education, National Center for Education Statistics, 2003). Projections from this source indicated annual growth in Georgia would remain above 10,000 students per year until 2006. From 1991 to 2001, six Georgia districts—Atlanta, Gwinnett, Cobb, DeKalb, Fulton and Clayton— ranked in the top 100 largest school districts in the nation. There were other districts that were not as large but were growing at a faster rate. Only one of the largest districts, Atlanta City, declined by 5.5% (Kennedy, 2003). From 1991 to 2000, the annual *growth rate* of all student enrollment in Georgia fluctuated between of 22,075 and 31,651. During the 1995 to 2000 period, there was a four-year decline in the growth rate and the number of students added each year. In 2000 statewide student enrollment was projected to continue to grow but at a lower percentage change. The Georgia Department of Education Facilities Services Unit in its "2003 Status Report of Georgia Capital Outlay Program" (2003c) showed growth reported by school systems totaled for the school years as (a) 25,618 in 2000-2001, (b) 19,809 in 2001-2002, and (c) 23,129 in 2002-2003, for an average growth 22,852 per school year.

Growth was more pronounced in individual systems. The Georgia Department of Education projected 66% of total growth for FY 2002 would occur in the counties ranking in the

top ten by growth (Governor's Education Reform Study Commission, 2000a). Ranking from greatest to least in projected student population growth these counties were Gwinnett, Cobb, Fulton, Henry, Dekalb, Forsyth, Clayton, Paulding, Cherokee, and Hall (see Appendix B). Some small systems showed that, although the numbers of increasing students were lower, the percentage of increase was much higher. Ranking from greatest to least in percentage of population growth these counties were Forsyth, Henry, Union, Paulding, Dawson, Banks, Gwinnett, Barrow, Bartow, and Fulton. When ranked by the projected number of additional instructional units (classrooms) needed per year the systems were Gwinnett-76, Fulton-37, Forsyth-20, Henry-23, and Paulding-15.

The general population in the county for School System A, the primary target of interest in this study, according to the U.S. Census Bureau, (2000), was 58,741 in 1990. In 2000, the census indicated the population at 119,341, which was an increase of about 103 % over 10 years, or an overall average of about 10.3% per year. The U. S. Census Bureau estimated the general population would grow about 6.7% from years 2000 to 2005. The Census Bureau projected population growth from 2005 through 2010 at about 6.5%.

Table 1

Student Population Growth in System A

Year	98-99	99-00	00-01	01-02	02-03	03-04
No. Students	20,128	21,743	23,602	25,312	27,542	29,583
Growth Each Year		1,615	1,859	1,710	2,230	2,041

School System A. *Local Facilities Plan* (2004a)
Note: 2003-2004 Update received by email from Georgia Department of Education Facilities Services Unit

In 1990 there were 16,684 family households with a median family income of $40,733 in School System A. In 2000 there were 41,373 family households with a median family income of $57,309. The school system's Local Facilities Plan for the five-year period beginning FY 2005 and the FY 2006 update showed student enrollment as found in Table 1.

Construction Costs

In 2000 the Office of Planning and Budget reported to the Governor's Education Reform Study Commission that the state capital outlay formula allowed $49 to $53 per square foot for construction, but local school systems spent $75 to $76 per square foot (Georgia School Superintendents Association, 2000b). The capital outlay program did not allow for purchase of land, site improvements, non-classroom facilities, and special programs such as alternative schools, psycho-educational centers, and space for pre-kindergarten.

For System A, funds from property taxes (millage rate 3.06) for school bonds in this county increased about 62% (Georgia Department of Revenue, Property Tax Division, 2002) from 1996 to 2001. Requested funding from the state for regular and growth entitlement and special appropriations for System A for FY 2004 was $10,937,799 (Georgia Department of Education Facilities Services Unit, 2003). State funding requested for fiscal year 2005 was $17,019,616 for exceptional growth and regular programs. (Georgia Department of Education Facilities Services Unit, 2003). Even so, these sources did not provide enough to cover the costs of facilities. In September 1997, voters approved a $95 million SPLOST (Interviewee #1). On March 19, 2002, voters responded to the continuing system-wide needs and approved a continuation of local funds for five years from the one-cent special purpose local option sales tax (SPLOST) "to pay for school facilities as they are constructed thereby preventing long-term debt from being placed on real property" (School System A, 2004c). The proceeds were to be used

for completion of (a) one high school, (b) three middle schools, (c) six elementary schools, (d) land acquisition for school sites, (e) technology enhancements for all schools, and (f) renovation, repairs, additions, and improvements at existing schools. In 2003 voters approved a bond of $125 million (Interviewee #1).

Portable Classrooms

In School System A, the 2002-2003 school year opened with approximately 26,000 students (personal communication, September 2002). About 6,000 of these, or 23% were in portable classrooms. The student population rose to about 27,468 during that school year and was projected on the system Web site in 2003 to reach 36,614 by the 2006-2007 school year. By December 2004, the school system Web site reported 32,124 students enrolled for the 2004-2005 school year (School System A, 2004c). An agent of the System A board of education estimated the elapsed time from the identification of a need for a school to occupancy of the building was about four years. Unfortunately, population growth had been such that, typically, a new school had portables on site shortly after opening. At the beginning of the 2002-2003 school year, a new middle school in System A had 24 portables on site for its third year in operation. At the beginning of school year 2004-2005, this school system had five new schools in post construction, three schools scheduled to open during the 2004-2005 school year, two schools scheduled to be completed by June 2006, and four schools in pre-construction planning or bidding (School System A, 2004b).

Although newspaper articles generally are not considered appropriate sources for a research study, the following article is included to underscore the problem of school overcrowding as one that receives recurring press attention, which should be of concern to

legislators and policy makers. In an article by Dodd (2002), the "Atlanta Journal-Constitution" newspaper headlined growth problems in Georgia school systems:

> In Gwinnett County, one of the state's best school districts, they [portable classrooms] are a symbol of growth—and a symptom of the years that pass between projections of overcrowding and the time the money is available for new classrooms. Even with 15 schools under construction, plans for 1,989 more classrooms and a full-time demographer on the payroll, trailers remain permanent fixtures—not quick fixes—in the state's largest school system.
>
> In the next school year, with the addition of 42 portables, Dacula Middle and Dacula High—the two facilities with the most trailers in Gwinnett—will have a total of 191 [portable classrooms] to help handle 3,000-plus students each, or double the enrollment they were built to handle. Seven new elementary schools will open with trailers outside the front doors. . . .
>
> Elsewhere across metro Atlanta, other school grounds are turning into budding trailer compounds.

History of the Capital Outlay Program in Georgia

The Constitution of the State of Georgia (2002) provides in Article VIII, Section I, Paragraph I:

> The provision of an *adequate* [italics added] public education for the citizens shall be a *primary obligation* [italics added] of the State of Georgia. Public education for the citizens prior to the college or postsecondary level shall be free and shall be provided for by taxation.

In November 2000, the Governor's Education Reform Study Commission, Education Facilities Committee presented two issue papers, "Assessing the Need" and "Financing School Facilities". These included the history of capital outlay for construction of school facilities in Georgia. The following is a compilation of the history of Georgia's capital outlay program taken primarily from those two reports. Because the reports are concise, from the governor's office, compiled by the Georgia Department of Education Facilities Services Unit, and this researcher prefers not to interpret or edit the information, these issue papers have been substantially quoted.

> Georgia's approximately1,875 public schools are divided into 180 systems. Of the 180 systems, 159 are county systems and 21 are independent city systems. These systems range in size from one school containing 137 students in grades K-6 to the largest system containing 85 schools with over 103,000 students. (Governor's Education Reform Study Commission, 2000a, p. 5)

According to the Governor's Commission, Georgia was one of the first states in the nation to require local systems to develop long-range facilities plans and provide an orderly legislative process and logical effort to assist local school systems in meeting their needs for public school facilities. Georgia's program has often been reviewed by other states in making decisions to develop ongoing funding for capital construction in their state. Between 1995 and 2000, four states, Ohio, South Carolina, Alabama, and Tennessee, sent representatives to examine Georgia's program.

> In 1951, the General Assembly unanimously passed the "Georgia Education Authority (Schools) Act" (GA CODE § 20-2-550 through 582). This act created the Georgia Education Authority as a public corporation and instrumentality of the State of Georgia. The legislation gave the Georgia Education Authority (Schools) the power to: (1) issue revenue bonds; (2) acquire property, condemn property or accept title to any property; and (3) execute any instruments, contracts, or leases needed for the management and construction of public school buildings and facilities. The Georgia Education Authority (Schools) remained the administrative agency responsible for assisting school systems with school construction projects from 1951 to 1980. (Governor's Education Reform Study Commission, 2000b, p. 8)

> During the period from the early 1950s to the late 1970's some state funding was provided to school systems experiencing extraordinary growth in student population, consolidating schools, or adding vocational facilities. Generally, legislative support for capital improvement of schools was limited to specific projects in specific systems. (Governor's Education Reform Study Commission, 2000a, p. 5)

> Although a few school systems were fortunate enough to have local funds derived from a trust, endowment fund, or some other specialized source of revenue, the property tax was the only source of local funding available to most school systems. While the local funds needed to complete a small construction project might be included in the annual budget for maintenance and operations, voter approval was required to issue general obligation bonds to obtain the local funds required for larger capital improvement projects. If the voters approved a proposed bond referendum, mills would be levied annually (usually for a period of twenty years) to retire the principal and interest payments on the bonds. (Governor's Education Reform Study Commission, 2000b, p. 8)

"Many smaller systems and/or systems 'out of political favor' had no chance to receive state assistance of any kind to support long-range facilities planning or construction activities" (Governor's Education Reform Study Commission, 2000a, p. 5).

> School systems were responsible for lobbying legislators to obtain state funds for any school construction projects. If the General Assembly authorized state funds for a project and the Authority was to construct the building(s), the school system was then required to transfer title for the school site to the Georgia Education Authority. When the title was transferred, the Authority became responsible for the management and/or the performance of all required design and construction activities until such time as the construction project was completed. Once the project was completed, there was also an option whereby the system could lease the facility from the Authority for an amount to be determined from year to year for a period not to exceed 50 years. . . .
>
> During the 1960s, a second building program was authorized and an appropriation of approximately $5.5 million was used to fund the program. The annual allotment to school systems was raised from $200 to $250 per state-allotted teacher. Growth allotments in the amount of $18 per student were provided for increases in average daily attendance that had occurred since the 1951-1952 school year. School systems were required to have no less than 50 % of their bonding capacity outstanding or match the state funds on a dollar-for-dollar basis in order to access the growth funds. (Governor's Education Reform Study Commission, 2000b, p. 8 & 9)

A Governor's Task Force on Education considered problems related to educational facilities. "In 1976, a task force of 26 educators and private citizens was created by the governor [George Busbee] to identify ways to use education resources for the greatest benefit of Georgia's children" (McGuffey, 1978, p.14). In 1977 the General Assembly passed HB 905 (signed into law that year) to implement many recommendations made by the task force. The law required each school system to complete a long-range comprehensive survey of its projected capital improvement needs to be done before the end of a seven-year period, followed by another survey at least every five years, to participate in the program. In 1981 the legislature funded this new capital outlay program at $100 million statewide, (raised to $200 million beginning fiscal year

2003), to local school systems annually (Governor's Education Reform Study Commission, 2000a, 2000b).

It should be noted that laws are not always funded in the year they are approved. Years may pass before funding is secured. Dates given are usually dates that laws were passed. The researcher found some sources did not distinguish whether a date given was the date passed or the date funded. An attempt was made to clarify whenever there appeared to be some discrepancy. In some cases it appeared the General Assembly might have passed a law with the intent that local school systems could comply without state funding.

Although some significant amendments have been made in the capital outlay program, no comprehensive revision of the state plan in the determination of how local school systems qualify has occurred since the original enactment. The amendments having the greatest effect on funding levels include the addition of the incentive advance funding program in 1985 (terminated in 1999), the addition of the exceptional growth program in 1994 (funded in 1996 and set to terminate in 2009), and the addition of the low wealth program in 1999, (set to terminate in 2009), (Governor's Education Reform Study Commission, 2000b).

Increasing student populations in the 1990s brought about the exceptional growth funding:

> Because of the growth in the student population in Georgia around the mid-nineties, the need for new facilities resulted in a change in the law to add a second tier of funding to assist school systems experiencing growth. The Exceptional Growth Program component was added to the existing Capital Outlay Program. . . . This program provided another tier of funding with the potential of providing an additional $100 million per year for school systems where the student population was growing. Funds were appropriated for the first time under this program in FY 1996. While funds for the Regular, Regular Advance, and Incentive Advance components of the program are generally derived from the sale of state bonds, the funds for the Exceptional Growth program component were derived from lottery revenue. (Governor's Education Reform Study Commission, 2000a, p. 11)

An interviewee at the Office of Planning and Budget reported that when fewer lottery funds were available to the exceptional growth program the 2002 General Assembly (legislature) moved that program from funding by the lottery, beginning fiscal year 2003, to funding by the sale of state bonds.

The funding programs offered by the state in the capital outlay program were

1. Regular—Based on the eligible construction needs included in the current local facilities plan and the eligible principal and interest payments on local bonds for the five-year plan.

2. Regular Advance—Smaller school systems could apply only if the amount of state funding requested (after any accumulated entitlement was deducted) exceeded the system's expected entitlement earnings for at least three more years at 100% authorization level.

3. Merger Funding—For school systems wishing to merge total operations or consolidate two or more schools into a single school that met or exceeded the minimum school size or represented 100% of the students population for those grade levels in all systems party to the consolidation (not a part of this study).

4. Incentive Advance—For systems operating schools below the minimum size or not in the K-5, 6-8, 9-12 organizational pattern recommended by the Quality Basic Education Act. Fiscal year 1999 was the last year systems could qualify (not a part of this study).

5. Exceptional Growth—For systems experiencing rapid growth. Originally approved in 1994 and amended in 1996 to prohibit applications for construction of less than three instructional units. Beginning in 1998, only those school systems with an enrollment increase of 65 students or more and a rate of growth of 1.5% were eligible. Originally funded with lottery funds but later funded by state bonds. This program is to terminate in 2009.

6. Low Wealth—Enacted in 1999 to assist school systems having low property, sales, and per capita income wealth. A school system had to have less than 75% of the state average on each of three wealth measures—property wealth per student, sales tax wealth per student, and per capita-income wealth. The school system was required to have at least one year of payments remaining on advanced funding in the state capital outlay program. A minimum-operating levy was required. In the 2004 legislative session, approval was given for local school systems to make a second application for low wealth funding. This program is to terminate in 2009.

In an effort to limit costs the state offers incentives for districts that chose to use state approved architectural plans, architects, construction managers, etc. (Sielke, in press). To the local system this is a line item credit in the local application for state funds.

In 1996 voters approved an amendment to the Georgia Constitution, and in 1997 the General Assembly authorized special purpose local option sales tax (SPLOST). Local school districts in Georgia were allowed to finance projects by local voter approval of a $0.01 special purpose local option sales tax (SPLOST) for up to five years (Sielke, in press). As of 2000, over 158 local school systems had collected up to $6 billion in local sales taxes for facilities renovation, construction, and other needs. Projects built totally with SPLOST receipts were not taken out of the Georgia Department of Education entitlement calculations until the facility was actually occupied (Governor's Education Reform Study Commission, 2000a). SPLOST introduced almost immediate realization of large sums of money. Unfortunately, funds from sales taxes were subject to economic setbacks. Also, local sales taxes were less likely to raise revenue in those districts with few businesses (Education Commission of the States [ECS], 1995). Even so, the $6 billion (Governor's Education Reform Commission, 2000a) SPLOST funds from 1997 to 2000, combined with $488.71 million in local bonds (Governor's Education Reform Commission, 2000b) for a total of $6,488,710,000 in local funds represented nine times the state authorized level of funding, $720 million from all programs.

The State of Georgia provided categorical grants as special appropriations for new classrooms under a reduced class size initiative (House Bill 1187, 2000, also known as A+ Education Act of 2000). Such special appropriations are usually of short duration and for a specific purpose.

Since 1977 Georgia's capital outlay program has provided for data collection from each school system in order to assess the local and state facilities needs.

> Every local school system [in Georgia] is required by law (GA CODE § 20-2-260) to develop a comprehensive, long-range facilities plan in order to participate in the State capital outlay program. . . . Each school system's long-range facilities plan includes, at a minimum, the necessary information to develop a realistic estimate of the costs to do

> what needs to be done at a particular point in time. The local facility plans are based upon a projected number of full-time-equivalent (FTE) students. The organizational pattern, school sizes, and the educational programs each system plans to offer are included school by school. The current status portion of the facilities plan includes current enrollment and a detailed facilities inventory of each of the existing schools. (Governor's Education Reform Study Commission, 2000a, p. 6)
>
> The actual construction needs vary widely among these 180 systems. Some systems have all students adequately housed in facilities that are in good condition. Other systems have literally thousands of students housed in trailers or crammed into every available space. Even in those systems with all students housed [in permanent buildings], a number of schools may need major renovations and modifications. The local ability to fund capital construction using totally local dollars varies substantially among these 180 systems. (Governor's Education Reform Study Commission, 2000a, p. 5)

The concern has been that, even though data were available, rapidly growing school systems appeared to not have the financial means or procedures by which construction could keep pace with increasing student populations. By state definition students in temporary facilities are called "unhoused" (GA CODE § 20-2-260 (b) (16)). Large numbers of students remained unhoused, even in Fulton County, one of the wealthiest systems in the state. The Department of Education (a) only began to inventory portable classrooms about 2003, (b) has not provided funds for portable classrooms, and (c) has not written construction standards for such facilities (personal communication, October 2003). Local systems have had to provide all funding for these facilities, which often remained on school campuses for years and deteriorated rapidly. Schools operating with student populations beyond their intended capacity suffered increased maintenance costs of facilities and increased safety issues related to crowd control and behavior management (Interviewee #1).

Issues of Concern

In "Financing School Facilities," former Governor Roy Barnes' Education Reform Study Commission, Education Facilities Committee (2000b), suggested several issues of concern:

> The state capital outlay program has never purported to satisfy all facilities needs in the state, nor did the previous program funded under the Georgia Education Authority (Schools) Act. Facility projects funded with revenue from state tax sources have never been sufficient to house all public education students in Georgia, even with the authority of the state to incur long-term debt through the issuance of general obligation bonds. For many reasons, therefore, local revenue sources are necessary to fulfill facility needs, and in some school systems, the bulk of facility costs have been paid from local funds. (p.15)
>
> Although the Capital Outlay Program has served the state well during its two decades in Georgia law, numerous issues have been identified that should be addressed in an effort to strengthen the program further. Circumstances have changed since 1981, and amendments to the capital outlay formula may be warranted. Among findings reported . . . (1) Georgia's annual enrollment growth is considerably higher than in the early 1980's; (2) inflation in the cost of resources for school facilities over the twenty-year period has reduced the value of the $100 million maximum entitlement level; (3) the opportunity of local boards to seek voter approval of one-percent local option sales taxes creates a new form of local wealth that is not measured in the state formula; and (4) the amount of funds earned per square foot for construction projects in the state formula does not cover current minimum costs, thereby necessitating additional local funding in excess of the required local share. (pp. 22-23)

During several meetings in 2000, the Educational Facilities Committee, as part of the Governor's newly formed Georgia Education Reform Study Commission, identified as its purpose to (a) review current and future utilization of educational facilities, and (b) review education construction, design, and financing. Throughout the year, the committee heard presentations on the capital outlay program, shared facilities, constructions costs, lease-purchase options, quality of construction, implementation of impact fees, and prototypical designs. The Department of Education Facilities Services Director presented statistics that revealed the state's population over the next decade would be the fourth fastest growing in the nation and that prior to the passage of HB 1187 (2000), (reduction in classroom size) the state's capital outlay need was $1 billion. The Office of Planning and Budget made a presentation to the Governor's Commission that addressed solutions such as privatization, sharing facilities, year-round schools and double sessions. The Office of Planning and Budget data indicated the state capital outlay formula allowed $49 to $53 per square foot for construction, but local school systems spent $75

to $76 per square foot. The final session in November concluded with items for consideration but no vote. These included continuing the local facilities plan, establishing standards for reporting total cost data, developing a more sophisticated method of forecasting student populations, and considering incentives for systems to select non-construction solutions to meet needs. Other suggestions included (a) developing of prototypical school designs and providing a library of plans available over the internet; (b) increasing assistance to local systems in planning, pre-design, and design; (c) adjusting the cost per square foot for construction; and (d) developing a computerized database to analyze all aspects of facilities planning, construction and operations. Several questions were raised and only one had a clear resolve. The commission members did not want the state to finance costs, such as land, athletic facilities, and teacher workrooms that were currently the responsibility of local boards (Georgia School Superintendents Association, 2000c).

It appeared some significant changes occurred following the meetings of the study commission:

1. The maximum level of regular capital outlay funds was increased to $200 million.
2. The cost per square foot allowed for eligible costs was increased.
3. Sales tax wealth was included in the calculations of local wealth.
4. “Do right” credit was instituted whereby local systems could receive limited entitlement credit for local expenditures.
5. Categorical funds were made available to school systems when a decrease in classroom size (numbers of students per classroom) was enacted resulting in a need for more classrooms (HB 1187, 2000).

6. An updated database and computerized network for reporting was in the process of being installed during 2004.

7. An inventory of portable classrooms, also known as non-standard classrooms, was in the process of being completed in 2004.

Litigation Regarding Equity and Adequacy of Funding

Historically, state legislators across the country believed school facilities were a local matter and should be paid for by local taxpayers.

> State lawmakers did not completely distance themselves from school construction funding, however. Since facilities are primarily paid for through long-term debt, states typically limit the extent to which school districts can go into debt, which is usually expressed as a proportion of the property values in a district. And states usually require voter approval, often with a super majority, to incur debt. These restrictions have limited how much capital revenue some districts can generate, particularly those with low property values or those with a small proportion of voters with children in school. (Augenblick & Silverstein, 2002, ¶ 7)

State legislators have become increasingly aware of the need for adequate funding for schools without regard to the local wealth of the district in which children live. "The lack of any involvement by the state in financing school facilities has been the subject of recent interest and litigation [in several states]" (Governor's Education Reform Study Commission, 2000b, p. 6). Low wealth districts have been unable to fund capital improvements as rapidly or at levels equitable with high wealth districts. "The number of laws related to capital outlay passed by state legislatures more than tripled between 1994 and 1998, from 18 to 60" (Augenblick & Silverstein, 2002, ¶ 8). The State of Arizona, where construction costs were previously a local responsibility, was the defendant in a lawsuit brought by low wealth school systems. The Arizona Supreme Court, in *Roosevelt School District No. l66 v. Bishop* (1994), held that since the state constitution established public education as a state responsibility, the state therefore had an obligation to provide for school facilities in a manner that took into consideration the varying

taxing ability of local school systems. The court required the State School Facilities Board to set minimum adequacy standards, which every school had to meet. A similar case was *DeRolph v. State* (2002) in Ohio. An earlier court challenge, *Serrano v. Priest* (1976), regarded as the first of the modern-era education finance litigation decisions, generated funds for daily operations, not capital investments. *Serrano II* (2002) affirmed the lower court's finding that the wealth-related disparities in per-pupil spending generated by the state's education finance system violated the equal protection clause of the California constitution. While the original purpose of the *Serrano* cases was to assure that low-wealth districts had adequate funding for programs, the later case indicated an argument might be made for challenging state capital outlay policies.

> A 1998 lawsuit in Colorado resulted in the state agreeing to increase assistance to schools. This case, *Giardino v. Colorado State Board of Education* (1998), argued that requiring students to attend less-than-adequate facilities violated their right to due process, and that the funding system in place created too much variation among public schools, denying the 'thorough and uniform' educational opportunity required by the Colorado state constitution. (Augenblick & Silverstein, 2002, ¶ 18)

Settlement in 2000 provided $190 million to school districts to address their capital construction priorities (Colorado Attorney General, 2000).

The American Civil Liberties Union and several state organizations brought an adequacy lawsuit, *Williams v. State* (2000) in the Superior Court in San Francisco County, California. Plaintiffs brought a class action suit citing, among other things, deplorable conditions including unsafe facilities in school districts across the state. In April 2000, plaintiffs won a motion to sever and stay cross-claims. Trial was scheduled for August 2004 (Advocacy Center for Children's Educational Success with Standards, 2003).

> The 2001 Wyoming Supreme Court decision in *State of Wyoming v. Campbell* found the state's entire school finance system unconstitutional but spoke specifically of capital construction, stating that all facilities must be safe and efficient. It went on to provide a specific definition of 'safe and efficient' and stated that the legislature must fund the

> facilities deemed required by the state for all students in Wyoming. (Augenblick & Silverstein, 2002, ¶ 20)

State governors and legislators likely should be concerned that equity and adequacy challenges could be brought by school systems unable to build rapidly enough to house growing student populations in permanent facilities.

> While 36 state supreme courts have ruled on funding equity cases, litigation has been filed in 45 of the 50 states—with many states experiencing serial litigation. (Rienstra-Kiracofe, Dupre, & Dayton, 2004, p. 1)

In *Lake View v. Huckabee* (2002), the Supreme Court of Arkansas decided in November 2002, that the state system of public school funding was unconstitutional. Concerning the plaintiffs' equal protection challenge, the court concluded:

> The current school-funding system violates the equal-protection sections of the Arkansas Constitution in that equal educational opportunity is not being afforded to the school children of this state and that there is no legitimate government purpose warranting the discrepancies in curriculum, *facilities* [italics added], equipment, and teacher pay among the school districts. It is clear to this court that . . . whether a school child has equal educational opportunities is largely an accident of residence.

Health and safety issues as they pertain to the use of portable classrooms may well become emerging factors in future litigation. In the Arkansas case the court recognized a duty of accountability by the state:

> It is the State's responsibility, first and foremost, to develop forthwith what constitutes an adequate education in Arkansas. It is, next, the State's responsibility to assess, evaluate, and monitor . . . the entire spectrum of public education across the state to determine whether equal educational opportunity for an adequate education is being substantially afforded to Arkansas' school children. It is, finally, the State's responsibility to know how state revenues are being spent and whether true equality in opportunity is being achieved. Equality of educational opportunity must include as basic components substantially equal curricula, *substantially equal facilities, and substantially equal equipment* [italics added] for obtaining an adequate education. The key to all this, to repeat, is to determine what comprises an adequate education in Arkansas.

In summary, the court required the state to set standards including standards for facilities and equipment.

The Arkansas court also concluded that the state could not place some areas of responsibility on local school systems:

> We emphasize, once more, the dire need for changing the school-funding system forthwith to bring it into constitutional compliance. No longer can the State operate on a "hands off" basis regarding how state money is spent in local school districts and what the effect of that spending is. Nor can the State continue to leave adequacy and equality consideration regarding school expenditures solely to local decision-making. This court admits to considerable frustration on this score, since we had made our position about the State's role in education perfectly clear in the DuPree case. It is not this court's intention to monitor or superintend the public schools of this state. Nevertheless, should constitutional dictates not be followed, as interpreted by this court, we will have no hesitancy in reviewing the constitutionality of the state's school-funding system once again in an appropriate case.

Dayton, Dupre, and Kiracofe found (2004, p. 1) in a review of recent litigation, issues of adequacy and accountability:

> In *Claremont v. Governor* (*Claremont III*), the supreme court of New Hampshire elevated standards of accountability to a new level in funding litigation, holding that an effective accountability system was an essential element of the state's duty to provide an adequate education.
>
> The court stated:
>
> On their face [the statute and regulation] permit a school district to provide *less than an adequate* [italics added] education as measured by these minimum standards when the local tax base cannot supply sufficient funds to meet the standards.
>
> While the local governments may be required, in part, to support public schools, it is the responsibility of the State to take such steps as may be required in each instance effectively to devise a plan and sources of funds sufficient to meet the constitutional mandate.

Dayton, Dupre, and Kiracofe summarized recent education finance litigation and concluded:

> This litigation has resulted in billions of dollars in additional allocations to schools, and has transformed some states' school systems to a degree second only to the transformation that followed *Brown v. Board of Education*. (2004, p. 7).

The process of funding capital outlay for school construction is of particular interest in this study especially when local systems of apparent wealth that are making good faith efforts to provide permanent facilities still are unable to access funds rapidly enough to house all students. Merriam-Webster's Collegiate Dictionary (Mish, 2001, p. 903) defines "poor" as "lacking a normal or adequate supply of something specified—often used in combination <oil-poor countries.>" Exceptional growth school systems in Georgia that are unable to house all students in permanent facilities may, in many cases, be described as facilities-poor.

The Research Process

This is a qualitative study using policy analysis as the methodology. According to Crotty (1998, p. 3) there are four basic elements of any research process:

> Methods: the techniques or procedures used to gather and analyze data related to the research question.
>
> Methodology: the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes.
>
> Theoretical perspective: the philosophical stance informing the methodology and thus providing a context for the process and grounding its logic and criteria.
>
> Epistemology: the theory of knowledge embedded in the theoretical perspective and thereby in the methodology.

The study used a qualitative case study approach, which included interviews, observations, and document analysis. Interviewees were selected by theoretical sampling in that particular respondents were sought out to act as key informants (Holstein & Gubrium, 1995; Spradley, 1979). One respondent was located who fulfilled the theoretical criteria, then that person helped to locate others (Arksey and Knight, 1999; Biernacki & Waldorf, 1981; Weiss,

1994). The methodology was grounded theory linked with policy analysis, which will be described later. Grounded theory "seeks to ensure that the theory emerging arises from the data and not from some other source. It is a process of inductive theory building based squarely on observation of the data themselves (Crotty, 1998). The theoretical perspective was symbolic interactionism. The interactionist assumption employed in this research was "that . . . meanings are handled in, and modified through, an interpretive process used by the person in dealing with the things he encounters" (Blumer, 1969, p. 2). For the purpose of this research the interviewees expressed their viewpoints as related to their encounters with the capital outlay system. The epistemology, or investigation into the nature of the research topic, was constructionism with attention given to objectivism. Constructionism is an attempt to bring together both objectivity and subjectivity, to construct meaning from what is known. This researcher was inclined to adhere more to an objectivist view that the data exist and the researcher finds them (Crotty, 1998).

Policy Analysis

The methodology of this research is grounded theory linked with policy analysis using a case study. Dye (2005) offers rationale for the study of public policy. "Public policy is whatever governments choose to do or not to do" (p. 1).

> Public policies may regulate behavior, organize bureaucracies, distribute benefits, or extract taxes—or all these things at once. . . . Government inaction can have just as great an impact on society as government action. . . . [We can study public policy to understand] the causes and consequences of policy decisions. . . . Public policy can be viewed as a dependent variable, and we can ask what socioeconomic conditions can political system characteristics operate to shape the content of policy. . . . [Additionally], public policy can be viewed as an independent variable, and we can ask what impact public policy has on society and its political system. By asking such questions we can improve our understanding of the linkages among socioeconomic forces, political processes, and public policy. . . . Understanding the causes and consequences allows us to apply social science knowledge to the solution of practical problems. . . . If certain ends

> are desired, the question of what policies would best implement them is a factual question requiring scientific study. (Dye, 1995, p. 4)
>
> Public policy can be studied for political purposes; to ensure . . . the "right" policies [are adopted] to achieve the "right" goal. . . . Policy studies can be undertaken . . . to inform political discussion, advance the level of political awareness, and improve the quality of public policy. (p. 5)

Dye (2005) explains a three-step process for the analysis. First, we can describe public policy—we can learn what government is doing (and not doing). A factual basis of information about policy is essential. Second, we can inquire about the causes, or determinants, of public policy. Why is public policy what it is? Third, we can inquire about the consequences, or impacts, of public policy. What difference, if any, does public policy make? We might inquire about the effects of public policy on political institutions and processes.

Dye (1995, p. 6) also distinguishes between policy analysis and policy advocacy.

> Explaining the causes and consequences of various policies is not equivalent to prescribing what policies governments ought to pursue. . . . Learning why governments do what they do and what the consequences of their actions are is not the same as saying what governments ought to do or bringing about changes in what they do. . . . [Policy analysis involves]
>
> 1. A primary concern with explanation rather than prescription. . . . There is an implicit judgment that understanding is a prerequisite to prescription and that understanding is best achieved through careful analysis rather than rhetoric or polemics.
> 2. A rigorous search for the causes and consequences of public policies.
> 3. An effort to . . . accumulate reliable research findings of general relevance.

We can use models, both diagrams and conceptual models, to facilitate the study of public policies. Conceptual models are word models that try to

> 1. Simplify and clarify our thinking about politics and public policy.
> 2. Identify important aspects of policy problems.
> 3. Help us to communicate with each other by focusing on essential features of political life.
> 4. Direct our efforts to understand public policy better by suggesting what is important and what is unimportant.
> 5. Suggest explanations for public policy and predict its consequences. (Dye, 2005, p. 11)

Systems Theory has been selected as a comprehensive model for this study. Systems theory portrays public policy as an output of the political system (see Appendix C). The concept of system implies an identifiable set of institutions and activities in a society that functions to transform demands into authoritative decisions requiring the support of the whole society. The concept of system also implies that elements of the system are interrelated, that the system can respond to forces in its environment, and that it will do so to preserve itself. Inputs are received into the political system in the form of both demands and support. Demands occur when individuals or groups, in response to real or perceived environmental conditions, act to affect public policy. Support is rendered when individuals or groups accept the outcome of elections, obey the laws, pay their taxes, and generally conform to policy decisions. Any system absorbs a variety of demands, some of which conflict with one another. To transform these demands into output (public policies), systems must arrange settlements and enforce these settlements on the parties concerned. It is recognized that outputs (public policies) may have a modifying effect on the environment and the demands arising from it, and they may also have an effect on the character of the political system. As Dye elaborates, "The system preserves itself by (1) producing reasonably satisfying outputs; (2) relying on deeply rooted attachments to the system itself; and (3) using, or threatening to use, force. . . . Another way to conceive of public policy is to think of it as a response of a political system to forces brought to bear on it." (1995, p. 38). The value of the systems model to policy analysis lies in the questions that it poses:

(1) What are the significant dimensions of the environment that generate demands on the political system?

(2) What are the significant characteristics of the political system that enable it to transform demands into public policy and to preserve itself over time?

(3) How do environmental inputs affect the character of the political system?

(4) How do characteristics of the political system affect the content of public policy?

(5) How do environmental inputs affect the content of public policy?

(6) How do public policies affect, through feedback, the environment and the character of the political system? (Dye, 1995, p. 39-40)

Dye (1995) explains how a model may be used:

> A model is merely an abstraction or representation of political life. . . . The utility of a model lies in its ability to order and simplify political life so that we can think about it more clearly and understand the relationships we find in the real world. . . . A model should also identify the really significant aspects of public policy. It should direct attention away from irrelevant variables or circumstances and focus on the real causes and significant consequences of public policy. . . . A model should be congruent with reality—that is, it ought to have real empirical referents. We would expect to have difficulty with a concept that identifies a process that does not really occur or symbolizes phenomena that do not exist in the real world. . . . [A concept or model should also] provide meaningful communication. . . . A model should help to direct inquiry and research into public policy. A concept should be operational—that is, it should refer directly to real-world phenomena that can be observed, measured, and verified. . . . Finally, a model approach should suggest an explanation of public policy. It should suggest hypotheses about the causes and consequences of public policy—hypotheses that can be tested against real-world data. A concept that merely describes public policy is not as useful as a concept that explains public policy, or at least suggests some possible explanations. (pp. 40-41)

This researcher developed two diagrammatic models, shown in the appendix, which illustrate (a) the priorities and sequences for local school systems to obtain capital outlay funds, and (b) the flow of resources and processes within the capital outlay program (see Appendixes D and E).

It should be noted, Dye excluded systems theory from his most recent edition (2005) but did include descriptions of decision-making theory and game (implementation) theory, which will be addressed in this section.

Capital outlay funding models, as described by the Education Commission of the States (1998), from across the United States were examined. Direct aid for construction, a categorical grant, is funding in which every school system in the state receives some money for facilities as

part of a basic aid or a grant. Equalized systems, in which states and local systems share the cost of facilities, generally provide more funding to schools in districts with lower tax bases and less to those in wealthier communities. Aid for debt service helps school districts repay construction and renovation loans over time. State loans are paid directly to school districts and provide resources toward both the interest and principal on the loan rather than providing a one-time contribution. State building authorities are special state-level entities that make decisions about and distribute school construction funding to local school systems.

Further policy analysis was done using implementation theory, intergovernmental grant theory, expenditure models, decision-making models, and the politics of school finance. Each of these is explained in further detail.

Implementation theory is used to analyze how institutions or agencies respond to policies. Bardach (1977, p.3) described policy or program implementation as an assembly process of numerous and diverse program elements. He believed the various program elements are in the hands of many different parties, most of whom are independent of each other. The way the various parties can induce others to contribute program elements is through persuasion and bargaining, also known as politics. Bardach described each strategy as a game. The Budget Game is in place when the donor, such as the state capital outlay program, makes a grant to a receiving entity, a local school system, in exchange for a promise by the recipient to use the funds for a certain purpose desired by the donor. Pork Barrel is a strategy in which financial resources are diverted and dissipated to recipients in a manner in which many competing entities are allowed to qualify and the resources are spread to a number of entities rather than focused in areas of real need. Tokenism is an attempt to appear to be contributing to a program publicly while privately conceding only a small contribution. Social Entropy includes incompetence,

variability, and coordination. Incompetence is a characteristic of those who have been assigned a responsibility, are willing to do it, but for some reason cannot complete the task satisfactorily. Variability is built on the premise that nearly all control systems operate more desirably with a certain degree of standardization. Coordination involves an efficient matching of people's diverse activities in order to minimize surpluses, shortages, and delays. The Management Strategy operates whereby government attempts to root out problems of incompetence, variability difficulties, and poor coordination with some measure of centralized control. Information systems, audits, formal procedures, and so forth are the tools. Institutions tend to vary in degrees of expected centralization over periods of time and difficulties may be observed at the level of individual administrative behavior. Not-our-problem is a strategy in which bureaus recognize the program will impose a heavy workload or that it will take the bureau into areas of controversy or the bureau perceives it lacks the capacity to assume responsibility.

McLaughlin, (1987), made additional suggestions for implementation analysis:

> It's hard to make something happen, most especially across layers of government and institutions. . . .It's hard to make something happen primarily because policymakers can't mandate what matters. (p. 172)

The statement by McLaughlin provides a link to other areas of policy analysis as policy makers at the gubernatorial and legislative levels make policies and state and local system persons attempt to implement policies in order to provide funds for school construction.

Questions for analysis involve (a) the extent to which necessary resources are available to support implementation, (b) whether there is evidence of good-faith efforts to learn new routines, or (c) indication of commitment and support within the implementing system for policy strategies and goals.

After analyzing policies from the view of implementation theory, the researcher analyzed the findings based on recent research into school finance reform litigation using intergovernmental grant theory, expenditure models, and decision-making models.

Goertz and Natriello, (1999), reviewed studies of three states: Kentucky, New Jersey, and Texas; all had experienced court-ordered finance reform. The studies were conducted by Finance Center of the Consortium for Policy Research in Education (CPRE) and the Center for Education Policy Analysis—New Jersey (CEPA-NJ) at Rutgers University. Goertz and Natriello's review of the research looked at how districts used funds from the perspectives of intergovernmental grant theory, expenditure models, and decision-making models. They presented this summary of intergovernmental grant theory:

> State or federal governments provide grants to local school districts in order to change the way they allocate resources. Unrestricted general aid is designed to increase the amount that communities spend on education generally; categorical grants are used to ensure that school districts provide services deemed important by the state or federal government. (p.101)

Expenditure models look at how school districts allocate their resources. For this capital outlay study the question centers on local efforts to build schools to house students.

Decision-making models are used to analyze why districts make taxing and spending decisions. Goertz and Natriello (1999) summarized Firestone's work (1989, 1997) to explain the decision-making process as to how districts spend their increases in state aid:

> In determining how to spend new state aid dollars districts respond to two contexts—their community and state policy. The community provides students and funding based on available property wealth and community support. The state policy context includes fiscal policy, nonfiscal policies (such as state standards and assessments), and the ways that the state administers these policies (including oversight and technical assistance). These two contexts are mediated by the school district's own context, including its administrative culture, existing spending levels and patterns, and the status of district capacities (personnel, teaching, social services, and facilities) before the school finance court decision. (p. 102)

Goertz and Natriello (1999) reviewed intergovernmental grant theory, expenditure models, and decision-making models. These were interwoven with institutional theories, which argue that organizational decisions are driven by a need to maintain legitimacy in the wider environment (Meyer & Rowan, 1977; Powell & DiMaggio, 1991). Based on this we find that school districts may, in the decision-making process, be more responsive to immediate external forces, i.e., local concerns related to efficacy and efficiency, as long as doing so does not violate the expectations and assumptions held by important elements in the external environment, that is, state rules and regulations.

The studies of expenditures in the three reform states, Kentucky, New Jersey, and Texas, indicated that, after court-ordered reform, expenditure equity and fiscal neutrality improved in all three states studied. The study further indicated (a) multiple sources drive district resource allocation decisions, some of which may cause districts to maintain previous patterns and others that may cause diversions from previous spending patterns; (b) fixed costs imposed by state and federal regulations remained the same; (c) new resources with which districts have more discretion may cause districts to fund categories previously unfunded or increase funds for categories previously under funded. The latter is driven by local perception of needs.

Kentucky, (Adams, 1996), after court-mandated increases in state aid, increased spending for all district functions. Expenditures for capital outlay rose 244%. Poor districts spent 11% of additional funds on capital outlay. Middle-wealth districts spent 13% of additional funds on capital outlay and wealthy districts spent 5% of additional funds for capital outlay. Poor districts had years of deferred maintenance for buildings that may account for their capital outlay spending (Firestone, 1997).

While districts in finance reform states generally spent new funds for system needs, rather than to reduce local tax burdens, spending patterns remained virtually the same. Whatever the school systems supported before the reforms, they supported with increased dollars after the reforms. Low wealth systems in all districts used some portion of their new funds to address facilities needs, including construction of new buildings and renovation of existing buildings. Districts were more likely to commit new resources to facilities when they were confronted with enrollment growth and when the present state of facilities posed barriers to the implementation of new programs and services (Goertz & Natriello, 1999).

The study by Goertz and Natriello (1999) found districts that experienced rapid enrollment increases identified facilities as a major priority for new expenditures in their decision-making process. Districts that had fewer immediate facilities problems devoted more dollars to program enhancements. The study also found that when district leaders perceived local revenues as unstable and unpredictable, they avoided new expenditures with long-term commitments. Districts also were cautious in planning for the long term when they perceived instability in state funding. When districts saw state formula policies changing several times over a period of years, they chose to put dollars into facilities rather than programs. Perceived instability constrained local decision making. The study found funds were put to better use in districts that had strategic plans for the use of the funds. One important finding of the review by Goertz and Natriello (1999) is that, when state funding is increased, local systems are not as likely to reduce their own local spending as was previously indicated in studies by Tsang and Levin (1983).

Politics of School Finance

As was found with intergovernmental grant theory, expenditure models, and decision-making models, studies of the politics of school finance focused on court cases regarding education finance reform:

> Solving the problems of school finance, however, is difficult and has often required action in the courts. In addition, the politics of school finance are inherently contentious. A state's existing school finance system is a product of the legislative process and therefore reflects the state's balance of political power. Changing that system requires a shift of power relationships, and the external stimulus from the courts is often only one of many factors that determine the success of school finance reform efforts within individual states. (Carr & Fuhrman, 1999, p. 136)

Carr and Fuhrman (1999) examined how state politics have affected the implementation of reforms in the area of school finance and presented several issues. Voters have been confronted with issues of whether to approve local taxation and of how to maintain local control of tax revenues.

> School finance is inherently controversial because it affects two basic issues that concern American voters: the resources available for their children's education and their state and local taxes . . . .
>
> A long-standing tradition of using local property taxes to finance education has been the cause of many inequities in education and makes state reform of school finance systems controversial. Variations in property values, local tax rates, and costs of competing municipal services have led to large disparities in per-pupil spending and in educational opportunity. Americans are used to the idea that they can directly determine how much to tax themselves to fund their local schools. . . . Almost all questions related to education—whether in the realm of finance, curriculum, facilities, or personnel—have historically been decided and managed at the local level. Thus, there are strong coalitions with vested interests in maintaining local control of education funds and services. School finance reform, however, is legislated at the state level and reduces the number of financial and, to some extent, programmatic decisions made at the local level . . . .
>
> In order to overcome the inequities created by the dependence on the local property tax to finance education, states must do one or more of the following: redistribute state and local funds, increase state revenues, or cap education expenditures in wealthy districts. Because many American voters are protective of the local resources available for their children's education, school finance equalization has typically been a process of leveling-up. No proposal to equalize education funding throughout a state by decreasing

> expenditures down to the lowest level has ever been considered politically feasible or desirable. Therefore, school finance equalization requires more money and frequently involves increased state taxes. (pp. 137-138)

Legislators represent and are accountable to their own districts and are cognizant of local tolerance for policies that require increased taxes or re-distribution of state funds to other districts. Constitutional requirements vary, but most states require the legislature to establish a free system of public schools according to some standard such as "thorough and efficient" or "adequate" as is the case in Georgia. Incentives for legislators to change school finance systems exist when the risks of not acting are greater than the risks of acting as is manifested through the threat of litigation. On the other hand, legislators may be reluctant to act if reforms call for increased taxes. Also, low wealth districts vie for funds against wealthier districts.

The political climate for governors is somewhat different:

> Governors are accountable to the whole state and therefore are not limited to representing local interests. This mandate makes governors more likely than members of the legislature to lead efforts for comprehensive school finance policies in the best interest of children and youth throughout the state.
>
> Governors do, however, balance the interests of the majority with those of the minority. The fact that school finance reform is often perceived to assist children in only a few districts—albeit often the largest and most populated—at the expense of children or taxpayers in the rest of the state sometimes limits the Governor's willingness to act on this issue. Governors have a limited time in office, a limited number of staff, and limited amounts of political capital. They must therefore choose cautiously the issues that they will focus on and must be careful not to use too many of these scarce resources on unpopular or contentious initiatives. As a result, gubernatorial leadership on school finance reform is unlikely without at least one of the following catalysts: outside pressure from courts, widespread support among the population, or the existence of a fiscal surplus. An existing school finance system is, after all, the result of the legislative process and thus represents an intricate web of political compromises that reflect the state's political balance of power. Upsetting that balance is often too risky for political leaders. (Carr and Fuhrman, p. 141)

Governors and legislators have been more willing to put large financial resources into education during times of fiscal surplus (Carr & Fuhrman, 1999). Education aid is an avenue to

distribute resources to all geographic constituencies and provides an incentive for legislators to get involved in school finance.

In *Finance: Making Better Decisions about Funding School Facilities* (1998) the Education Commission of the States said:

> In recent years . . . states have taken increasing responsibility for funding facilities, largely because districts do not have sufficient funds available. Recent successful lawsuits in Arizona and Ohio suggest this trend will continue; these suits established that as part of their constitutional responsibility to provide a 'thorough and uniform' education, states also must provide adequate school facilities. (p. 2)

In order to plan for adequate school facilities states involved in finance litigation found they had to implement long term planning strategies based on facilities needs. Some states such as Arizona and Wyoming hired outside consultants to survey school facilities needs. Colorado began to survey facilities needs in response to a lawsuit. Florida began to maintain an inventory of all its school facilities. Nevada and West Virginia established independent state-level school facilities entities to develop a state-level database of school facilities.

Shortages in classroom space were not limited to systems of low wealth.

> Rapid enrollment growth can cause short and long-term problems even in wealthy districts. Districts nearing their debt capacity and experiencing rapid growth may be unable to borrow additional funding to build or renovate their schools in time to accommodate increased numbers of students. In this situation, they often are forced to wait until debt capacity improves or to seek other forms of financing. (Education Commission of the States, 1998, p. 2).

As indicated by Carr and Fuhrman (1999) the dilemma for wealthy systems was that governors might find it less politically advantageous to channel funds into apparently wealthy local systems even as those systems were facilities-poor. "Governors are accountable to the whole state and therefore are not limited to representing local interests (p. 141). "Legislators represent individual districts [and] are accountable only to those districts" (p. 140). Litigation has

resulted in an awareness of the state's responsibility for education finance in general and more recently for state's responsibility for facilities construction:

> Historically, local communities were responsible for all aspects of their education programs, including building and maintaining school facilities. With increased state involvement in regulating and managing education, and the proliferation of school finance lawsuits, state funding for the operational aspects of education has increased dramatically over the past three decades. State funding for facilities, however, has not kept pace. Recent lawsuits in several states suggest policymakers may want to evaluate whether their system for funding school facilities is consistent with constitutional provisions regarding the state responsibility for education. (Education Commission of the States, 1998, p. 5)

As previously quoted in this chapter the Constitution of the State of Georgia provides some key terms in Article VIII, Section I, Paragraph I:

1. "Adequate public education for the citizens"

2. "Primary obligation of the State of Georgia"

3. "Shall be free"

4. "Shall be provided for by taxation"

Although local school systems in Georgia have historically been the primary provider of educational facilities, the State of Georgia may be at risk for litigation in that even apparently wealthy but rapidly growing communities have been unable to access funds, whether local or state, rapidly enough to house all students in permanent facilities. Recent litigation in other states has focused on "adequacy" and calls for standards against which adequacy can be measured. Litigation has also provided that states may not delegate responsibility to local systems if the result is less than adequate or equitable education. From the constitutional phrase "primary obligation of the State of Georgia" in its education article it would appear the state has an "assigned constitutional obligation*"* [italics added] (Dayton, 2001, December 6, p.6) to provide

adequate education. Adequate education has been extended to include facilities in a number of cases.

> Although it may be tempting to many plaintiffs to embrace litigation as a panacea for school funding inequities, political reality appears to support the Court's conclusion in *San Antonio v. Rodriguez* that "the ultimate solutions must come from the lawmakers and from the democratic pressures of those who elect them. . . . Even in those cases declaring funding systems unconstitutional, adequate reform is not guaranteed merely by success in litigation. (Dayton, 2001, p. 7)

Even so:

> Courts have generally found that the constitutionality of the state's school funding system presents a justiciable issue, and that courts have a duty to adjudicate these constitutional questions (Dayton, 2001, p. 6)

The 2005 legislative session was in progress at the time of the conclusion of this study. The study was not intended to be a review of the risks of litigation for the legislature. Rather it was intended to be an analysis of policies in place at the time of the study. Data collected were fluid and ever changing. Access to most-current data was not always forthcoming. Considering this, it is possible that attention to the numbers of unhoused students in Georgia will become a primary focus of ongoing state legislation.

Summary

The purpose of the study was to describe and explain the State of Georgia school capital outlay policies and their impact on rapidly growing areas of Georgia. This chapter included a description of the national concerns of (a) rapidly growing student populations, (b) construction costs, (b) state funding of school facilities, (c) local funding of school facilities, and (d) the use of portable classrooms to relieve overcrowding. Then, Georgia concerns regarding capital outlay funding were considered: (a) student enrollment, (b) construction costs, and (c) use of portable classrooms. Capital outlay litigation at state levels was presented. The history of capital outlay for K-12 in Georgia was summarized. Georgia funding procedures were described. Areas of state

policy that were of concern were presented. Research regarding current findings in policy analysis was presented.

Studies by the U. S. Department of Education, National Center for Education Statistics (2000) and the National Governor's Association (2000) among others showed school systems across the United States were experiencing rapid growth in the late 1990's and 2000's. In 1999 18% of schools in the South reported they were overcrowded by 6-25% and 8% of schools reported overcrowding above 25%. A number of sources reported rapidly increasing costs for school construction, which further compounded the difficulty of providing permanent facilities for students.

The willingness of states to participate in capital outlay programs varied across the nation. Aid to local school systems was generally provided by basic aid based on a specific formula, sometimes adjusted by an equalizing factor. Categorical grants usually were provided with specific objectives and limitations.

Nationally, funding at local levels usually involved the passing of a bond referendum with property taxes used to meet repayment of debt service on the bond. Disadvantages were that (a) there were interest costs, (b) voter approval was required, and (c) bonding capacity was linked to local property values. The result was funding disparities from district to district across a state that often put states at risk for equity and adequacy litigation. Local sales taxes were implemented to provide construction funds in some districts, but this also brought about concerns of funding inequities.

Local school systems across the United States attempted to relieve overcrowding by using portable classrooms as a temporary solution. This temporary solution often transitioned to an ongoing practice, as school systems were not able to construct permanent facilities rapidly

enough to house students. Health and safety concerns linked to portable classrooms arose in that there were reports of inadequate ventilation, poor acoustics, chemical off-gassing from construction materials, water entry and mold growth, and exhaust pollution from nearby parking areas. Explosive student population growth was a primary reason for use of portable classrooms.

Student enrollment in Georgia was estimated to increase by 58,000 students from 2000 to 2004. The Georgia Department of Education projected 66% of total growth for FY 2002 occurred in ten systems: Gwinnett, Cobb, Fulton, Henry, Dekalb, Forsyth, Clayton, Paulding, Cherokee, and Hall.

In School System A, the primary target of the study, in 2003, about 23% of students were in portable classrooms. The history of the school system is that even as new schools were built portable classrooms were placed on the site within about three years of opening to accommodate growth.

The capital outlay program in Georgia began in 1951 when the Georgia Education Authority was established. Some state funding was provided to specific school systems during the 1950s and 1970s. In 1976 the governor formed a task force of educators and private citizens and one result was that local school systems were required to complete a long-range comprehensive survey of capital improvement needs. In 1981 the legislature funded a new capital outlay program at $100 million. Increasing populations in the 1990s brought about the establishment by the legislature of the exceptional growth program at an additional $100 million. Regular funding was increased to $200 million beginning FY 2003. Advanced funding and low wealth funding were established to provide an avenue for local systems to borrow entitlement to state funds. In 1997 the legislature authorized special purpose local option sales taxes to be approved at the local level for construction of facilities.

In 2000 the Governor's Education Reform Commission reviewed current and future utilization of facilities and construction, design, and financing of facilities. The commission made several recommendations that included increases in the level of funding and increases in allowable costs.

Litigation at state levels across the United States that addressed education finance began as early as 1971 and continued into the late 1990s and 2000s. Generally, those applicable to this study were cases in which equal or adequate facilities were considered to be a state responsibility. That Georgia has large numbers of students receiving instruction in temporary facilities such as portable classrooms and that those students are referred to as "unhoused" is a concern. That the state has no standards for portable classrooms in light of reports of health issues related to portable classrooms is of particular concern.

The study uses a qualitative approach. The epistemology, or investigation into the nature of the research topic, was constructionism. The theoretical perspective was symbolic interactionism, a theory of inductive theory building based on observation of the data themselves. The methodology was grounded theory linked to policy analysis. Data collection was conducted through interviews, observations, and document analysis.

The methodology of policy analysis included an overview of funding models, implementation theory, intergovernmental grant theory, expenditure models and decision-making models. Further analysis included the politics of school finance.

Chapter 3 will include a discussion of the methods used in research.

CHAPTER 3

METHOD

The study is a qualitative case study using constant comparative analysis. Chapter 3 includes: (a) a discussion of the theoretical framework, constructionism and symbolic interactionism, (b) an overview of the overall research questions, (c) rationale for qualitative methods, (d) the design of the study, (e) the data sources, (f) data collection procedures, and (g) data analysis methods.

The purpose of the study was to describe and explain the State of Georgia school construction funding policies and their impact on high growth districts. Policy analysis was used to analyze the impact of state policies

Theoretical Framework

The researcher relied heavily on the writings of Crotty (1998), Merriam (2001, 2002), and Gubrium and Holstein (2001) in developing a theoretical framework for the study. One dilemma, however, was that the capital outlay process was implemented across three entities of government: local school systems, state agencies, and the legislative/administrative entities. One could not reasonably expect to establish an understanding of the process solely by analysis of state law and various documents. Input from the persons involved in governmental processes was needed. Because the interviewees spoke from their viewpoints, it could be expected the researcher might struggle for a balance between objective and subjective interpretation. Crotty (1998) offered no "definitive construction of the social research process . . . merely a framework for the guidance of those wishing to explore the world of research" (p. 1). The principal elements

described by Crotty (1998) were epistemology, theoretical perspective, methodology, and methods. The epistemology encompasses an investigation of the nature of the research topic. For this study the epistemology was considered to be constructionism, which is an attempt to bring together both objectivity and subjectivity. It is an effort to construct meaning from what is known. The theoretical perspective or philosophical stance was symbolic interactionism, which considers situations from the point of view of the actors (interviewees), (Crotty, 1998). The methodology was grounded theory linked with policy analysis. Grounded theory is a "process of inductive theory building based squarely on observation of the data themselves" (p. 78).

Policy analysis focused on implementation theory, intergovernmental grant theory, expenditure models, decision-making models, and the politics of school finance. Case study approach was used to examine exceptional growth school systems; the constant comparative method of data analysis was used. Comparisons were made using data collected from the target school system and three other exceptional growth systems of differing demographics. The data collected were from the Georgia Code (state law), documents at both state and local school system levels, and interviews with persons involved with the capital outlay process at local systems, Georgia Department of Education Facilities Services Unit, the Office of Planning and Budget, and the state legislature.

Throughout the investigation, the researcher endeavored to ensure that her interpretations of the capital outlay process arose from the data and not from personal bias. The researcher was inclined to adhere more to an objectivist view, which is a variation of grounded theory, that the data exist and the researcher finds them. The role of the researcher was more that of "a conduit for the research process than that of a creator of it. . . . The research participants can and will relate significant facts about their situations" (Gubrium & Holstein, 2001, p. 677). Objectivist

theory emphasizes the viewing of data as real in and of themselves. The data represent objective facts about a knowable world. The conceptual sense the theorist makes of the data derives from the data. This researcher was not so interested in putting herself in the place of those interviewed. Rather, she was interested in communicating what those involved in the capital outlay process revealed that they found satisfying or frustrating about the capital outlay program as they attempted to meet their work-related responsibilities at their various levels (local system, state department, or state legislature) of engagement with the process. A grounded theory interviewer's questions

> Define and explore processes . . . . Objectivist grounded theorists view interview questions as the means for gathering "facts." In this view, interview questions are more or less useful tools to obtain these facts. (Gubrium & Holstein, 2001, p. 678)

The approach used was closely related to institutional ethnography in that the researcher recognized there were hierarchies of power either coordinating or conflicting among local system personnel, state department officials, and state legislators. However, the study was not focused on ruling practices as is typical of institutional ethnography. The researcher was interested in discovering whether there were areas of policy that did not sufficiently allow the capital outlay process to accomplish the goal of housing all students in permanent facilities as opposed to portable classrooms. The study was guided by research questions that aided the researcher in identifying state capital outlay policies and distinguishing any policies that may have had an impact on the ability of local systems to access adequate funding for school construction.

Research Questions

The study was guided by the following research questions:

1. What school construction funding policies has the State of Georgia had in effect for the last 10 years?

2. How have Georgia school construction funding policies impacted exceptional growth school systems as those systems endeavored to house all students within permanent structures?

Rationale for Qualitative Methods

> The case study is an intensive description and analysis of a phenomenon or social unit such as an individual, group, institution, or community. By concentrating on a single phenomenon entity (the case), this approach seeks to describe this phenomenon in depth. (Merriam, 2002, p. 8)

A quantitative study of capital outlay for K-12 public school construction would likely present a compilation of data that illustrated exceptional growth school systems in Georgia were unable to house all students in permanent facilities. This qualitative study endeavored to present some such data, but primarily attempted to trace, through documents and interviews, the processes by which local school systems secure state funds for public school construction, and to discover the impact of state policies on timely construction of school facilities in exceptional growth systems. Marshall and Rossman (1995) indicated such qualitative research is designed to (a) understand the process, (b) describe poorly understood phenomena, (c) understand differences between stated and implemented policies, and (d) discover thus far unspecified contextual variables. Merriam (2002, p. 11) acknowledged, "If you want to understand a phenomenon, uncover the meaning a situation has for those involved, or delineate process (how things happen), then a qualitative design would be most appropriate."

The methodology used to analyze findings was grounded theory.

> [Grounded theory uses] the investigator as the primary instrument of data collection and analysis, and the mode of inquiry is inductive. The end product of a grounded theory is the building of substantive theory—theory that emerges from or is "grounded" in the data . . . . That is, discovered, developed, and provisionally verified through systematic data collection and analysis of data pertaining to that phenomenon. (Merriam, 2002, p. 14)

The core category of analysis for this study was policy analysis. "Public policy is whatever governments choose to do or not to do" (Dye, 2005, p. 1). We can describe public policy—we can learn what government is doing and not doing in education, taxation, welfare, and defense, and so on. We can attempt to understand the causes and consequences of public policy. We can inquire about the impacts of public policy. Explaining the causes and consequences of various policies is not equivalent to prescribing what policies governments ought to pursue. Policy analysis involves a

> Primary concern with explanation rather than prescription . . . . a rigorous search for the causes and consequences of public policies. . . . [and] an effort to develop explanations that fit more than one policy decision or case study"(p. 6). Policy issues are decided not by analysts but by political actors—elected and appointed government officials, interest groups, and . . . voters. (Dye, 1995, p. 12)

The impact of a policy (Dye, 1995, p. 321) is all its effects on real-world conditions, including

> 1. Impact on the target situation or group
> 2. Impact on situations or groups other than the target (spillover effects)
> 3. Impact on future as well as immediate conditions
> 4. Direct costs, in terms of resources devoted to the program
> 5. Indirect costs, including loss of opportunities to do other things.
>
> All the benefits and costs, both immediate and future, must be measured in both symbolic and tangible effects.

Design of the Study

A case study is a qualitative approach, which can include historical, quantitative and qualitative data:

> Qualitative case studies share with other forms of qualitative research the search for meaning and understanding, the researcher as the primary instrument of data collection and analysis, an inductive investigative strategy, and the end product being richly descriptive. . . . The process . . . begins with selecting the 'case.' The selection is done purposefully, not randomly; that is, a particular . . . process, community, or other bounded system is selected because it exhibits characteristics of interest to the researcher. The selection depends on what [the researcher] wants to learn and the [worth] . . . that

> knowledge might have for extending theory or improving practice. . . . The findings of the investigation are written up as a comprehensive description of the case. (Merriam, 2002, p. 179)

In this study, a local school system in Georgia was selected as the initial case. Three local school systems of differing demographics were also selected for cross case analysis. All qualified as exceptional growth systems by state criteria.

Because the State of Georgia requires each school system to complete a five-year plan of facilities needs, and those needs are funded based on a ratio of total statewide school facilities needs, a quantitative study would tell us what we already know: Rapidly growing school systems have large numbers of students that they are unable to house in permanent buildings (Governor's Education Reform Commission, 2000a, p. 5). The intent with this case study was to describe and explain the State of Georgia's policies for funding school construction and to discover the impact of those policies on school construction in a rapidly growing district. Yin affirmed "The case study's unique strength is its ability to deal with a full variety of evidence—documents, artifacts, interviews, and observations" (1989, p. 20).

The Governor's Education Reform Study Commission, Education Facilities Committee used a descriptive and elucidatory approach in two papers (2000a, 2000b) in which the state school policies for capital outlay were examined and findings were discussed. These were the only studies found of previous efforts to examine state policies and how they impact funding for school facilities in Georgia. The two papers use an informal qualitative approach.

Data Sources and Data Collection Procedures

Interviews and documents were used as sources of data collection.

> There are three major sources of data for a qualitative research study—interviews, observations, and documents. . . . Often there is a primary method of collecting data with support from another. . . . Interviews range from highly structured, where specific questions . . . are determined ahead of time, to unstructured, where one has topic areas to

> explore but neither the questions nor the order are predetermined. Most interviews fall somewhere in between. The semistructured interview contains a mix of more and less structured questions. Usually, specific information is desired from all the participants; this forms the highly structured section of the interview. The largest part of the interview is guided by a list of questions or issues to be explored, and neither the exact wording nor the order of the questions is determined ahead of time. (Merriam, 2002, p. 12-13)

Documents can be written, oral, visual, or cultural artifacts. Public records, personal documents, and physical material may be available to the researcher for analysis.

> The strength of the documents as a data source lies with the fact that they already exist in the situation. . . . Nor are they dependent upon whims of human beings whose cooperation is essential for collecting data through interviews. (Merriam, 2002, p. 13)

At the local school system, the local board of education personnel primarily responsible for conducting local surveys, compiling the system's study of local facilities needs, and completing applications for state funding for facilities were interviewed. Their local school superintendent identified these persons as those most knowledgeable of the process in the school system. Local system interviewees made suggestions for persons to interview at the Department of Education Facilities Services Unit and legislators. When the role of the Office of Planning and Budget in the capital outlay process was revealed the researcher contacted that agency's director, who recommended the person he considered most knowledgeable of the capital outlay program.

Interviews were as follows:

1. Prior to the first interview, the researcher acquired copies of the current and relevant GA CODE sections online. The researcher also reviewed two issue papers from the Governor's Education Reform Study Commission (2000a, 2000b) that included a history of the capital outlay program and addressed the facilities needs of rapidly growing school systems. The researcher reviewed these documents to establish a base of knowledge from which to ask questions and create a diagrammatic model of the capital outlay system.

2. In the initial interviews in each local system, the researcher's diagrammatic model was shown to the interviewees. Interviewees were asked to comment and make suggestions for changes so that the model would accurately represent the capital outlay process from local school system level through the state departments and legislative and gubernatorial levels (see Appendix D).

3. With little prompting interviewees outlined with much detail the capital outlay process.

4. Local system interviewees provided the researcher with a copy of their complete Local Facilities Plan or those parts of their LFP deemed most relevant to the study. Interviewees provided other documents such as the Capital Outlay Project Application (for funding).

5. The researcher reviewed the documents by line item and traced how facilities needs in terms of projected student populations and instructional units (classrooms) were converted to monetary requests for funds. Coding of data and categories for analysis were created.

6. The researcher returned to each local system for a second interview in which interviewees answered questions designed to clarify the researcher's understanding of the process. For example, "When you said 100% funding, what did you mean?" The researcher constantly compared data from across the local systems. Coding and categories for analysis were refined.

7. Interviewees in Systems A and B believed a state regional consultant should be interviewed and a person recommended at that level was interviewed. Such questions as, "What happens to the Entitlement Form after you take it to the local system?" were asked. The regional consultant provided considerable information as to how documents move among the local and state levels.

8. The interviewee from System B provided information about the legislative and political interests and suggested legislators should be interviewed. The researcher interviewed a legislator who represented one of the local systems and that legislator recommended a legislator on the Education Committee. The researcher asked such questions as, "What happens with the appropriations bill in committee?" Each of these revealed much about the legislative process and how the state budget is determined. Based on previously established categories, these data were compared with interview and document data from the local systems and with that from the regional consultant.

9. Finally, the researcher interviewed the Director of Facilities at the Department of Education and a policy coordinator for the Office of Planning and Budget. Data from each of these were compared with that found from all previous interviews and documents. The Director of Facilities provided a preliminary copy of a budget request and a status report. He provided system wealth data by email. A sample question for each of these was, "Who adjusts the budget when it gets to the OPB? Does it go back to the Director of Facilities?" Local system student populations and funds received, from all sources, were compared with findings in the budget and status reports at the state level.

10. The researcher accessed student population projections for each local system through the Department of Education Web site. The researcher accessed the Department of Education Facilities Services Unit Web site for a number of documents available online for local systems in their process of applying for funds.

11. The Director of Facilities believed System D should be added to the study because of its high local wealth. Interview data and documents from System D were compared with all previous data.

12. Because of the complexity and intertwining nature of the capital outlay process among the local, state, and legislative and gubernatorial levels the researcher found the overall framework of the process was lost in the details. The researcher undertook a self-imposed two-week incubation period in which she immersed herself in the data. During this time she reviewed and refined categories for analysis. Once she believed she had an all-encompassing grasp of the entire capital outlay process she interviewed the Director of Facilities a third time to clarify points. The researcher also mailed interview summaries to interviewees for comment.

13. Continually, throughout the data gathering process the researcher compared transcriptions of interviews, data from Local Facilities Plans and other documents, data from two issue papers from the Governor's Education Reform Study Commission, budget requests and a status report, and the Georgia Code, primarily GA CODE § 20-2-260.

During the interviews the researcher attempted to guide the interview topic by asking questions about the capital outlay process, as the interviewee was familiar with it at his level of experience. This researcher asked open-ended questions because those being interviewed were immersed in the process of applying for state funding and were much more knowledgeable about system protocols. For example, "Do you think standards will be written for portable classrooms?" Interviewees were encouraged to guide the researcher with such questions as, "Is there anything I failed to ask that you think is important?"

The researcher found the interviewees anxious to take the role of teacher (Gubrium & Holstein, 2001) so that by the end of the interviews the interviewee had become the guide and the interviewer the student. The participants were knowledgeable and confident in their role as teacher. In fact, the researcher usually found any attempt to adhere to a prepared list of questions impeded the flow of information. The tone of the interviews followed Merriam's description

(2002) in that there was structure as to the topic to be explored but as the interviews progressed the questions became less structured and followed the guidance of the interviewees.

Interviews began June 9, 2003 and concluded September 15, 2004. Titles of persons interviewed at local system levels varied, but each was the primary person or persons engaged in applying for state capital outlay funds. The interviewees were given a number in the order in which they were interviewed. A letter of the alphabet designated local systems.

Interviewee #1—System A, Assistant Superintendent for Administrative Services; experienced with capital outlay and facilities for 16 years; an initial interview of about 40 minutes and a follow up interview of about 90 minutes.

Interviewee #2—System B, Assistant Superintendent for Facilities; experienced with capital outlay and facilities for 15 years in three counties; an initial interview of about 45 minutes and a follow up interview of about 90 minutes.

Interviewee #3—System C, Facilities Director; experienced with facilities and capital outlay for two and one-half years; an initial interview of 45 minutes and a follow up of 120 minutes with Interviewees #4 and #5.

Interviewee #4—System C, Coordinator of Facilities Planning; experienced with capital outlay for four years; initial interview of 45 minutes and follow up of 120 minutes with Interviewees #3 and #5.

Interviewee #6—State Level Person, Department of Education Facilities Services Unit; regional consultant to assist local systems in applying for capital outlay funds; consultant for 28 local systems; one interview for 90 minutes.

Interviewee #7—State Level Person-Department of Education Facilities Services Unit; oversees all statewide K-12 school construction and capital outlay; seven years in this position;

38 years in education ranging from teacher to superintendent; three interviews for about 60 minutes each.

Interviewee #8—State Legislator, Georgia Assembly from the district for one of the systems included in the study; one interview of about 120 minutes.

Interviewee #9—State Legislator, Georgia Assembly; Chairman of Education Committee; one interview of about 50 minutes.

Interviewee #10—State Level Person, Policy Coordinator for the Educational Development Division, Governor's Office of Planning and Budget; employed with the Office of Planning and Budget for four years; experienced with Capital Outlay for four years; one interview for 75 minutes.

Interviewee #11—System D, executive director for Capital Programs; registered professional engineer practicing since 1952; began work in school construction in 1989 with City of Atlanta, and with System D since 1996; oversees all aspects of school construction; on interview that included Interviewee #12 for about 90 minutes.

Questions typical of those asked of interviewees at each level are in Tables 2, 3, and 4.

Table 2

Sample Questions Asked of Local System Interviewees

Interview Agency	Sample Questions
Local System	How would you change this model of the capital outlay system? Does this committee survey committee come from within the county? What happens when you build a school but there are still unmet needs?

Local system interviewees had limited knowledge of activities at the state level and recommended state level persons that they believed would provide pertinent data. The regional consultant was interviewed and the data he provided was later compared with that of the Director of Facilities. A policy coordinator at the Office of Planning and Budget was interviewed and his data provided a link between that from the Department of Education and the legislators.

Table 3

Sample Questions Asked of State Level Interviewees

Interview Agency	Sample Questions
Regional Consultant	When you say the GSFIC sells bonds to generate money, what do you mean? What happens when the local system completes its Local Facilities Plan? What is the sequence between that and receiving capital outlay funds?
Director of Facilities	How are the functions of the State Board of Education and the Department of Education regarding capital outlay interrelated? Does the State Board take the state law written by the legislature and write the rules and regulations or does the Department of Education do that? The Status Report you gave me, who does that go to?
Office of Planning and Budget	What do you do with the budget request from the Department of Education? You said education capital outlay has less flexibility that that of other departments. Does that mean it's written in the Georgia Code? Is what you do an audit?

Interviewees recommended two state senators to address legislative appropriations. Those interviewees revealed much about the legislative process and how the state budget is determined. Data from the state senators were compared with that from the Director of Facilities and the policy coordinator at the Office of Planning and Budget.

Table 4

Sample Questions Asked of State Legislators

Interview Agency	Sample Questions
Legislators	Do you know the background of what happens between the local system request for funds and the budget request you receive from the governor? How do you find out about needs in your local school systems? Are you and your committee really aware how much is not funded, do you see that number? Do you think standards will be written for portable classrooms?

Local school system and state documents (see Table 5) were examined. Interviews served to inform the researcher as to how the documents were used in the capital outlay process.

Table 5

Documents Used in Description and Analysis

Local	Local Facilities Plan (DE Form 1103/0748) Comprehensive Facilities Survey Team (approval of plan, Form 1156) Count of Portable Classroom Units Entitlement Form Capital Outlay Project Application (DE Form 0748) Annual Update of Local Facilities Plan Letter of Approval of Local Facilities Plan from Facilities Services Unit Local system information from their Web sites
Georgia Department of Education Facilities Services Unit	Georgia Department of Education Capital Outlay Program Budget Request 2003 Status Report of Georgia Capital Outlay program Student Population Projections System and Property Tax Wealth per Child
Georgia General Assembly	Georgia Code

Included in these documents were actual and projected student enrollments, the local school systems' wealth, local participation ratio, local ratio of needs to state needs, proposed construction projects, and other data pertinent to the study. The movement of documents among state and local levels was traced with such questions as, "What happens after the local system indicates on its entitlement sheet under which funding levels it will participate in its application for funds? Where does this document go?"

Analysis of Data

Analysis of data was done with constant comparative treatment (Merriam, 2001) to establish patterns of identifiable problems within the political system. Coding of data as summarized in Table 6 aided the researcher to identify patterns and evolving issues.

Table 6

Coding of Data

Codes	Meanings
COPL	Capital Outlay Process-Local
COPS	Capital Outlay Process-State
RR	State Rules and Regulations-Issues of State Oversight
IT	Interactions Among State, Local & Political Entities
POL	Legislative-Political Issues
LFP	Local Facilities Plan & Local Survey
GC	Georgia Code-Statutory Controls
GERC	Governor's Education Reform Study Commission Concerns
OPB	Office of Planning and Budget
FTE	Projections of Student Population
FD	Funding Sources
IMP/IG	Implementation/Intergovernmental Grant
DM/EM	Decision-Making/Expenditure Models
LT	Litigation Issues

Tables 7 and 8 portray sample data aligned with the research questions.

Table 7

Categories Aligned with Research Question 1.

Research Question	Categories
1. What school construction funding policies has the State of Georgia had in effect for the last 10 years?	History of Capital Outlay Funding Process by Fiscal Year Overview of the Application Process Georgia Code State Rules and Regulations Development of the Local Facilities Plan Levels of Funding, Funding Programs, and Local Funds Interactions among Local System, State Board of Education, State Department of Education, and Local Board of Education Interactions among Local School System, State Department of Education, Office of Planning and Budget, GSFIC, Governor, and Legislature

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Table 8

Categories Aligned with Research Question 2.

Research Question	Categories
2. How have Georgia school construction funding policies impacted exceptional growth school systems as those systems attempted to house all students within permanent structures?	Comparison of Funding Policies with Funding Models found in Other States Comparison of Concerns with Policy Analysis Theories and Models by Local System Comparison of Concerns with Policy Analysis Theories and Models by State Agencies Comparison with Politics of School Finance

Triangulation by multiple sources of data and multiple methods was used.

1. The researcher's transcriptions of interviews, notes, and documents were read and data coded to establish patterns regarding issues of concern

2. Triangulation of data occurred as the researcher compared interview data within and among the levels of government. The interview data were compared with documents and the movement of documents was traced. Identification of categories aided in establishing patterns.

3. Categories were refined and aligned with the two research questions.

Researchers are called upon to address issues of validity, reliability, and generalizability during the research process.

Validity

Silverman (2000) addressed concerns regarding validity in qualitative research.

> Qualitative researchers, with their in-depth access to single cases, have to overcome a special temptation. How are they to convince themselves (and their audience) that their 'findings' are genuinely based on critical investigation of all their data? (p. 176)

"By validity, I mean truth: interpreted as the extent to which an account accurately represents the social phenomena to which it refers" (Hammersley, 1990, p. 57). An exercise that bolsters validity is to provide criteria or grounds for using the particular case or cases as representative of the phenomena being studied (Silverman, 2000).

When more than one case is used, the researcher may not know specifically what other cases will be studied or what documents read or what persons interviewed. The researcher may begin with an initial sample chosen for its particular relevance to the research problem. The data lead the investigator to the next case appropriate for study, or the next person to be interviewed. This is called purposive sampling and "allows us to choose a case because it illustrates some feature or process in which we are interested" (Silverman, 2000, p. 104). For this study, a local

school system experiencing rapid growth and qualifying for exceptional growth funds was the initial focus. Relying on guidance from a person in the Georgia Department of Education Facilities Services Unit, the researcher selected three other exceptional growth school systems for comparative analysis based on local school system wealth as an indicator of differing demographics.

Another way to provide validity to a study is by constant comparative treatment. As bits of data are collected they are compared with other bits, within case or cross case (Silverman, 2000).

> There are a number of strategies that qualitative researchers can employ. . . . Probably the most well known of these is triangulation. . . . Four types of triangulation are recognized: multiple investigators, multiple theories, multiple sources of data, or multiple methods to confirm emerging findings. (Merriam, 2002, p. 25)

For this study multiple sources of data, multiple theories, and multiple methods were used. Information from interviews and documents were compared against other interviews and documents relevant to the investigation. The smaller datasets in this qualitative research allowed repeated inspection and refinement of data. Interviewees were asked for updates of data as the study progressed.

Respondent validation, or member checks, was a strategy in which the researcher asked the participants interviewed to comment on data compiled from interviews and documents (Merriam, 2002). Interviewees were given a copy of the section of the study in which they and other interviewees were quoted and were asked for comments or corrections. Two interviewees at the state level and one interviewee at a local system returned their copies with comments and changes. The researcher assumed other interviewees chose not to review the section or found no need to comment or make corrections.

An attempt was made to use discrepant case analysis to challenge the emerging findings of the study (Merriam, 2002). Two issue papers by the Governor's Education Reform Study Commission, Education Facilities Committee (2000a, 2000b) were the only known policy or position studies in Georgia with which findings could be compared. These studies were reviewed and compared with recent legislation to identify policy changes at the state level that may have resulted from the Governor's Commission studies.

Researchers are being called upon to articulate and clarify their assumptions, experiences, worldview, and theoretical orientation to the study. This is called reflexivity or the researcher's position (Merriam, 2002). This researcher is a classroom teacher who has pursued an interest in school facilities as part of her post-graduate studies. The researcher has taught in portable classrooms and understands the challenges inherent in teaching in a non-permanent facility and in a school which experiences the daily taxing of its resources by overpopulation. Because of the researcher's vocation as a teacher, she is naturally interested in discovering why school systems in rapidly growing areas of Georgia are unable to house increasing student populations in permanent structures. The investigator's position is that of one outside the decision-making process both at the state and local levels and with no identifiable bias as to how state policies are made at the state level or implemented at the local system level.

Reliability

Merriam addressed concerns regarding reliability in qualitative research.

> Reliability refers to the extent to which research findings can be replicated. . . . Replication of a qualitative study will not yield the same results, but this does not discredit the results of any particular study; there can be numerous interpretations of the same data. The more important question for qualitative researchers is whether the results are consistent with the data collected. (Merriam, 2002, p. 27)

The emphasis is not on whether others can get the same results as the original researcher, but others, given the data that was collected, could find results consistent with the conclusions of the original researcher. In this case the data were fluid, changing as student populations changed and as new state policies were enacted during the study. The findings in this study were considered to be relevant for a period in time. The researcher endeavored to present the State of Georgia capital outlay program as it existed prior to and up to, but not including, the 2005 legislative session.

This researcher collected documents that were matters of public record, such as a Local Facilities Plan from each school system and documents that may be accessed through the various state departments that generate them. Interviews were with persons involved with the capital outlay program at the local, state, political and legislative levels. The term political is used here to describe anyone within the legislative process. It is expected that those persons or others in similar positions would be as readily accessible to another researcher as they were to this one. A limitation of the study is that emerging data as found in this study through interviews may well be presented with a differing focus by other interviewees in similar positions, should this study be replicated. One interviewee suggested the possibility of data plurality.

Strategies used to ensure for consistency and dependability or reliability were triangulation, and examination of the investigator's position.

External Validity or Generalizability

Researchers strive for external validity or Generalizability:

> The basic question even for qualitative research is the extent to which the findings of one study can be applied to other situations. But since small, non-random samples are selected purposefully in qualitative research, it is not possible to generalize statistically. A small sample is selected precisely because the researcher wishes to understand the particular in depth, not to find out what is generally true of many. . . . Working hypotheses that take account of local conditions can offer practitioners some guidance in

> making choices—the results of which can be monitored and evaluated in order to make better decisions in the future. . . . The general lies in the particular; what we learn in a particular situation we can transfer to similar situations subsequently encountered. (Merriam, 2002, pp. 28-29)

Caution should be exercised in any attempt to apply the data in this study to other situations regarding capital outlay for schools. The sampling was small using only four local school systems. The study provided a multisite design or maximizing variation:

> The logic behind this strategy was that if there was some diversity in the nature of the sites selected . . . or in the participants interviewed, or times and places of field visits, results can be applied to a greater range of situations by readers or consumers of the research. (Merriam, 2002, p. 29)

There were differences in system wealth among the local systems studied. However, all systems were located in Georgia and all were located in the Atlanta metropolitan area. There was an adequate database with enough description and information that readers should be able to determine how closely their situations match that of the study.

Ethics

Merriam (2002, p. 229) acknowledged, "In qualitative research, ethical dilemmas are likely to emerge with regard to the collection of data and in the dissemination of findings." Participants interviewed in this study were not identified by name in the report. School systems were not identified by name. Appropriate human subjects forms were completed, consent secured, and participants were informed as to the purpose of the study. Participants were interviewed for their expertise. The researcher asked for referrals from participants to other persons who might have relevant information. The researcher strove to maintain professional courtesy and confidentiality throughout the study. It became evident during the study that some interviewees who were acquainted through their work revealed to each other that a study of the capital outlay program was being done and they had been interviewed. This knowledge, passed

among two or three individuals, appeared to have increased access to other persons for interviews. Interviewees appeared either enthusiastic or matter-of-fact about the information they offered about the capital outlay process. At times, in order to collect data about local system student population growth, the researcher found it necessary to request specific school system data from persons within the Georgia Department of Education.

Sample Selection

A case study of a rapidly growing school system in Georgia was done. The criteria by which a system was selected was that it qualified for exceptional growth funds according to criteria set out in the Georgia Code. A limitation of the study was the possibility that state criteria for an exceptional growth system could, at some point, be called into question or changed. The criteria for selection were bolstered by reports from interviewees that schools in their system had unhoused students (students in portable classrooms). The Georgia Department of Education kept no inventory of portable classrooms, or numbers of students housed in portable classrooms at the onset of the study. To lend reliability to the data, other school systems were studied. These were selected by the same state criteria for exceptional growth but with differing demographics based on local system wealth, as defined by GA CODE 20-2-260 (b) (11).

Field Procedures

The researcher used available literature for guidance in formulating interview questions. The models developed to describe the capital outlay process also served as the initial skeleton for formulating interview questions (see Appendixes C, D, and E).

All research conducted at the University of Georgia must be approved by the Committee on Research Involving Human Subjects (UCRIHS) and guidelines for interviews must be followed. The researcher was required to secure permission to conduct research from any

institution not a part of the University of Georgia. This was done at the Department of Education Facilities Services Unit, the Office of Planning and Budget, and the individual school systems. The researcher was required to obtain a signed Consent Form for Participation in a Study (see Appendix F) from each interviewee. In each of the school systems being studied, the superintendent was contacted and the study explained. The superintendent, or his or her designee, signed and returned a letter, indicating approval for the researcher to conduct the study. The superintendent or his designee indicated the name of the appropriate person in the local system to interview. Consent forms were presented to and signed by subjects being interviewed. The titles of these persons varied among systems. In one case three persons were interviewed separately and together. In another case two persons were interviewed together. In both of these cases, the original interviewee called in other persons for clarification of information. As persons in local systems were interviewed, they were asked for, or offered, suggestions for potential interviewees in the Georgia Department of Education Facilities Services Unit. Persons interviewed at the Facilities Services Unit signed consent letters. Those persons also indicated others who might be interviewed. These procedures continued so that two state legislators and one person in the Office of Planning and Budget were interviewed. That person interviewed at the Office of Planning and Budget was specifically named by the department's director as the person most knowledgeable of capital outlay for public schools. In all cases, appropriate permission to conduct research and consent to be interviewed was secured. The letter regarding permission to conduct research included permission to collect copies of pertinent documents.

In all cases, those interviewed were familiar with the capital outlay process at the point of their experience. Local school system interviewees and Georgia Department of Education Facilities Services Unit persons had knowledge of construction costs, student population

projections, local facilities plans, and the process for applying for funding from the state capital outlay program. Other state agency or political persons had significant knowledge of the process or revealed their areas of expertise, or lack of expertise, as a political participant in the process. Participants were contacted to set up interview times.

Interviews and follow-up interviews were conducted from June 9, 2003 through September 15, 2004. At the beginning of each interview, the purpose was explained and a copy of the Human Subjects consent form reviewed and signed by both the researcher and the interviewee. Interview notes were recorded and transcribed shortly thereafter.

In each case the researcher arrived with interview questions and a visual model of the capital outlay program (see Appendix D). The interviewee was shown the model and asked to make any suggestions. The model served to initiate discussion. The interviews resulted in a number of suggestions to improve the model. Copies of relevant documents were secured from participants. The researcher reviewed documents used in the capital outlay application process with the participant being interviewed. The participant's descriptions of the capital outlay program and impressions of advantages and disadvantages of the process were elicited. Although the researcher arrived at each interview with questions, any attempt to adhere to prepared questions impeded the flow of information. Interviewees were knowledgeable and articulate and quickly took on the role of teacher to the researcher. The researcher clarified points of information with follow-up interviews, phone calls, and email communications with interviewees. Interviewees received a rough draft of summarized interviews with a request to write comments or note errors and return the document.

Information from documents and notes from the interviews were summarized and compared to provide triangulation of data. A description of the capital outlay process was

summarized. Emerging data were analyzed with a focus on those state policies that inhibited or aided the timely acquisition of capital outlay at the local school system level.

Summary

This chapter described the theoretical framework, methodology, and methods used for the study. The study was a qualitative case study using constant comparative analysis. The epistemology was considered to be constructionism, which is an attempt to bring together objectivity and subjectivity, in an effort to construct meaning from what is known. The theoretical perspective or philosophical stance was symbolic interactionism, which considers situations from the point of view of the actors (interviewees). The researcher was inclined to adhere more to an objectivist view that the data exist and the researcher finds them. The methodology was grounded theory. Analysis was with policy analysis. Grounded theory is a process of inductive theory building based on observation of the data.

Policy analysis was done with a focus on implementation theory, intergovernmental grant theory, expenditure models, decision-making models and the politics of school finance. The method was a case study approach of an exceptional growth school system with a constant comparative method of data analysis. Comparisons were made using data collected from three other exceptional growth systems of differing demographics. The data collected were the Georgia Code, documents at both state and local school system levels, and interviews with persons involved with the capital outlay process at local system, Georgia Department of Education Facilities Services Unit, the office of Planning and Budget, and the state legislature. Twelve persons were interviewed. These included seven persons at four local systems, two persons at the Department of Education Facilities Services Unit, one person from the Office of Planning and Budget, and two state legislators. Interviewees provided documents and

explanations of the capital outlay program at the point of their experience. Interviews were structured as to the topic. Interviewees took on the role of teacher to the researcher.

Analysis of data was done with constant comparative treatment to establish patterns of identifiable problems within the capital outlay program. Coding of data from interviews allowed the researcher to construct categories of data for analysis. Categories were aligned with the two research questions:

1. What school construction funding policies has the State of Georgia had in effect for the last 10 years?
2. How have Georgia school construction funding policies impacted exceptional growth school systems as those systems endeavored to house all students within permanent structures?

Validity was provided in that one exceptional growth school system was chosen for its relevance. This was accomplished in that the system was identified as an exceptional growth system by criteria outlined in the capital outlay program. Three other exceptional growth school systems were chosen using local school system wealth as an indicator of differing demographics.

Constant comparative treatment provided validity in that multiple sources, multiple theories, and multiple methods were used. Information from interviews was compared with documents. Interviews and documents from one source were compared with interviews and documents from other sources. The smaller datasets allowed repeated refinement of data. Interviewees were asked for updated documents as the study progressed. Respondent validation was used in that interviewees were given an opportunity to read data from all interviews and to comment on or correct the data.

An attempt was made to use discrepant case analysis. Two issue papers by the Governor's Education Reform Study Commission were the only known policy or position

studies with which findings could be compared. These studies were reviewed and compared with recent legislation to identify policy changes at the state level that may have resulted from the Governor's Commission studies.

Reflexivity or investigator's position was that the researcher is one of the stakeholders who encounters the impacts of state policies on construction of permanent facilities. She is a classroom teacher who has taught in portable classrooms, understands the challenges inherent in teaching in a non-permanent facility, and observes the daily taxing of a school's resources by a student population as much as double that for which the facility was intended. This researcher is employed as a teacher outside the capital outlay decision-making process both at the state and local levels and with no identifiable bias as to how state policies are made at the state level or implemented at the local system level.

Reliability for a qualitative study lies in whether others, given the data collected, could find results consistent with the conclusions of the original researcher. In this case the data were fluid, changing as student populations changed and as new state policies were enacted during the study. The findings were considered to be relevant for a period in time. The researcher endeavored to present the State of Georgia capital outlay program as it existed prior to and up to, but not including, the 2005 legislative session.

Strategies used to ensure for consistency and dependability or reliability were triangulation, and examination of the investigator's position.

External validity or generalizability was addressed in that the study included multisite design by accessing data from four exceptional growth school systems of differing demographics. However, the sampling was small, all systems studied were located in the Atlanta

metropolitan area in Georgia. Caution should be exercised in attempting to apply findings to another capital outlay program or to other local systems in Georgia.

Attention was given to ethical considerations in that neither interviewees nor the local system from which they came were identified by name in the report. Appropriate human subjects forms were completed, consent was secured, and participants were informed as to the purpose of the study; interviewees suggested other possible interviewees. It became evident during the study that some interviewees who were acquainted through their work revealed to each other that a study about the capital outlay program was being done and they had been interviewed. At times, the researcher found it necessary to request specific school system data from persons within the Georgia Department of Education Facilities Services Unit. The researcher strove to maintain professional courtesy and confidentiality throughout the study.

Interviews commenced with the researcher showing the interviewees a visual model of the capital outlay program. The model served to initiate discussion. The interviewees quickly took on the role of teacher they described and explained the capital outlay program from the point of their experience.

The purpose of the study was to describe and explain the State of Georgia school construction funding policies and their impact on high growth districts. From the data collected, this researcher attempted to inform policy makers and legislators as to how policies and processes affect timely construction of school facilities.

This chapter included the theoretical framework, research questions, rationale for qualitative study, design of the study, data sources, analysis of data and a summary. In Chapter 4, findings from the data are presented.

CHAPTER 4

FINDINGS

The purpose of the study was to describe and explain the State of Georgia school construction funding polices and their impact on high growth districts. The Constitution of the State of Georgia states in Article VIII, Section I, Paragraph I:

> Public education; free public education prior to college or postsecondary level; support by taxation. The provision of an *adequate* [italics added] public education for the citizens shall be a *primary obligation of the State of Georgia* [italics added]. Public education for the citizens prior to the college or postsecondary level shall be free and shall be provided for by taxation.

The goal of the State of Georgia's capital outlay program for public school construction is "to assure that every public school student shall be housed in a facility which is structurally sound and well maintained and which has *adequate* [italics added] space and equipment to meet each student's instructional needs" (Quality Basic Education Act of 1985, Official Code of Georgia §20-2-260 (a)). The Governor's Education Reform Study Commission (2000a, 2000b) reported school systems experiencing exceptional growth have large numbers of students housed in temporary facilities. Because policy makers are often elected officials who are sensitive to public opinion, they should be aware that overcrowding of schools and the use of temporary facilities, such as portable classrooms, at overpopulated schools has been widely reported in the press (Dodd, 2002, December 1; Dodd, 2004, July 29; Dodd, 2004, August 11; Dodd, 2004, August 17; Dodd, 2004, August 31; Dodd, 2004, September 9; Frankston, 2004, August 9; Frankston, 2004, November 29; Gutierrez, 2004, October 21; Reinolds, 2004, November 4; Woods, 2004, July 18).

In recent years, rapid population growth in some areas of Georgia confounded attempts by local systems to house students in permanent facilities. Rapidly growing school systems commonly needed to construct many more new schools and additions to existing schools than they could expect to build with local funds, or state capital outlay funds, or a combination of local and state funds. Increasing numbers of students in high-growth areas, such as Forsyth, Fulton, Clayton, Henry, and Gwinnett counties were housed in portable classrooms. An observable trailer park atmosphere occurred on school grounds in rapidly growing areas. The primary deterrent to providing new school facilities in a timely manner appeared to be delayed or inadequate funding or the process of acquiring funding (Governors Education Reform Study Commission, 2000b). A basic assumption of this study is that because portable classrooms do not meet the State of Georgia guidelines for facilities, and there are no separate guidelines for portable classrooms, students receiving instruction in portable classrooms are housed in facilities that do not meet the goal of the state's capital outlay program for schools. Underscoring that assumption are (a) there are numerous health and safety concerns associated with housing students in portable classrooms, and (b) the state does not allow local school systems to use state capital outlay funds to purchase, lease, or set up portable classrooms.

By using a qualitative study approach, this researcher attempted to discover and describe the state policies that guided the acquisition of capital outlay funds by local school systems and to discover whether there were areas of policy that did not sufficiently allow the capital outlay process to accomplish the goal of housing all students in adequate facilities. From the data collected the researcher attempted to inform policy makers and legislators as to how policies and processes affect timely construction of school facilities. The following research questions guided this study:

1. What school construction funding policies has the State of Georgia had in effect for the last 10 years?

2. How have Georgia school construction funding policies impacted exceptional growth school systems as those systems attempted to house all students within permanent structures?

Policy analysis was used to examine the impact of state policies. Analysis was done using intergovernmental grant theory and policy implementation theory. One school system was selected as the initial case to be studied. Three other school systems were studied for comparison. Data collection was done with state and local school system level documents and interviews. This chapter includes the criteria for selection of the cases studied, selection of interviewees, a summary of the capital outlay process sequence according to the fiscal year, and an overview of the process. Following these, relevant portions of state law, Georgia Code (GA CODE), are presented. Clarifications of the capital outlay process, as discovered from interviews and by tracing the movement of documents, are included along with the Georgia Code. Other areas of concern discovered through interviews are revealed. Finally, the monetary impact of capital outlay funding policies is discussed. In this section the terms Department of Education and Georgia Department of Education (GDOE) refer to that state department in Georgia.

Participants interviewed included: seven central office personnel from four exceptional growth counties; two personnel at the Georgia Department of Education Facilities Services Unit; two state legislators; and one person from the state Office of Planning and Budget. Each of these persons was involved in the capital outlay process at the local school system level, Georgia Department of Education level, the Office of Planning and Budget, or the state legislative process. In the local systems, system superintendents referred the researcher to local system

persons who were knowledgeable of the capital outlay process. Local system interviewees made suggestions for interviewees at the state level and state level persons made additional suggestions. All interviewees were involved with the process as part of their job responsibilities. Two state senators were interviewed to reveal the extent of knowledge state lawmakers generally have of the capital outlay process.

Data were derived from multiple sources and included (a) transcriptions of interviews; (b) the official Georgia Code; (c) position papers from the Governor's Education Reform Study Commission (2000a, 2000b); (d) local system documents for reporting facilities needs to, and receiving funds from, the Department of Education; (e) documents from the state Department of Education Facilities Services Unit and state Office of Planning and Budget that pertain to capital outlay for school facilities, and (f) the Constitution of the State of Georgia. From interviews the researcher was able to trace the movement of documents within the capital outlay process and to identify areas of satisfaction or frustration for persons at each level of their involvement with the capital outlay program.

Cases Studied

One rapidly growing school system of interest was initially selected because it is the system where the researcher is employed. The researcher has experienced the difficulties inherent in a school environment in which as much as half the student population of the school was housed outside the permanent facility in 25 to 40 portable classrooms over a number of years. Other school systems of differing demographics were selected for comparison. All school systems in the study met the Department of Education criteria for exceptional growth. School systems were designated by letter: System A, System B, System C, and System D in the order in which the researcher conducted interviews in each system. Interviewees were designated by

number in the order in which they were interviewed without regard to whether they were affiliated with a local system, state agency, or legislative office. The interviewees' affiliations have been delineated as they are quoted in the report.

The researcher selected four local school systems that met the state criteria for exceptional growth for the study. The systems were also selected because they had differing demographics as measured by their local wealth factor, also know as system wealth factor. The local wealth factors were as defined in GA CODE § 20-2-260 (b) (11):

> The average of the property tax wealth factor and the sales tax wealth factor. The property tax wealth factor is determined by dividing the local school system's net equalized adjusted property tax digest per weighted full-time equivalent student by the state-wide net equalized adjusted property tax digest per weighted full-time equivalent student. The sales tax wealth factor is determined by dividing the local school system's one percent local sales tax wealth per weighted full-time equivalent student by the state-wide one percent sales tax wealth per weighted full-time equivalent student.

The state average for sales tax wealth per weighted full time equivalent student (WFTE) was $667.81 for fiscal year 2005. Table 9 shows local system wealth for FY 2005.

Table 9

System Sales Tax Wealth

	Sales Tax per WFTE	System Sales Tax per WFTE per State-Wide Sales Tax Wealth per WFTE
State Average	$667.81	1.000000
System A	$556.06	0.832664
System B	$489.61	0.733147
System C	$763.38	1.143104
System D	$1,118.21	1.674429

Property wealth for FY 2005 is shown in Table 10. The state property wealth average was $129,302. System B fell below the state average and Systems A, C, and D fell above the state average. The property wealth was converted to a factor using the statewide average as 1.0000.

Table 10

System Property Tax Wealth per WFTE/Statewide Property Tax Wealth per WFTE

	Property Wealth per WFTE	System Property Tax Wealth WFTE/State-wide Property Tax Wealth per WFTE
State Average	$129,302	1.00000
System A	$129,384	1.000632
System B	$ 89,918	0.695407
System C	$216,168	1.671804
System D	$260,099	2.011557

Department of Education, Facilities Services Unit, *System and Property Tax Wealth per Child-Data for FY 2005 Applications*

The factors showing the system wealth (local wealth factor), as determined by the average of the property tax wealth factor and the sales tax wealth factor, for fiscal year 2005 are shown in Table 11:

Table 11

System Wealth Factor

	System Wealth Factor
System A	0.916648
System B	0.714277
System C	1.407454
System D	1.842993

Department of Education Facilities Services Unit, *System and Property Tax Wealth per Child--Data for FY 2005 Applications*

System wealth data (System and Property Tax Wealth per Child-Data for FY 2005 Applications) was received by electronic mail from the Georgia Department of Education Facilities Services Unit on February 18, 2004.

The system wealth factors for the systems studied fell between 0.714277 and 1.842993. Systems applying for low wealth funding in FY 2004 had system wealth factors between

0.451128 and 0.672166 (Department of Education Facilities Services Unit, received by email February 18, 2004). System B at 0.714277 fell just above this. The FY 2005 budget request (Georgia Department of Education Facilities Services Unit, 2003) showed no low wealth applications. In 2003, for fiscal year 2004, System B applied for regular advanced capital outlay funds, which can be a further indication of lower economic wealth. A system may apply for advanced funds if its eligible need in construction costs is three times its state capital outlay entitlement on a single project. System D at 1.842993 had the second highest system wealth in the state. System wealth for System A at 0.916648 and System C at 1.40754 fell between Systems B and D.

None of the systems studied fell into the low wealth category as defined by the state. Thirty-three systems qualified for low wealth for FY 2005. No more than two or three systems were known to have qualified for both low wealth and exceptional growth funds in the last five years. Two low wealth systems contacted failed to respond to the researcher's inquiries.

There were sufficient differences in the four systems selected to use a constant comparative method of data analysis.

Interviewees selected were, first, from the four school systems studied. These were seven local school system administrators who had as a primary responsibility the assembling of data for the local facilities plan, making applications for state capital outlay funds, or some other function dealing with school finance or construction in their system. Other persons familiar with the capital outlay process were consulted. Two persons from the Georgia Department of Education Facilities Services Unit were interviewed. One of these was a regional consultant who provided guidance to local school systems as they made application for state capital outlay funds. The other had as his chief responsibility to oversee all public school construction and administer the

capital outlay program for the state. One person at the Office of Planning and Budget was interviewed. His primary responsibility was to analyze budgets from various Georgia state departments and present those budgets to the state governor. Two state senators were interviewed for information about the legislative process as it is involved with capital outlay.

Capital Outlay Process

State laws, as approved by the state legislature and the governor, provide the framework for the capital outlay process. These statutes, officially known as the Code of Georgia or Georgia Code, and position papers from the Governor's Education Reform Commission (2000a, 2000b) were reviewed. From these papers the researcher constructed a model of the capital outlay process in Georgia (see Appendix D). The interviewees were shown the model and asked for suggestions for changes. The model served to elicit from the interviewees their descriptions of how the capital outlay process is structured in Georgia.

The initial interviews revealed that the process by which local school systems might apply for and receive capital outlay funds centered on the movement of documents. Persons interviewed at local and state levels provided helpful information to the researcher as she attempted to trace the route of documents from the local school system to the state and legislative levels. Capital outlay procedures are complex and intertwined. The law covering the capital outlay process is extensive and found in various sections of the Georgia Code. The data are presented in this manner:

1. A summary of the process from local school system to state level, by fiscal year is presented.
2. An overview of process from local systems through the various state entities is outlined.

3. Georgia Code pertaining to process is quoted or paraphrased. Interviews are used to elucidate the process.

4. Georgia General Assembly (legislative) and gubernatorial activities are identified, and how those activities are conveyed back to the local systems is traced.

5. A review of the fiscal year is presented.

6. Local and statewide data showing the monetary impact of policies are presented.

Following the data presentation of the capital outlay process is an analysis of state policies and the politics of school finance.

Process by Fiscal Year

A regional consultant (Interviewee #6) emphasized that understanding the fiscal year and the sequence of events is essential to understanding the capital outlay process. The fiscal year influences how and when documents move through or among three separate entities: (a) the governor and legislature, (b) state departments, (c) local school system. The primary interactions of the governor and the legislature occur during the legislative session from January through April or May. By the end of the legislative session in April or May a budget is approved. In that budget is a level of funding for statewide capital outlay for K-12 public schools. In June local systems are notified as to which level of capital outlay funding has been approved. The fiscal year for the local school systems begins July 1, shortly after the legislative session ends. At that time, construction on approved projects for the fiscal year may begin, if they have not already started with local funds. Local systems pay contractors from local funds. Contractor's billings are accumulated and periodically sent to the state for reimbursement during the life of the project. Concurrently, local systems begin making projections and updating data for the next fiscal year 12 months away.

The Department of Education Facilities Services Unit, the Office of Planning and Budget, the Georgia State Financing and Investment Commission (GSFIC), and the Budgetary Responsibility Oversight Committee (BROC) are the state departments that oversee the implementation of the capital outlay program and provide a link between the needs of the local systems and the state laws as approved by the legislature and the governor. In the summer and fall, the Georgia Department of Education Facilities Services Unit oversees updating of the required Local Facilities Plans for the local systems and the application for funds process for the next fiscal year and compiles data from local system applications for capital outlay funds. The Facilities Services Unit budget is included in the Georgia Department of Education proposed budget sent to the Office of Planning and Budget. The Office of Planning and Budget staff analyze budgets from all state agencies and make recommendations to the governor, usually in December. Sometime during the legislative session, January through May, the governor sends a proposed budget to the legislature. The legislature may amend the budget before giving its approval.

Overview of the Process

An overview of the process as found in documents and interviews is provided in the following list:

1. Survey and Local Facilities Plan (LFP)—A local school system inventories its K-12 facilities and estimates student enrollment over the next five years (using state department projections). Student enrollment projections are based on full time equivalent counts (FTEs) reported to the Georgia Department of Education by the local systems. The local system identifies its future facilities needs in a local facilities plan, also called a five-year plan. The local system is aided in this process by a regional consultant from the Georgia Department of Education.

2. Oversight or Survey Team—After the Local Facilities Plan is completed and the state has finished quality control to insure compliance with state rules, guidelines, and regulations and all is mathematically correct, a team of knowledgeable individuals from other school systems visits the school system, examines the plan and makes sure it is logical, rational and complies with state laws and State Board of Education rules.

3. Local Board of Education Approval of LFP—Once the survey team is satisfied, the local school board approves the Local Facilities Plan (LFP), which is then sent to the State Board of Education for approval. The LFP includes student enrollment projections, descriptions of all schools with floor plans and how spaces are used, lists of all existing and proposed facilities and how existing schools were financed, and a prioritized list of planned constructions. Local facilities plans are updated with new enrollment projections annually with advisement from a Georgia Department of Education Facilities Services Unit regional consultant. At the time of the update any projects completed are removed from the facilities needs.

4. State Board of Education Approval—The State Board of Education approves the LFP for five years.

5. Application for State Funds—The State Department of Education Facilities Services Unit calculates the entitlement sheets for each system. The Facilities Services Unit makes adjustments based on the ratio of local need to statewide need and a local required participation ratio that is derived from local system wealth. Then the state regional consultant takes a local system's entitlement sheet to the system. The consultant and local system administrators go over the entitlement sheet, the local facilities plan, and the priority order for construction and decide which projects should be considered in their next application for funding. The local system estimates local funding and applies for state funds to cover eligible costs. The Department of

Education Facilities Services Unit receives applications from local systems. Then the Facilities Services Unit compiles all local school system applications into a summary, which it sends to the Office of Planning and Budget (OPB).

6. Office of Planning and Budget—The summary of facilities applications is assigned to a policy coordinator at the OPB. The OPB coordinator goes over the budget and essentially acts as a loan officer. That person makes sure the documents are in order and reasonable. Then the OPB coordinator takes on the role of advocate to the governor for that portion of the budget assigned to him. However, the OPB coordinator plays the role of advocate for more than one entity contained in the state budget and vies with other coordinators in OPB as they, in essence, compete to influence the governor on behalf of the interests assigned to them.

7. Governor's Budget—Advocates at OPB endeavor to influence the governor on behalf of their assigned state agencies' interests. Those assigned agencies include education and other state departments. The governor formulates a budget proposal and sends it to the legislature for approval.

8. Legislative Approval—Legislative appropriations committees and subcommittees meet and hold hearings in which the various state departments attempt to influence the legislature's budget decisions. The legislature makes the final budget decisions, but their decisions must be approved and signed by the governor, so that, competition among the various interests is again evident in the legislative budgeting process. The legislature (General Assembly) may authorize funding at any of five levels, usually 100%, 80%, 60%, 40% or 0% of $200 million for regular capital outlay. For exceptional growth funding the legislature may authorize any of five levels, usually 100%, 80%, 60%, 40%, or 0% of $100 million.

9. Georgia State Financing and Investment Commission (GSFIC) and the Budgetary Responsibility Oversight Committee (BROC)—The GSFIC (a) gets bond ratings out of New York before they actually sell the bonds that generate funds for facilities construction, (b) issues bonds to generate funds for the construction projects, (c) supervises a project. The GSFIC is made up of the Governor, the President of the Senate, the Speaker of the House of Representatives, the State Auditor, the Attorney General, the director of the Fiscal Division, Department of Administrative Services or other such offices as may be designated by law, and the Commissioner of Agriculture (Constitution of the State of Georgia, Article VII, Paragraph VII). Interviewee #10 at the Office of Planning and Budget said, "The total state bond package per year is from $700 million to $1 billion. The K-12 package may range from $150 million to $300 million." The Budgetary Responsibility Oversight Committee conducts reviews and audits for accountability. The focus of BROC is considered outside the scope of this research.

10. Entitlement Acted upon or Accrued to Future Year—At the time the level of state funding is set, each school system has already indicated, in its application, that its application will be valid for all or some levels of funding or that it will be unable to participate in the program, for the fiscal year beginning July 1. If a system elects to not participate, its entitlement is left intact and accrues for the following year. Any special appropriations or credit for local expenditures are usually available for limited time periods. The state provides only a portion of the total funding needed for each project. Local systems that are not able to provide the local funds needed to complete a project may elect to wait to apply for state funds until they can afford to provide their portion of the funding to complete a project. A local system may choose to provide 100% local funding for a project if proceeds from bonds or special local option sales taxes are sufficient.

11. Construction begins—Funds are approved by the legislature for a fiscal year beginning July 1. Local systems begin construction on approved projects. The school system pays contractors from local funds, accumulates a number of bills, and sends those bills to the Department of Education Facilities Services Unit for reimbursement. A school system may start a project before July 1 with local funds, but must send a letter to the Facilities Services Unit stating they will fund the project locally if the legislature does not appropriate sufficient funds to do so. The state auditor's requirement is that the local system must have funds in hand in order to put a project under contract with a construction firm. A local system may not build a school during one fiscal year and make application for state funding for that project the following fiscal year.

12. Construction Costs Reimbursed—The Department of Education Facilities Services Unit notifies the Georgia State Financing and Investment Commission that it has been billed and the commission provides reimbursement to the local system. Reimbursement is a series of activities over the life of the construction project. With an architect's plan in place a local system may bill 1% of the project cost. Once the plan is approved by Facilities Services Unit staff, and bid, a system may bill another 3% of project costs. From that point construction proceeds as the local system accumulates bills from contractors, pays those with local funds, and submits bills to the state for reimbursement. Up to 90% of the approved project amount may be billed. Ten percent is held in reserve by the state until the project is completed, the architect sends the state a certificate of completion, and the local board sends notification that all bills have been paid. The local board must also send a letter stating there is no asbestos in the project. Then the system receives the final 10%.

13. Accumulated Entitlement—Any facilities needs that have not been included in the current year's funding remain in the local facilities plan and may be used to gain entitlement for a future

year. Any entitlement not used accumulates from year to year. Entitlement may also be used for debt service on local bonds to build schools.

Georgia Code Pertaining to Capital Outlay for Public Schools

The capital outlay program is described in detail in this section. Specific state laws are presented with explanations. Explanatory notes within statutes are in brackets, [ ]. Parts of statutes that the researcher considered to be especially noteworthy are italicized. Portions of statues not contributing to an understanding of the process are omitted.

The Official Code of Georgia (GA CODE) and position papers from the Governor's Education Reform Commission (2000a, 2000b) were reviewed. From these the researcher constructed models of the capital outlay process (see Appendixes C, D, & E). Interviewees were shown the models and asked for suggestions for changes. The models served to elicit from the interviewees their descriptions of how the capital outlay process is implemented in Georgia. These descriptions contained more detail about the process than could be ascertained from documents.

Data were gathered from interviewees at local system level with Interviewees #1, #2, #3, #4, #5, #11, and #12. Interviewees # 6 and #7 at the Department of Education Facilities Services Unit and #10 at the Office of Planning and Budget verified and elaborated on, from the state's perspective, much of what was learned about the capital outlay process at the local level. Any difference in viewpoints was noted in the following descriptions of the capital outlay process. The researcher found local system interviewees provided crosschecks from system to system in the data collection. State level interviewees provided crosschecks of information among themselves as well as with data collected at local system levels. As the researcher moved from local system interviews to state level interviews she found she could build on prior information

so that the data gathered ascended to higher levels in the hierarchy. At the state level Interviewees #6, #7, at the Department of Education Facilities Services Unit, and #10, at the Office of Planning and Budget, provided crosschecks for data collection. Interviewees #8 and #9 were state legislators who provided crosschecks of data at that level.

Interviewees appeared eager to talk about the capital outlay program and what they found helpful or frustrating about the process. Colloquial expressions and verbiage revealed much that the researcher did not wish to diminish with academic language. Therefore, to protect the content, editing or paraphrasing of quotes was done with great care.

GA CODE § 20-2-260 begins with definitions and contains most legislation pertaining to public school capital outlay. These and other definitions are found in Chapter 1 of this report. Other code sections are GA CODE § 20-2-261 for minimum facility requirements, § 20-2-262 for low wealth funding, § 20-2-160 and § 20-2-165 for calculating full time equivalent counts, §20-2-181 for basic school size, and § 20-2-491 for audits of sales taxes proceeds.

Policy Statement

A policy statement for public school construction is found in GA CODE § 20-2-260 (a):

> It is declared to be the policy of the State of Georgia to assure 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 each student's instructional needs as those needs are defined and required by this article.

The Georgia Board of Education adopts policy for the capital outlay program. The Department of Education implements policy, collects applications for funds from local systems, and formulates a proposed department budget based in part on those applications.

In GA CODE § 20-2-260 (c) are the state board's responsibilities regarding capital outlay:

> The state Board of Education shall adopt policies, guidelines, and standards, pursuant to Chapter 13 of Title 50, the 'Georgia Administrative Procedure Act' [procedures for agencies writing rules], that meet the requirements specified in this Code section. The state board's responsibilities shall include the following: (1) To adopt policies,

> guidelines, and standards for the annual physical facility and real property inventory required of each local school system. This inventory shall include, but not be limited to: parcels of land; number of educational facilities; year of construction and design; size, number, and type of construction space; *amount of instructional space in permanent and temporary buildings* [italics added]; designations for each instructional space in *permanent and temporary buildings* [italics added] occupied by designated state approved instructional programs, federal programs, or local programs not required by the state; local property assessment for bond purposes; outstanding school bonds and annual debt service; and buildings and facilities not in use or rented or leased to individuals or other agencies of government, or used for other than instructional programs required by this article, each identified by its current use. Department of Education staff shall annually review, certify the accuracy of, and approve each local school system's inventory.
>
> Interviewee #7, with the Department of Education, August 6, 2003, explained:
>
> When the law is passed then the [state] board may direct the [state] superintendent to write policies. The board may ask the superintendent to ask staff if there are policies that should be written, or sometimes the board doesn't bother because there are things they feel are not their responsibility. But the rules and guidelines are written by department staff, approved by a department policy committee, approved by department rules committee, initialed by the Board, lay on the table for a minimum of 30 days for public comment, then are approved by the Board with an implementation date.

Local Facilities Plan and Updates of the Plan

There are 180 local public school systems in Georgia. Each school system may apply to the Department of Education for capital outlay funds to assist in their construction of public schools. Preceding an application for state capital outlay funds, a local school system must inventory all the physical facilities and real property and write a local facilities plan (LFP), also known as a Five-Year Plan, projecting their facilities needs for at least five years.

GA CODE § 20-2-260 (d) outlines how local systems may qualify for and receive state capital outlay funds in accordance with provisions of subsections (g) [authorization of funding level] and (h) [advance funding category] of the Code section. Each local school system must meet the following conditions and requirements. The list has been edited to exclude details not pertinent to understanding the conditions and requirements.

> (1) Prepare and annually update the real property inventory in accordance with provisions of subsection (c) [state board's responsibilities] of this Code section;
> (2) Complete a local educational facilities plan in accordance with provisions of subsection (c) of this code section. Each proposed construction project shall be identified according to the purposes for capital outlay funds as provided in subsection (e) [use of funds] of this Code section. Each local school system shall specify the order of importance of all proposed construction projects, giving priority to elementary school construction projects.
> (3) Prepare and annually update the local educational facilities needs.
> (4) Complete a comprehensive educational facilities survey at least once every five years . . . in order to formulate plans for educational facilities to house adequately the instructional program authorized by this article. Prior to initiating the survey, the local school system must file a written request with the State Board of Education that a survey be done in its behalf and recommending the individuals who will conduct it.
> (5) Submit requests for capital outlay funds to the Department of Education.
> (6) Submit descriptions of proposed educational facility sites and all architectural and engineering drawing and specifications for educational facilities to the Department of Education for review and approval.
> (7) Revise the local educational facilities plan and priority order of requested construction projects in accordance with provisions of subsection(c).
> (8) Provide required local participation [minimum required local funding].

Interactions among the local school system, State Board of Education, and State Department of Education Facilities Services Unit are shown in Figure 1.

Interviewee #2, System B, said that, for his system, completing the survey for the local facilities plan involved some state input:

> As I understand it . . . the Department of Education came out, two staff members came out, and measured and surveyed all our schools. And they provided the square footage data and the number of classrooms data and put it into their database long before we put the skeleton around this [local facilities] plan.

This inventory is included in the local school system's local facilities plan. For Interviewee #1, System A, his school system's survey was primarily his responsibility with input from the system superintendent, the system comptroller, and the system director of facilities, who oversees construction projects.

> The local survey has to be developed by the school system based on the rules and regulations. We do the survey; we identify the needs. (Interviewee #1).

Figure 1 shows the interactions among the local school systems, State Board of Education, and the State Department of Education Facilities Services Unit as they endeavor to survey the local needs, complete the Local Facilities Plan, and approve the LFP at the state and local levels.

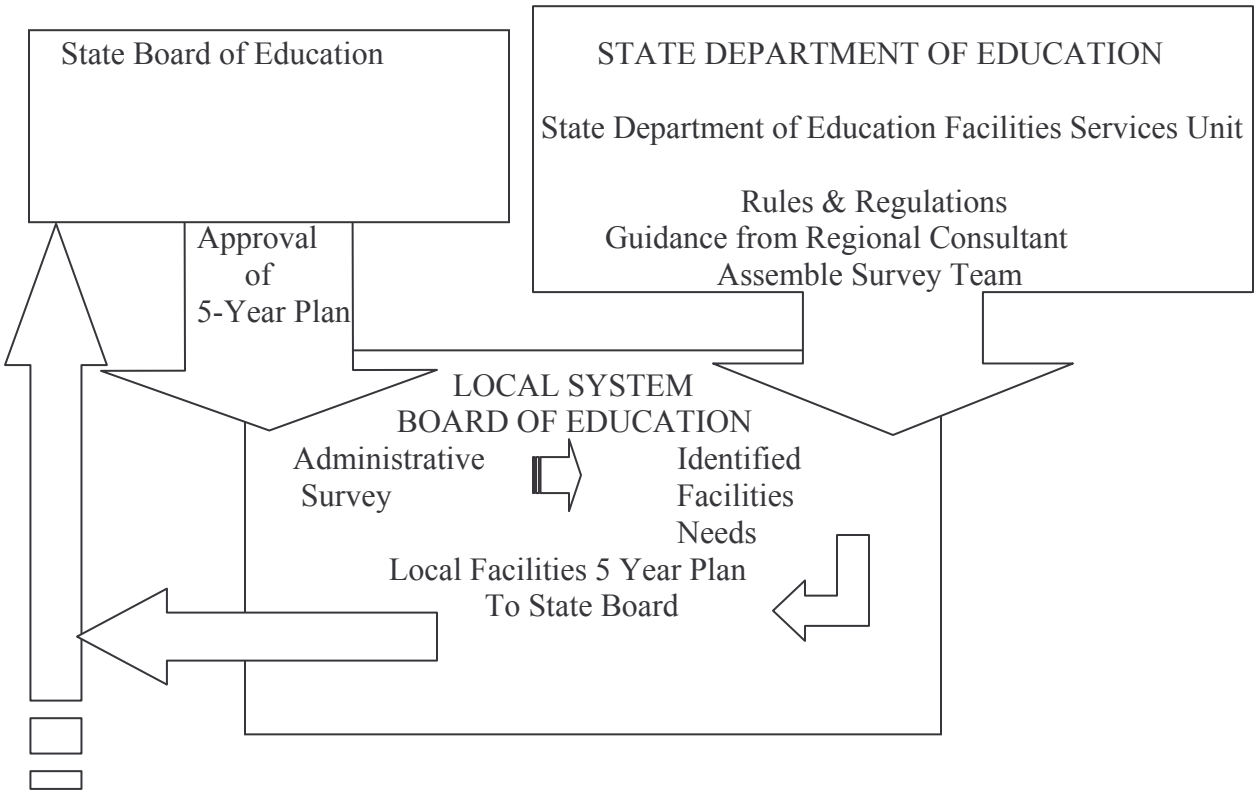

Figure 1. A model of the interactions among local school systems, State Board of Education, and State Department of Education Facilities Services Unit for Local Facilities Plan

The plan must be examined and verified by a team of persons from outside the school system. GA CODE § 20-2-260 (c) (2) outlines the educational facilities survey team:

> The educational facilities survey shall be initiated by written request of a local board of education. The request may suggest the number of teams and the individuals constituting such teams to participate in the survey. However, it shall be the responsibility of the Department of Education to constitute the makeup of the necessary teams. Said teams shall exclude local residents; employees of the local board of education, the servicing

> regional educational services agency, and other educational centers and agencies servicing the local board; and individuals deemed unacceptable by the local board. The state shall establish and maintain qualification standards for participants of survey teams. Each educational facilities survey shall include, but not be limited to, an analysis of population growth and development patterns; assessment of existing instructional and support space; assessment of existing education facilities; extent of obsolescence of facilities; and recommendations for improvements, expansion, modernization, safety and energy retrofitting of existing educational facilities. The Department of Education staff shall review and certify as to the accuracy of each educational facilities survey. The state board shall approve or reject the recommendations of the survey team and shall establish appeal procedures for rejected surveys.

Interviewee #1 explained how the Department of Education verifies the information the local system provides in the LFP:

> The state department sets up a facilities survey team to come in to review the paper plan, and then they always want to go out and look at some of our schools. If we say we need money to build more schools they are going to want to see examples of what we are building now. Or if we say we have needs to renovate or modify or add on to schools then they go out and physically look at that. Then they validate it. Then it [local facilities plan] goes to the Department of Education to be approved by the State Board of Education.
>
> Our five-year plans have been very easy to write since we have been in such a high-growth pattern because almost all of our plans have been built around building more schools, not renovating or modifying existing schools. Our five-year plans are not difficult to understand and they're certainly easy to rationalize. So our local board doesn't spend as much time on them now as they used to when we were building classrooms at this building or classrooms at that building, or we needed to modify something at that building. We can't make application for funds until they approve the plan. . . . The results of the survey identify the needs. The needs are then incorporated into the Five-Year Facilities Plan, which has to be approved by the state board and once it is approved, then we can make application for funds. (Interviewee #1).

Interviewee #2 indicated the survey team that visits the local system to verify the local facilities plan is made up of people familiar to him:

> There are six [regional] state consultants [see Appendix G] that work for the state facilities director and they are [assigned] by geographical area of the state [averaging about 30 school systems each]. The state facility person and the local person, like myself, in the school system . . . and maybe the superintendent in the county will [discuss] who's going to be on the committee. We hope they will be objective and do a good job. . . . The [Local Facilities] plan is done before they are here. . . . They have a team report, a comprehensive survey team report. . . . Sometimes who will be here is decided by who is

> available. It is not coming down from the state on top of us that these are the people who will be in your system.

Interviewee #1 indicated he had served on the survey team for other counties several times.

Interviewee #3, a local system facilities director, said of the survey team that goes over the local facilities plan:

> That's made up of people from other schools [systems]. In fact, [his coordinator of facilities planning] went over and served on Barrow County's reviews. . . . This next year we will be updating ours so there will be people asked to come in from other school districts to sit in on our reviews.

Georgia Department of Education Facilities Services Unit provides a regional consultant to the local systems to aid the systems in completing their local facilities plan. Each consultant (see Appendix G) provides assistance to about 30 local systems:

> They [the state] provide us with this consultant. . . . He is very adept concerning a process and what's eligible and what's not eligible. So pretty well, when we get our package together, before we bring in the review committee, we pretty well know it's right to start with. (Interviewee #3)

Interviewee #4 from System C elaborated about the role of the regional consultant in the local systems efforts to put together the LFP.

> He [the regional consultant] marries two parts together, the Board of Education rules and regulations [and the LFP]. He'll take a look and say, "This is what we are monitoring for your FTE [student enrollment] growth." He'll update us . . . each year and for the next five years. Once we put a plan together the state, they verify everything, make sure our data and information are correct in there. Then, we bring the oversight committee in, go over the plan, visit the facilities. Once they review it, provide us any other comments, recommendations, that need to be incorporated, we make the final revision . . . submit that to the [local] board of education and they'll adopt that.

Interviewee #6, at the Department of Education, had additional information about this survey team:

> It appears on the surface to be a cut and dried situation. But that's not always the case. That survey team, that committee, can say to that school system that wants to phase out a school, 'Look, we are not going to agree to that. You need that school. You just put a new addition on it. You need to get more use out of that building.'. . . They can force, by that statement, by not signing the form validating the plan, can force them to completely redo their plan. They have that authority. They rarely ever exercise it, but they have that authority. I have been in situations where that happened.

Interviewee #11, System D, said his system had appealed, to the State Board of Education, a decision by their local consultant:

> They looked at . . . our schools that we had rated [in past years] as 48 instructional units and they rated them at 53 [instructional units]. They counted rooms that were locally [funded], not shared in costs by the state, and were used for such things as teacher planning. . . . The net effect of that is, with the stroke of a pen, we end up reducing our need. The need is what's driving money. . . . If you, on paper, increase the capacity of the school then you decrease the need of the school system for additional construction and the need for state funding. Our argument is that if we have not changed the configuration of the school since [it was previously approved] . . . then give us the state participation that we should have for the additional five units.

> This is a fairly complex process that involves the interaction with the consultant in the facilities department at the state. They interact with us in this process to the degree that the local facilities plan has significant content, in terms of guidance from DOE [Department of Education].

Of the need for the local facilities plan, Interviewee #2 said

> It does cause us to really contemplate what we need. I will tell you that our application, or any application worth any salt, will be maximized to get the maximum state dollars.

The local board of education must approve the local facilities plan before the plan is submitted to the Georgia Board of Education:

> We do the survey; we identify the needs. Then we submit that via the Five-Year Plan [local facilities plan] for the school system. First, it has to be approved by the local board of education. Our school system officially believes that these are our needs (Interviewee #1).

According to Interviewee # 1, "We can't make application for funds until they [the State Board of Education] approve the plan." Interviewee # 6, confirmed, that the local board of

education and then the State Board of Education, must approve the local facilities plan before the local system may make application to the Department of Education for funds.

Interviewee # 6, a regional consultant for the State Department of Education Facilities Services Unit, specifically delineated that the State Board of Education approves the local facilities plan but is not involved in approving the local system's application for funds after the plan is approved.

> The Five-Year Plans [local facilities plans] are first approved by the local boards and then approved by the state board. It's based on need, though. Everything that we do in capital outlay is based on need. . . . The local board and the state board, both boards approve the Five-Year Plan. But the applications are approved by the local board and become a part of the budget that gets sent over to the legislature. The state board does not approve the application.

A local facilities plan (LFP), DE Form 1103, Revised August 1997, is a tabbed three ring binder, two to three inches thick, that contains the following:

1. Student population trends.

2. Student (population) distribution by grade.

3. Current organization. Names of schools, current student enrollment at the time the LFP was initiated, number of instructional units (classrooms), state instructional units earned and instructional units need status. Instructional units need status is given as a positive number for units needed or negative for overage.

4. Proposed organization that includes proposed schools to be built with the same data as item three above.

5. Explanation and justification of proposed school organization and distribution. This includes school size by full-time equivalent counts for elementary, middle, and high schools.

6. Curriculum and space needs. Descriptions of individual schools, new and proposed, by

fulltime equivalent student counts, instructional units earned, ancillary spaces (media, physical education, etc.), date of construction, and floor plan.

7. Priorities. A list of all schools in the system. Also listed are schools to be built and schools to receive additions or renovations listed in their order of priority for construction.

8. History of facilities. A list of schools with year of construction and amount and source of funds.

During the period the researcher was collecting data, the Department of Education Facilities Services Unit was in the process of putting all documentation into a computer network.

Annual Updates and Rolling End Date

Each system has a rolling end date to their 5-year Local Facilities Plan. That means they do not have to wait until the fifth year to extend the plan beyond the original end date of the plan. Each year they extend the date one more year, so they may always make projections five years into the future.

The annual update or rolling end date is found in GA CODE § 20-2-260 (d) (1)-(9). The Department of Education annually updates enrollment projections. Parts of the section are given here.

> In order to qualify for and receive state capital outlay funds . . . each local school system must meet the following conditions and requirements:
> (1) Prepare and annually update the real property inventory in accordance with provisions in subsection (c);
> (2) Complete a local educational facilities plan. . . . Specify the order of importance of all proposed construction projects, giving priority to elementary school construction projects;
> (3) Prepare and annually update the local educational facilities needs;
> (4) Complete a comprehensive educational facilities survey at least once every five years. . . . to house adequately the instructional program authorized by this article. Prior to initiating the survey, the local school system must file a written request with the State

> Board of Education that a survey be done in its behalf and recommending the individuals who will conduct it.
> (5) Submit requests for capital outlay funds to the Department of Education.
> (6) Submit description of proposed educational facility sites and specifications for educational facilities to the Department of Education for review and approval.
> (7) Revise the local facilities plan and priority order of requested construction projects.

Interviewee # 6 explained the annual update from item (3) above:

> Something else we are doing and we just started this. We do an annual update. We have a rolling end date to the Plan. [System B's] Plan is an '07 Plan. That means they have to update by June 30, 2007. When we get ready for the application, during the annual update process, I am rolling [System B] and everybody else I work with up to '08. I will allow them to make an application on an '08 projection. So applications are made on five-year projections every single year. . . . [This first began] May 2002, the end of the 2002 fiscal year.

A survey team does not review the annual update. Only when a local school system completes a new comprehensive five-year plan does a survey team visit the county to verify the plan.

GA CODE § 20-2-260 (g) (2) (A) further provides for annual updates of the Local Facilities Plan according to projects completed and changes in student enrollment:

> The total facility improvement needs included in the most recent five-year educational facilities plan, excluding exceptional growth construction projects which shall be requested under subsection (j) of the code section, which has been reviewed by a survey team and approved by the state board. Such needs shall annually be adjusted upward or downward for projects financed by either state or local funds and shall annually be adjusted to reflect changes in the fulltime equivalent student counts but shall not be otherwise adjusted upward except upon approval of a new or revised five-year plan.

During the annual update any projects completed, throughout that year, whether financed by local or state funds, or any combination of local and state funds, are removed as identified needs from the Local Facilities Plan. Any new needs that have developed as a result of student population growth are added to the plan. Interviewee #6 at the state level explained

> We adjust the entitlement up or down based on whatever their [the local school system's] FTE [fulltime equivalent student enrollment] is. . . . If they have made an application for a project and that need no longer exists, we take it out of the plan for earning entitlement. If they have moved into a project that they have funded locally and that need no longer exists, we take it out of the plan. The need is in the plan. Have any needs been met? If they have, we take them out of the plan, don't let them earn entitlement on that anymore. If the needs do not exist you do not need to earn entitlement anymore on that need.

The annual update process begins in the fall and is completed by June 30 in the spring, so that the first year of the five-year projection is almost completed by the time the new update is done.

There is an exception to removing the completed projects from the identified needs. Any project that is an advanced funding or low wealth project (entitlement borrowed against future entitlement) stays in the local facilities plan as a need until the entitlement that is earned pays off the entitlement borrowed from the state.

Projections of Student Enrollment for Forecasting Needs

The local facilities plan is the basis from which a local system may gain entitlement to state funds. Entitlement is a paper credit for state funds and is earned based on local needs compared to statewide needs. The crucial element that rapidly growing school systems include in the local facilities plan is the projection of student enrollment:

> GA CODE § 20-2-260 (m). The State Board of Education shall implement a computerized student projection program for each school system in Georgia as a component of the statewide comprehensive educational information system. The program shall be used in this subsection to forecast facility needs in each system by projecting full-time equivalent student counts for each grade level and shall be written in the educational facilities survey. The projection program methodology at least must correlate live-birth data to full-time equivalent student counts and project full-time equivalent student counts for each of the grades, including kindergarten, for each of the next five years using cohort survival.

When asked if the State Department of Education Facilities Services Unit uses cohort survival for projecting student enrollments Interviewee #7, at the state level, said cohort survival

is not used. He indicated the counts are as shown in GA CODE § 20-2-160 (a) given here and projections are made according to GA CODE § 20-2-260 (j) (2) (A) found in the description of exceptional growth enrollment later in this report:

> GA CODE § 20-2-160 (a). The State Board of Education shall designate the specific dates upon which two counts of students enrolled in each instructional program authorized under this article shall be made each school year and by which the counts shall be reported to the Department of Education. The initial enrollment count shall be made after October 1 but prior to November 17 and the final enrollment count after March 1 but prior to May 1. The report shall indicate the student's specific assigned program for each one-sixth segment of the school day on the designated reporting date.

Student enrollment is converted to number of instructional units (classrooms) needed in the local school system. The number of instructional units needed is converted to a dollar amount in eligible construction costs. The eligible construction costs, plus any outstanding debt service, plus credit for local funds spent on eligible costs, becomes the total eligible facilities needs for entitlement purposes. The local facilities needs compared with all statewide needs is a ratio that is an adjustment factor on the local system's entitlement form that it receives from the state:

local facilities needs / total statewide needs = local eligible facilities needs ratio

The local entitlement is determined by multiplying the ratio of need (discussed later) by the statewide level of funding ($200 million maximum) for each capital outlay category:

local system needs ratio X $200,000,000 = local system entitlement

or

local system needs X approved level of funding = local system entitlement

Exceptional Growth Enrollment Projections

Rapidly growing school systems may apply for funding under the exceptional growth program. To do this they must document enrollment growth (see Appendix I) according to the following:

> GA CODE § 20-2-260 (j) (2) (A). The average of each school system's full-time equivalent count for the three most recently completed school years ('most recent average') will be compared to the average of that system's average full-time equivalent count for the three most recently completed school years prior to the most recently completed school year ('earlier average'). If there is an increase in a school system's most recent average of at least 1.5 percent and at least 65 average full-time equivalent counts over that system's earlier average, that system will be an exceptional growth system. For each such exceptional growth system with an increased average count of at least 65 average full-time equivalent counts after the above calculation, the amount of such increase will be divided by the total such increase for all exceptional growth systems under this subsection to provide the ratio of each system's growth to the total growth of all systems with exceptional growth.

According to Interviewee # 2, the state does allow rapidly growing systems to use either the 5-year student population average, or a 4-year, or a 3-year. A rapidly growing system may request the shorter projection period, which, for rapidly increasing populations, would show a higher average growth than a 5-year projection. Systems showing a declining population prefer a 5-year projection so they may have the advantage of the earlier, higher population totals to include when the population change is averaged.

A consistent complaint among the local school system interviewees was the state method of projecting student enrollment for five years for exceptional growth. State projections must be used by local systems when they apply for exceptional growth funds. However, when local systems plan for the number of students they actually expect to enroll they must have a seat in a classroom for every student and they cannot allow their projections to fall short. Local system interviewees stated they do not use the state's method of projecting student population growth when they prepare school facilities for the influx of students for the coming year. All stated they would not be able to seat all students at the existing state-required numbers of students per classroom if they used the population projection methods mandated for calculating exceptional growth.

Interviewee #1 from local System A summarized the position of all local system persons interviewed:

> The way the state does is take the previous five years' enrollment and the growth in those five years, add it up and divide by five. They project out for the next five years. That penalizes the school system, by doing that rather than by getting a percent of growth and applying it, because in the first two years you may have been growing by 800 students yearly and then the last three you jump up and you're growing by 1500 per year. Well, it's more likely, in the next year you are going to grow by 1500 but they won't do it that way…Our growth started at 200-300 per year, then it jumped to 400, then 800, but we are actually growing by 2000 per year now, but their straight line projection is just showing us at 1700.

Interviewee #2, System B, agreed, "The state is a laggard, in their . . . 5-year plan [projections]. . . . We use 5% for growth." Interviewees in all systems studied said they use a form of percentage per year growth of full time equivalent (FTE) counts, whereas the state updates annually on an average numerical (straight-line) growth projection as indicated by Interviewee #4 in System C:

> A growth factor I work with is based on a percentage. . . . We do have in the [local facilities] plan that what the state says we're going to earn versus what we think we will earn. But all these additional units, we calculated we had more students than the state did, are identified as locally funded. If they [Department of Education] say 1409 [students per year] that's going to be 70 instructional units. They are saying next year we will earn 70 instructional units [classrooms]. We may say we will be closer to 1500 students; therefore, we will need 73 instructional units. The state says "Your need is 70 units. Now you can build additional units to take care of what you think you will need but those are locally funded units."

This interviewee also said his local system's projections indicated the system needed three new schools. The state's projections would allow eligible costs for two new schools plus seven classrooms but not for the remainder of a third school. The local system built the remainder of the third school with local funds.

Student enrollment projections are updated annually by the state based on official full time equivalent counts from the local systems (weighted at two times the fall count and one

times the spring count, divided by three). A state level person (Interviewee # 7) pulled up projections on his computer while being interviewed and stated that, for one exceptional growth system, the state projected growth for five years was 1,970 students per year. The previous year the increase was 2,200 but the year before that had been 1,800. Interviewee #7 said, "We are never wrong more than one year at a time, because we change them [student projections] every year. We do an annual update."

Interviewee #6, at the state level, confirmed, "We are never more than twelve months behind the school system, no matter what they are doing. I think this is as feasible way to do this as can be done." Interviewee #2 stated, "What the state is trying to guard against is [a local system] reaching a plateau and then going down." The interviewee implied the state is cautious in its enrollment projections, possibly in anticipation that a school system's growth might reach a plateau, or enrollment may start to decline resulting in empty classrooms.

Interviewee #2, from a local system, said the state allows the local system the flexibility to use their total need (unhoused student population) to build a school even though that particular school may not house all those students "because we have the flexibility to redistrict." For instance, a system may have 2,500 unhoused students (in portable classrooms) in middle and high school. The system may select sites for two new schools on the northern end of the county but maybe only 1,700 of those unhoused students live in that area. The schools can be built and school district lines redrawn to extend into the southern area of the county. This will pull students from existing schools and allow space for the other 800 students in those schools.

Enrollment projections are made electronically at the state department based on the school systems' reported weighted full-time equivalent (WFTE) student counts. The state sends

its population projections annually to the local system to be used in updating the local facilities plan.

State Eligible Project Costs

The state provides financial assistance for school construction to local systems. The state limits how state dollars may be spent. First, the state intends to provide some, not all, funds for projects. Included in the Local Facilities Plan [LFP] is an estimate of total costs for all planned construction. The LFP shows construction costs categorized as (1) eligible for earning entitlement, or (2) local construction. The term eligible project costs is used to reflect costs that may be reimbursed to local systems with state capital outlay funds as found in GA CODE § 20-2-260 (b) (5). These costs include an added adjustment for architects fees (6%) and an adjustment for contingencies (5%) such as cost overruns and eligible changes. Not included as eligible costs are any costs for land purchases or site development as the state provides no funds for these. Teacher workrooms, administrative offices, and athletic facilities such as bleachers and concession stands are not considered eligible for state funds. These must be financed with local funds. Eligible costs are not to be confused with allowable costs, which are explained later in this report.

State Oversight of Construction and Site Selection

The Georgia Board of Education, in GA CODE §§ 20-2-260 (c) (1), (3), (4) and (7), has as part of its responsibilities the authority to adopt policies, guidelines, and standards for educational facilities construction plans, location, maintenance and use of educational facilities:

> GA CODE § 20-2-260 (c) (1). To adopt policies, guidelines and standards for the annual physical facility and real property inventory required of each local school system. This inventory shall include, but not be limited to: parcels of land; number of educational facilities; year of construction and design; size, number, and type of construction space; amount of instructional space in permanent and *temporary buildings* [italics added]; designations for each instructional space in permanent and *temporary buildings* [italics

added] occupied by designated state approved instructional programs, federal programs, or local programs not required by the state. . . . Department of Education staff shall annually review, certify the accuracy of, and approve each local school system's inventory.

GA CODE § 20-2-260 (c) (3). To adopt policies, guidelines, and standards for educational facilities construction plans. Local school system facilities construction plans shall include, but not be limited to, a list of construction projects currently eligible for state capital outlay funds, if any; educational facilities projected for abandonment, if any; educational facilities projected as needed five years hence; proposed construction projects for modernization, renovation, and energy retrofitting; proposed construction projects for the purpose of consolidating small, inefficient educational facilities which are less than the minimum size specified in subsection (q) of this Code section; and other construction projects needed to house the instructional programs authorized by provisions of this article;

GA CODE § 20-2-260 (c) (4). To adopt uniform rules, regulations, policies, *standards* [italics added], and criteria respecting all location, construction, equipping, operating, maintenance, and use of *educational facilities* [italics added] as may be reasonably necessary to assure effective, efficient, and economical operation of the schools and all phases of the public education program provided under the provisions of the article. Such matters shall include, but not be limited to, the method, manner, type, and minimum specifications for construction. . .space requirements per student; number and size of classrooms; allowable construction costs based on current annual construction cost data maintained by the Department of Education; and other requirements necessary to ensure adequate, efficient, and economical educational facilities. [Paragraph (4) continues on regarding regulations for renovations and modernizations].

GA CODE § 20-2-260 (c) (7). To review and approve proposed sites and all architectural and engineering drawings and specifications on construction projects for educational facilities to ensure compliance with state standards and requirements, and inspect and approve completed construction projects financed in whole or in part with state funds, except construction projects under supervision of the Georgia State Financing and Investment Commission. The state boards may designate selected local units of administration which have staff qualified for such purposes to act on behalf of the Department of Education in such inspections, when the project is not under the direction of the Georgia State Financing and Investment Commission.

Guidelines for site locations are further addressed in GA CODE §§ 20-2-260 (6), (8), (9), and (10,) as are coordination with the state fire marshal's office, revisions in plans, and capital expenditures for historic buildings used as public schools. State guidelines must be followed for

all public school construction and taken into consideration in the Local Facilities Plan whether financed with state funds or local funds. The Department of Education Facilities Services Unit maintains a Web site that provides guidance for approval of architectural plans, construction costs, site selection, and square footage.

In GA CODE § 20-2-260 (c) (1), (c) (3), and (c) (4), it should be noted the term "educational facilities" is used in a description of facilities for which standards should be written. The definition of educational facilities given in GA CODE § 20-2-260 (b) (5) includes the term "classrooms" and does not exclude portable classrooms, temporary facilities, or non-standard facilities from the definition. GA CODE § 20-2-260 (c) (1) includes temporary buildings as buildings that should be included in the inventory. At the beginning of this study the State Department of Education Facilities Services Unit had not completed an inventory of instructional space in portable classrooms. However, by the end of the study Interviewee #7 indicated an inventory had been completed. The researcher requested a copy of the inventory but that data were not forthcoming. Additionally, the researcher inquired whether there would be standards written for portable classrooms but received no reply. The State of Georgia defines students who "are not housed in school facilities which are structurally sound with adequate space as defined by the board" as "unhoused," (GA CODE § 20-2-260 (16)).

None of the local system interviewees complained about the oversight of their construction projects. Interviewees from each of the systems did complain that the state provides no funds for land or for site development. They believed the reason is that the land costs vary considerably from school system to school system. According to Interviewee #3, System C, "There're no variables in mortar. There are variables in site conditions." Land and site improvements are not eligible costs; landscaping and paving are eligible costs.

Other costs not eligible for state funds are athletic facilities, such as softball, football and soccer stands, for extracurricular sports. Portions of a gymnasium not directly related to physical education, such as bleachers and concession stands for after-school game attendance, are not considered state eligible project costs.

> GA CODE § 20-2-260 (b) (5) Educational facilities shall include buildings, fixtures, and equipment necessary for the effective and efficient operation of the program of public education . . . which shall include classrooms, libraries, rooms and space for physical education, space for fine arts, restrooms, specialized laboratories, cafeterias, media centers, building equipment, building fixtures, furnishings, related exterior facilities, landscaping and paving, and similar items. . . . The following facilities are *specifically excluded: swimming pools, tracks, stadiums, and other facilities or portions of facilities used primarily for athletic competition and the central and area administrative offices of local units of administration* [italics added].

State Allowable Costs per Square Foot

While state eligible costs are those costs eligible for state reimbursement such as classrooms and landscaping, allowable costs are the costs per square foot that the state is willing to pay for specific materials on a per square foot of building basis. For example, the state will reimburse only the cost of vinyl composition tile floor covering even if the school uses a more expensive material such as carpeting or terrazzo. All local facilities persons interviewed complained the state allowable costs per square foot, at $54 per square foot for elementary school, $56 per square foot for middle school, and $58 per square foot for high school (Georgia Department of Education Facilities Services Unit, May 2001) were not adequate to build a school in a metropolitan area where construction costs are considered to be high. Most believed the actual costs ran $20 to $40 per square foot higher than the amount allowed by the state. Interviewee #1, System B echoed the opinion of all the local system interviewees:

> There's no place in Georgia that you can build a school for $55 per square foot. Our square footage [cost] is $78 to $82 per square foot…is not the highest, not the lowest. Fulton, Cobb, and Gwinnett, they have schools that cost over $100 per square foot. It's

> just more expensive. In more rural areas it's less expensive but there's no place in Georgia that you can build a school for $55 per square foot.

Interviewee #2, System B, estimated the shortfall between what the state allows and actual costs for construction was about 25% statewide. Interviewee #3, System C, said, "The state funding, the annual capital outlay funding for new construction that we normally receive, will only build about half of one school." Interviewees #3 and #4, from System C, estimated costs at $90 to $93 per square foot. However, when questioned about what the $90 to $93 per square foot covered, they said this included some special finishes such as terrazzo floors in the corridors and natural lighting in all classrooms. Interviewee #3 explained they no longer used terrazzo floors but were using vinyl composition tile in corridors. Interviewee #4 cited brain-based research that showed the cognitive advantage of having costly natural lighting in classrooms. When asked about special finishes Interviewee #3 said

> We could build a blasé school, for example, interiors, no color, the floor tile one blah color, no accent colors on the walls …You go in one of our schools and we've got patterned floors, patterned colors, accent stripes, that…add to the desirability and aesthetic appearance of that school.

Interviewee #4 said the state estimated project costs at $8 million for a new elementary or middle school, but their (local) typical project costs range from $10 million to $12 million.

When asked about the dissatisfaction among local system persons about allowable costs, Interviewees #7 at the state level commented:

> All it is, is what's under the footprint of the building, the cheapest type of construction that would provide an adequate space for a youngster to learn. So it's minimum funding. …[at] $54, $56, and $58. …There's a 5% contingency and a 6% add on for architect. …Then you have to subtract the required local [participation].

Interviewee # 6, at the state level, agreed that an adequate structure could be built for the basic square foot costs provided by the state:

> The difference becomes the choices of the school system for better than standard, better than economical products for finishes, for roofs, for HVAC, that sort of thing. …But the state, this [$54-$58] will build you an acceptable building to house children in. Safe, acceptable, good quality built. But it's not going to have things that you might consider would extend the life of the building, would ease maintenance costs. . . . In essence it will probably cost you $85-$90 per square foot to build the kind of building they like to build in metro Atlanta. Now the people down in South Georgia, they are pretty pleased with this right here [$54, $56, $58]. But you are not going to get brick veneer, you're not going to get terrazzo floors, you're not going to get standing seam metal roof. If you want standing seam metal roof and you want a brick veneer building and terrazzo floors, you are going to pay that [$85-$90] kind of price. If you don't want all that stuff then you might get by with what the state is putting into their formula. . . . So, this extra $30 or $40 per square foot becomes additional local [expense]. The state says, "That is your number. If your people want to build at $85-$90 per square foot, that's what you've got to come up with, because the formula is only going to give you that and if you're building a $15 million building, we'll give you $10 million [for allowable costs, allowable finishes], you've got to come up with $5 million."

It should be noted, Interviewee #6 recognized systems may decide to upgrade finishes or equipment, such as heating and air conditioning, that would be less costly to maintain over time. The interviewee also said the state reviews costs reported by school systems and revises allowable costs when deemed needed. He anticipated revisions in 2005 for FY 2006 for increases in costs of steel and other materials.

Interviewee #4, from a local system, added that the entitled need includes renovations and modifications to existing structures:

> In our situation we are going to come in here and say we show this many instructional units we need to build over the next five years. We will ask for any funding from the state to supplement that new construction. . . . But when the state looks at our entitled need and that means new construction, modifications, and renovations they'll look at how much we need to do in all of our buildings, system wide, and that number becomes what we call the entitlement, what portion of the money we earn from the state.

Total eligible square footage for new schools is determined by formula. All required spaces with adequate size must be designed from the space budget. Instructional units or classrooms are designated as "I. U." Square footage multiplied by number of instructional units equals number of square feet for the building. Formulas are found in Table 12.

Table 12

Total Eligible Square Footage per School

Type of School	Square Footage Construction Budget (Eligible Square Footage per School)
Elementary	1,800 sq. ft. x number of I.U.s
Middle	2,250 sq. ft x number of I.U.s
High	2,850 sq. ft.x number of I.U.s

From *Square Footage Requirements for Use in Developing Plans and State Capital Outlay Applications for Funding*. Georgia Department of Education Facilities Services Unit. (2003b, December 8).

Local systems may build schools with greater square footage spaces but those spaces will not be considered state eligible or allowable project costs. Music, art and physical education are included in the square footages above. Square footage for specialized spaces are set out in the department guidelines (Georgia Department of Education Facilities Services Unit, 2003b, December 8).

Site Selection

Local systems are required to receive state approval of all sites although the state does not provide funds for public school sites:

> GA CODE § 20-2-260 (c) (7) To review and approve proposed sites and all architectural and engineering drawings and specifications on construction projects for educational facilities to ensure compliance with state standards . . .

Interviewee #1 revealed state department approval of sites must precede designing and advertising for bids for a school, as found in GA CODE §§ 20-2-260 (c) (4), (c) (7), and (d) (6):

> If we select a site that is not suitable then everything else becomes moot. We've had some sites rejected recently. We submitted [a site near a ballpark] and they came down and looked at it and rejected it because it was too close to that airport, even though that's a little regional airport. . . . Hazardous waste dump, lakes, anything that is potentially harmful in the vicinity of a school site causes it to be rejected. So that further limits the potential for sites.

Interviewee #6, at the state level, elaborated:

> We make you get your site approved because we're not going to approve you to build a site next to a liquor store, an airport, a nuclear power plant, or a waste dump. These are on the [Georgia Department of Education Facilities Services Unit, 2003a, December 8] Web site. We, the last 3, 4, 5 years have required a Phase One Environmental Study. It addresses 13 items within a 3-mile radius of the school site. If any of those 13 items are found to be present in the Phase One Environmental Study we ask that you have a risk hazard probability study done. . . . We require a great deal of a local school system getting a site approved . . . and this doesn't matter whether they are going to build it with local money or state money. They have to get that site approved for a school no matter how they pay for it.

The Department of Education Facilities Services Unit (2003a) provides *A Guide to School Site Selection* available at their Web site.

The description of the capital outlay process thus far has mostly concerned how the local school system documents its facilities needs in its local facilities plan. To summarize, full time equivalent student counts and projections of student enrollment for five years are used to estimate the number of classrooms, which is converted to the number and type of schools that will be needed over the next five years. The local system must prioritize the order in which planned facilities will be built. The Department of Education Facilities Services Unit must approve all architectural plans and site selection even for schools that will be built wholly with local funds. A local system may choose to apply to the state for reimbursement of local funds spent for facilities construction. That portion of local costs the state is willing to reimburse is for standard materials and for state allowable project costs. A local system may upgrade materials or add costly design features, but the state will reimburse only for standard materials design features.

Entitlement is based on (a) a ratio of local need to statewide need, and (b) an adjustment for system wealth. These are addressed later in this report. Other factors that impact whether a system will be able to access state funds include (a) legislative approval of a statewide level of

funding, (b) the various capital outlay funding programs, and (c) the availability of local funds for costs not covered by the state.

Levels of Funding, Funding Programs, and Local Funds

When a local system has an approved local facilities plan in place, the system may submit an application for funds to the Department of Education Facilities Services Unit according to GA CODE §§ 20-2-260 (d) and (e). The subsections provide for systems to apply for funds (a) because of increased enrollment or exceptional growth, (b) to replace buildings destroyed by fire or natural disaster, (c) to replace abandoned buildings, (d) for renovation of existing buildings, (e) for additions to existing buildings, (f) to modernize an historic landmark used as a public school, (g) for construction of new buildings, or (h) for relocation of programs to new sites. School systems may also apply for reimbursement of that portion of their entitlement for current debt service on local bond indebtedness for state approved construction projects, but only after such projects have been completed. School systems may apply for funds designated for consolidation of facilities having fewer than the state required minimum school population or to assist in consolidation across local school system lines. Also, school systems may apply for funds that serve a cooperative effort between local school systems and postsecondary institutions. Consolidations and cooperative efforts are not considered part of this study.

Local school systems apply for funding to the Department of Education Facilities Services Unit based on their identified needs in the Local Facilities Plan and following the priorities set out in that plan. A system may have identified a need for ten new school facilities in their local facilities plan. That means they are projecting a need for ten new schools to house the projected student population by the fifth year of the Local Facilities Plan. However, the system will apply for only part of that need in their annual application for funds. The local system will

not try to acquire funds and begin construction on ten facilities the first year. The intent of the capital outlay program is that local systems will have a five-year plan to attempt to build schools to house the projected student enrollment. Facilities planners in the local systems know they will not likely, in any given year, receive funding for all their needs identified in the Local Facilities Plan. The state does not try to fund all the needs (Education Reform Study Commission, Education Facilities Committee, 2000b). The reality for exceptional growth systems is that they most likely will begin the first year of the currently approved local facilities plan with large numbers of students unhoused, that is, in portable classrooms rather than permanent educational facilities. Then, as schools are built, student populations continue to grow, often outpacing construction.

Several factors, other than actual state eligible and allowable project construction costs, influence the total entitlement a system receives from the state. Generally these are (a) whether the state legislature funds the capital outlay program at the 100% level and whether the local system can provide for a shortfall in the event the legislature does not fund at the 100% level; (b) under which funding programs, or combination of programs the funds are requested; (c) adjustments for the local school system's ratio of need as compared with other systems' needs across the state, (d) entitlement credit for local expenditures toward eligible needs, and (e) adjustments for the local wealth ratio. These factors are now further described.

Levels of Funding

Beginning in fiscal year 2003, the *maximum* the state could appropriate under two capital outlay funding programs was (a) regular program, $200 million, and (b) exceptional growth program, $100 million. The regular program maximum was previously $100 million. Local school systems make application to the Department of Education Facilities Services Unit. The

applications are based on projects selected from those prioritized in the Local Facilities Plan. However, at the time of application, the local systems do not know whether the legislature will approve funding at 100% of the maximum for each program or at some lesser level. Applications are made in the fall for the next fiscal year, beginning the following July 1.

Interviewee #6, a state regional consultant, explained that local systems indicate whether their application is for each of the five possible funding levels:

> At the time applications are made by the local school systems, they [the individual systems] make a choice [as to whether their application will stay in] for consideration at all levels. If a school system cannot build a new school, if they cannot get 100% funding [level] from the state, and they elect, "No, we do not want to participate. We want our application pulled out if the legislature funds anything less than 100%," if the legislature, as they did this last year [for FY 2004], only funds 60% and the school systems at the 60% level check 'No" on their application, then their application is dropped from the overall budget. That doesn't mean they lose any money. It just means they have to reapply in a future year for their entitlement dollars. They'll wait and accumulate some more. Wait until another year because they don't have enough local money to go in to overcome that 40% reduction or 20% reduction, or whatever the case may be. They make that decision at application time so that when the legislature decides what they are doing, they don't have to go back and ask the schools, local systems, anything. They [the local systems] made that decision up front that "We will keep our application in at the $100 million [Exceptional Growth], at the $80 million, but if it's $60 million, or $40 million or $0 our application automatically drops out based on our decision at the time of application."

If the legislature funds at the 100% level, and if, for example, a local system may expect to be reimbursed $6 million on a project, the local system must project whether it will be able to provide enough local funds to complete a project if the legislature funds at only the 60% level, meaning the local system will get only $3.6 million in state funds, $2.4 million less than at the 100% level. At the time of application the local system estimates the local funds that will be available from special local option sales taxes and bonds. If the local system anticipates it cannot make up the $2.4 million it will not receive from the state, the local system indicates on the application that its application is to be dropped from consideration for that year. The state

funding plus the required local effort must be in the local system budget for a project to begin construction. Each year state auditors audit the local school systems. The auditors look for the application for funds, which the school system superintendent signs indicating the system has the funds to build the project, and that those funds are actually in place.

Funding Programs

School systems use a combination of local and state funds to build schools. They may fund a project wholly from local revenues. Local funds for school construction come from local bonds and from special local option sales taxes. Voter approval is needed for each. Local school systems in Georgia generally prefer to use property taxes to finance maintenance and operations, which includes programs and salaries, rather than facilities. Millage for capital outlay is in addition to maintenance and operations millage. Interviewee #1 indicated his system had a referendum to maintain the millage rate, not increase it. This is an advantage a rapidly growing system may have in that the tax digest may increase at a rate that allows the system to avoid raising the millage rate. Local school systems may apply for state funds from five programs as found in the statutes. Special appropriations, such as House Bill 1187 in 2000 for a reduced classroom size initiative, occur outside these programs.

Appropriations authorized by the Georgia Code are: (a) regular, (b) advanced, (c) low wealth, and (d) exceptional growth. (Merger funding is not part of this study). All systems may apply for regular category funds. However, systems must qualify for the advanced and low wealth categories, which are essentially loans for small systems that have difficulty accumulating enough entitlement and local funds to complete a needed project. Systems must also qualify for exceptional growth entitlement according to specified student enrollment growth criteria.

The regular program is available to all systems. Beginning fiscal year 2003 (July 1, 2002) the General Assembly raised the maximum authorization level of regular funding from $100 million to $200 million.

> GA CODE § 20-2-260 (g) (1) In order to determine a reasonable total funding level for the purposes stated in subsection (e) [construction projects] of this Code section, excluding funds provided for exceptional growth . . . and to establish a fair and equitable distribution of funds to local school systems, the State Board of Education shall annually determine a level of authorization. Starting with fiscal year 2003 applications for funds and for each fiscal year thereafter, the new authorization level may equal zero but shall not exceed $200 million, adjusted annually to reflect the changes in the current annual construction cost data. . . . For purposes of deliberations with the governor and the General Assembly regarding the amount of state funds to be appropriated, calculations shall be made for at least three levels below the $200 million maximum authorization, adjusted as specified in this paragraph.

Under this program the total statewide facility improvement needs from the most recent updates of Local Facilities Plans, which have been reviewed and approved by the state board, are considered. To this, the sum of debt service for the five-year period of latest five-year local surveys is added. The equitable distribution of funds is explained later in the sections describing the ratio of needs and local system wealth.

The regular advanced or advanced program is a loan from the state. Interviewee #6 described the regular advanced category:

> The advanced and low wealth are part of the regular outlay program; the money is generated out of that $200 million. There is not a separate level there that they operate from.

However, Interviewee #7 disagreed. He said advanced funding is separate from the $200 million regular category. His explanation was complex and indicative of the multifaceted nature of the capital outlay process. Generally, his explanation was that it is rare that applications from the various systems will total $200 million for regular category. Part of the $200 million is being paid back by systems that have borrowed, through advanced or low wealth applications, in prior

years. Therefore, the advanced funds may come from the $200 million approved for regular funding. Technically, the legislature may approve up to $200 million for regular funding, up to $100 million for exceptional growth funding, and could approve additional funding for advanced funding above the $300 million total for regular and exceptional growth categories.

The statutes for the advanced category are presented here:

> GA CODE § 20-2-260 (h). A local school system may receive state capital outlay funds for *one construction project* [italics added] under the advanced funding category to meet educational facilities needs due to the following:
> (1) Extraordinary growth of student population in excess of the capacity of existing facilities;
> (2) Destruction of or damage to educational facilities by fire or natural disaster [with some limitations];
> (3) Replacement of educational facilities . . . certified as hazards to health or safety;
> (4) Projects in priority order, *which would otherwise require more than three years of combined[projected future] annual entitlement and required local participation amounts* [italics added], estimated in accordance with the total entitlement intended for authorization by the State Board of Education;
> (5) Projects for consolidation of schools across local school system lines which have costs that exceed the combined annual entitlement of the participating local school systems [with some limitations].

Advanced program funding allows systems to borrow from the state when it would take three or more years to accumulate enough entitlement to build a project. That is, the cost of the number one priority project is greater than the entitlement for the next three years. The system cannot make another application for regular funds until the funding from advanced program has been recouped by the state through the system's entitlement over the coming years. A system using advanced funding may, however, continue to apply for exceptional growth funds through its exceptional growth entitlement.

Interviewee #2 said his system made no application for funds for FY 2004 because he had wanted to apply for advanced funding and had to use all his regular entitlement first. Once that was done, the system made application to borrow $6.2 million in advanced funding. Any

other capital outlay funds would come from the exceptional growth program and local funds such as SPLOST or bonds. Interviewee #7, at the state level, verified System B was still paying back the borrowed entitlement in fall 2004 and had about 2.5 years left in the payback process.

The low wealth category of funding provides another opportunity for a local system to borrow entitlement from the state. The statute for the low wealth category is found outside the statute for most capital outlay for K-12 schools:

> GA CODE § 20-2-262 (a). The General Assembly finds that many local school systems in Georgia have a relatively weak local tax base and are unable to raise revenues sufficient to meet their facility needs. The General Assembly further finds that even with current levels of state capital outlay support, these systems must wait for years before they can accumulate funds to initiate construction projects that are needed immediately. For some systems, the availability of the local option sales tax does not resolve their problem, because their commercial tax base is as meager as their property wealth. The difficulty is compounded if the per capita income in the school system is low, because residents have less ability to take advantage of property tax and sales options to meet their facility needs. It is the intent of the General Assembly to provide for state capital outlay grants specifically targeted to low wealth school systems, on a short-term basis, in order to help such systems initiate what they have been unable to accomplish with existing revenue sources.

State level Interviewee #7 described how low wealth systems are identified:

> We have this year, for fiscal year 2005, applications for 33 systems that are eligible. We have criteria the systems have to meet. They have to be in the bottom quartile on sales tax yield per weighted FTE [and] the bottom quartile on property tax wealth per weighted FTE. The per capita income has to be at the bottom quartile. They have to levy at least 12 equivalent mills. They have to be either in the payback mode for a bond or SPLOST and if they meet all those criteria they can make a low wealth application.

He confirmed the local system applying for low wealth funds must have already applied for advanced funds so that the effect of the low wealth program is to give systems a second opportunity for advanced funds.

> GA CODE § 20-2-262 (d). Local school systems, which meet the following criteria, shall be eligible for a low wealth capital outlay grant:
> (1) The amount of sales tax revenues per unit in the full-time equivalent student count of the local school system is less than 75 percent of the state-wide average sales tax revenues per unit in the full-time equivalent student count;

(2) The value of property per unit in the weighted full-time equivalent student count of the local school system is less than 75 percent of the state-wide average value of property per unit in the weighted full-time equivalent student count;
(3) The per capita income of residents of the local school district is less than 75 percent of the statewide average per capita income level;
(4) The local system's millage rate for maintenance and operation is at least 60 percent of the system's constitutional authority to recommend; or if the school system is not a recommending authority, the appropriations to the system represent a minimum of 60 percent of the amount that would be generated by a rate of 20 mills; or if the school system is eligible to receive local option sales tax proceeds for maintenance and operation purposes, the combination of property tax revenue and sales tax revenue represents a minimum of 60 percent of the amount that would be generated by a rate of 20 mills;
(5) A special purpose local option sales tax is in effect in the local school district or the local school system has in place a millage rate for debt service on bonds, or both; and
(6) The local school system is currently participating in advance funding from the state for capital outlay projects and will continue in that status for a minimum of one additional fiscal year beyond the fiscal year for which the grant is made.

Interviewee #7, at the state level, said systems are now *allowed to apply a second time for low wealth* funding. This was approved in the 2004 legislative session. He also indicated only two or three school systems were known to qualify as an exceptional growth and a low wealth system in the last few years. Because of this, low wealth is of interest in this study only as far it concerns political competition for funds.

The exceptional growth program provides facilities funding for local systems experiencing rapid growth. This program was approved in 1994 for FY1996. The General Assembly may approve up to $100 million for this program, GA CODE § 20-2-260 (j) (1). Calculations for local systems are made at 100%, 80% 60%, and 40%. The General Assembly may set the authorization at any level lower than 100% or may authorize no funding in any given year. As with regular funding, by the time the authorization level has been approved, the local systems have (a) already made their calculations for their local participation needed to continue a project for each of the levels, (b) decided at what levels they can participate, and (c) completed their applications for funding. If the General Assembly approves a lower level of funding, the

school system has already stated in its application whether or not, at each of the lower levels, it will be financially able to start a project that fiscal year:

> GA CODE §§ 20-2-260 (j) (1). In order to determine a reasonable funding level under this subsection and to establish a fair and equitable distribution of funds to local school systems for construction projects needed because of exceptional growth, the State Board of Education shall annually determine a level of authorization. For a given fiscal year, the new authorization may equal zero but shall not exceed $100 million. For purposes of deliberations with the Governor and the General Assembly regarding the amount of state funds to be appropriated, calculations shall be made for at least three levels below the $100 million maximum authorization.
>
> (2) In setting the annual authorization level for exceptional growth funding, the state board shall consider any previously authorized but unfunded amounts under this subsection together with the total estimate of funds needed for school facilities as a result of exceptional growth as computed under subparagraph (A) of this paragraph. The annual entitlement for each school system experiencing exceptional growth shall be computed as follows:
>
> (A) The average of each school system's average full-time equivalent count for the three most recently completed school years ('most recent average') will be compared to the average of that system's average full-time equivalent count of the three most recently completed school years prior to the most recently completed school year ('earlier average'). If there is an increase in a school system's most recent average of at least 1.5 percent and at least 65 average full-time equivalent counts over that system's earlier average, that system will be an exceptional growth system. For each such exceptional growth system with an increased average count of at least 65 average full-time equivalent counts after the above calculation, the amount of such increase will be divided by the total such increase for all exceptional growth systems under this subsection to provide the ratio of each system's growth to the total growth of all systems with exceptional growth. . . . The local system is eligible to receive any entitlement accrued under this subsection from previous fiscal years for which funds have not been received.

The Department of Education calculates each local system's growth using a ratio of the most recent average to the earlier average. A local system's student enrollment growth must be a minimum of 65 students and 1.5%. Interviewee #1 believed the standard was set too low and should be at about 5% rather than 1.5%. However, he believed the program would not have been approved if it had been limited to school systems that grew by at least 5%:

> I have argued that 1.5% is not very exceptional. Our system is growing at 7.6% per year. They set this so low so a lot of school systems get to draw from that pot of money. There

> are very few systems that grow at 5%. There are probably five systems that grow at 5%. But the political reality of it is that if you set criteria that will only benefit only five school systems then you'll only have representatives from five school systems that are interested in spending that money and they can't get the legislation passed. So they set it deliberately low so they can go to a lot of legislators and say, "Here's something that would impact your school system and make you a hero if you would sponsor this legislation" and they got this extra money that attracts votes.

Table 13 shows the number of applications for each funding program in FY 2004 and FY 2005. A local system may apply for funding from more than one program.

Table 13

Total Applications for Funding for FY 2004 and FY 2005

Fiscal Year	Exceptional Growth	Regular	Combined Growth & Regular	Advanced	Combined Advanced & Growth	Low Wealth	Total Applications
2004[1]	13	9	16	5	1	5	49
2005[2]	9	11	11	4	0	0	35

Note: Table does not include applications for Special Appropriations.
[1]Georgia Department of Education Facilities Services Unit, Capital Outlay Program, FY 2004 Budget Request
[2]Georgia Department of Education Facilities Services Unit, Capital Outlay Program, FY 2005 Budget Request

The FY 2005 budget request showed more than $92 million in state regular capital outlay funds for projects having total costs at $239 million. This indicates 38% of total costs from state funds. State exceptional growth was shown at about $45 million of total project costs at $83 million. This indicates about 54% of total cost covered by state funding. A limitation of the data is that total costs reported by local systems may or may not include costs not allowed or not eligible.

The exceptional growth program is to be discontinued in 2009 (GA. L. 2000, p. 618 §21, not codified by the General Assembly). Asked if the 2009 sunset provision for the program would take effect Interviewee #7 at the state level said, "It depends on the economy. It depends on two factors. It depends on the needs of the local systems." Interviewee # 4, System C

continued, “In a system like ours it will be a severe impact.” All other local level interviewees agreed the program was an important feature in their efforts to place students in permanent facilities.

There is a statewide sharing of exceptional growth funds based on a ratio of local exceptional growth to statewide exceptional growth that is similar to that for regular program funding as explained in the section on adjustments to entitlement.

Adjustments to Entitlement

Local school systems may receive entitlement for their eligible needs. Local systems determine which projects they wish to build next by their priority list, estimate the local funding available, and then apply to the state for state funding.

Ratio of Need for Regular and Exceptional Growth Programs

The state may appropriate up to $200 million for a fiscal year for regular program and up to $100 million for exceptional growth program. Once the General Assembly has set the appropriation for the coming year the local systems are notified as to their entitlement based on the (a) ratio of local need to statewide need, (b) an adjustment for required local participation, and (c) credit for local expenditures for eligible costs.

The *2003 Status Report of Georgia Capital Outlay Program* (Georgia Department of Education Facilities Services Unit, 2003, July) showed FY 2004 total capital outlay need at over $2.3 billion and estimated FY 2005 total capital outlay need at over $2.49 billion. FY 2006 figures were not made available to the researcher. Total annual statewide need ranged from $2.3 billion to $2.6 billion between FY 1996 and FY 2005. Each school system is given a proportionate share, of the approved level of funding, based on their need. This ratio of need is

calculated annually independently of the statewide level of funding and remains the same for that year regardless of the level of funding.

> GA CODE § 20-2-260 (g) (3). Each local school system shall be entitled to a portion of the total authorization set by the state board annually under this subsection based on the ratio of that local school system's needs as computed . . . to the total of all local school systems' needs. In addition to the annual entitlement, the local school system is eligible to receive any entitlement accrued from previous years for which state funds have not yet been received. Any change in the method of determining entitlements in subsequent years shall in no way affect the amount of previously accrued entitlements. . . . (4) In the event that projects requested for funding exceed the total state entitlements and required local participation, local school systems may elect to contribute additional local funding. Local funds contributed in excess of required local participation on state eligible project costs may be credited toward earning entitlement for state eligible project costs . . . to the extent of the state eligible needs identified in the local facilities plan. (see Appendix H)

There is also a statewide sharing of exceptional growth funds based on a ratio of local growth to statewide growth that is similar to that for regular program:

> GA CODE § 20-2-260 (j) (2) (B). Each system identified as being an exceptional growth system . . . shall be entitled to a portion of the total entitlement authorization . . . for exceptional growth based on each system's relative exceptional growth to the sum of exceptional growth for all systems. . . . The entitlement for each school system shall be determined annually by multiplying each system's ratio of need to the total need for exceptional growth by each of the program authorization levels required. . . . In addition to the annual entitlement, the local school system is eligible to receive any entitlement accrued under this subsection from previous fiscal years for which state funds have not been received. Any method of determining entitlements in subsequent years shall in no way affect the amount of previously accrued entitlements.

The formulas are found in Appendix I.

During the annual update, any projects completed, whether financed by local or state funds, are removed as identified needs from the local facilities plan. As a result, a school system will see a reduction in its total needs and a reduction in its local to statewide needs ratio. This occurs even though there may be many identified, yet un-built, projects in the local facilities plan. The result is that other school systems that need fewer schools built will see an increase in their needs ratio simply as a result of a reduction in the total needs for those systems engaged in

massive building programs. However, even though a system with greater needs will see a reduction in its needs ratio when it completes a project, usually there are such increases in student enrollment in exceptional growth systems the needs ratio soon increases again. When a local system completes new schools, it reduces its ratio of need. When a local system reduces its ratio of need, all other local systems experience an increase in their ratio of need.

Credit for Local Expenditures for Eligible Costs

On the entitlement sheet that the regional consultant delivers to a local system is a line of credit for any bond a local system may have in effect for capital outlay. If a local system has a $20 million bond for 20 years the state will credit the local system $1 million each year for 20 years in entitlement.

The latter part of GA CODE § 20-2-260 (g) (4) addresses credit for local expenditures for eligible costs.

> In the event that projects requested for funding exceed the total state entitlements and required local participation, local school systems may elect to contribute additional local funding. Local funds contributed in excess of required local participation on state eligible project costs may be credited toward earning entitlement for state eligible project costs . . . to the extent of the state eligible needs identified in the local facilities plan.

Credit for SPLOST funds for capital outlay is given somewhat differently. Interviewee #6, at the state level, explained that this is what local systems' persons call "Do Right" credit. "Do Right" credit is for projects funded 100% by SPLOST funds. He said the local systems complained they were spending local SPLOST funds to build schools, but the penalty was that, on paper, this lowered their calculation of facilities needs, which lowered their entitlement. They saw this as being penalized for building schools they needed. They wanted the state to "Do Right" by local systems and give them credit for those local expenditures. Interviewee #6, at the state level, said

> Number 3 [a line item on the entitlement form for each school system] is a need that's been satisfied with local option sales taxes. But the legislature only gave us the approval and the law to give credit for local option sales taxes two years ago [2001]. You move around the state and ask questions, they will refer to line number 3 as "Do Right" credit. It only stays there for five years. . . . You only get "Do Right" credit for passing a SPLOST after July 1, 2001 if you ask for it within 90 days of approval by your voters.

Interviewee #7 at the state department explained

> The provision allows local systems to earn entitlement for up to five years for local projects totally funded out of local funds. This is euphemistically called "Do Right" credit. Essentially what happens is if the system takes all of the money and puts a new roof on a building that's eligible to earn entitlement and they go ahead and pay for it all, the need for doing that is added to their entitlement for a period of five years. So they earn entitlement on money that they have spent to do something because they didn't wait to apply for state money.

It should be noted, a project might be less than a whole new building. It can be a renovation such as a roof replacement for an existing building.

Required Local Participation by Local Systems

Each local school system is required to contribute a minimum in local funds toward the eligible costs of a school construction project. That portion is in addition to the local costs born for land, upgraded materials, bleachers, concession stands, and other items not considered eligible for state funding. The required local participation is accounted for in the application for funds.

> GA CODE § 20-2-260 (d). In order to qualify for and receive state capital outlay funds . . . each local school system must . . . (8) Provide required local participation.

More specifically as follows:

> GA CODE § 20-2-260 (f) The State and each local school system shall provide capital outlay funds for educational facilities in accordance with this subsection as follows: (1) The required local participation shall be no more than 20 percent nor less than 8 percent of the eligible project cost as determined *by the local ability ratio* [italics added]. The local ability ratio is determined by multiplying the local wealth factor by 20 percent. At the time a local school system applies to use entitlement earning, a system may earn an additional 2 percent reduction in the required local participation for each new construction project that uses a Georgia State Financing and Investment Commission

> prototypical design with the project managed under the direction of the Georgia State Financing and Investment Commission. Regardless of the above, no local school system's *required* [italics added] local participation shall be less than 6 percent nor greater than 20 percent of the cost of an eligible construction project except as provided in paragraph (2) of this subsection; and (2) The state shall participate in no more than 25 percent of the cost of construction projects related to damage to educational facilities caused by fire or natural disaster.

The local ability ratio or local participation ratio is a measure of the local school system's ability to put local funds into a project by taking into consideration the relative wealth of the local school system. Wealthier systems are required to contribute more in local funds than less wealthy systems.

The local wealth factor is defined:

> GA CODE § 20-2-260 (b) (11). Local wealth factor is defined as the average of the property tax wealth factor and the sales tax wealth factor. The property tax wealth factor is determined by dividing the local school system's net equalized adjusted property tax digest per weighted full-time equivalent student by the state-wide net equalized adjusted property tax digest per weighted full-time equivalent student. The sales tax wealth factor is determined by dividing the local school system's 1 percent local sales tax wealth per weighted full-time equivalent student by the state-wide 1 percent sales tax wealth per weighted full-time equivalent student.

For System A, the calculations for FY 2005 are shown.

Property tax factor is:

(local system net equalized adjusted tax digest per WFTE/State net eq. adj. tax digest per WFTE)

(129384/129302.09) = 1.000632

Sales tax factor is:

Sales tax wealth per WFTE / state-wide sales tax wealth per WFTE

(556.06/667.81) = 0.832664

System A local wealth factor for FY 2005 is (1.000632 + 0.832664) / 2 = 0.916648

System wealth (Sales and Property Wealth per Child—Data for FY 2005, by email from Department of Education Facilities Services Unit) calculations indicate system wealth for the local school systems studied as:

System A	0.916648
System B	0.714277
System C	1.407454
System D	1.842993

The local ability ratio is determined by multiplying the local wealth factor by 20%. However, the system may receive a two percent reduction for using a prototypical architectural design. Using the example for System A and assuming the 2% reduction to 18%, then the local ability ratio for System A is calculated:

0.916648 X .18 = 0.164996

The researcher calculated an estimated FY 2005 local ability ratio for the systems studied, assuming a 2% reduction for prototypical designs:

System A	0.1649966
System B	0.1285698
System C	0.2533417
System D	0.3317387

The local ability ratio is an adjustment factor on the application for funds and is used to calculate the amount of required local participation in the funding of the construction project. The maximum required local participation is 20%, so that Systems C and D would not be required to contribute at the rates calculated.

For System A, using $10 million, for example, as an allowable and eligible project cost, then state funding may be calculated.

$10,000,000 x 0.1664996 = $1,664,996 local participation

$10,000,000 - $1,664,996 = $8,335,004 state funding

The $10 million allowable and eligible costs are not all costs. Local system interviewees indicated they voluntarily invest more than the required local participation in order to get a project completed. They are unwilling to wait for enough state entitlement to accumulate. They pay little attention to the amount required because they know they will contribute more. Interviewee #1, at the local level, said he had an application that showed required local participation at $3.37 million.

> That is unreal; that figure doesn't mean anything. The local effort actually comes closer to $6 million. . . . Telling us our required local effort . . . means nothing because we know we will spend well over that. . . . Required local effort becomes a meaningless number because the required local effort is so unrealistically low that there is never a time that that number would surprise us.

Interviewee #2 agreed, "For them [the state] to say they will reduce your fair share [by 2% for prototypical plan] when you are already paying way more than your fair share, it has some effect, but not a lot."

Interviewee #4 also agreed with Interviewee #1

> The way ours breaks out is pretty much fifty-fifty split. Fifty percent of the money we get from the state; fifty percent is local funding. They project a cost of about $8 million and typically our project cost is about $10-12 million for elementary and middle schools.

Other local system interviewees consistently stated that for exceptional growth systems the required local participation calculations are meaningless because their actual local monetary contributions are so much greater than that required by the state.

Interviewee #6, at the state level, disagreed that the required local participation did not mean anything. From his explanation it appeared smaller, less wealthy systems that must accumulate entitlement over years to build a school are, of necessity, more mindful of the

required local participation as they struggle to meet their required participation. For this reason, the previous required local participation range of 10% to 25% was lowered to 8% to 20%. With a 2% reduction for prototypical plan the range becomes 6% to 18%. The Governor's Education Reform Study Commission (2000b) commented:

> Although there is a tendency for high-wealth systems to also be more likely to experience rapid enrollment growth, there are many exceptions; therefore, there is no perfect correlation between the two variables. The state may wish to consider alternatives for disassociating need from wealth in determining the proportion of required local effort in each system. (pp. 22-23)

The writing of the local facilities plan and the application for funds occurs with much cooperation between the local systems and the Department of Education Facilities Services Unit. The Facilities Services Unit provides needed guidance to help local systems access their earned entitlement while staying within state guidelines.

Entitlement Sheet

The regional consultant for a system delivers to the local system an entitlement sheet. This form indicates the dollar amount allotted to the school system for a 100% appropriation of the maximum $200 million for statewide regular program and $100 million exceptional growth program. The school system fills in that portion of the form indicating, for each funding program, regular and exceptional growth, and for each level of funding, 100%, 80%, 60%, and 40% of the $200 million (regular) or $100 million (exceptional growth) statewide appropriation, whether their application will remain active. For example, for regular program entitlement a local system may indicate as follows:

FY 2005 Annual Entitlement if funded by the legislature at the following levels:

(a) $200 million ___yes_____ (c) $120 million ___no_____

(b) $160 million ___yes_____ (d) $ 80 million ___no_____

The system in this example cannot, or chooses not to, keep its application active for FY 2005 if the legislature funds at the 60% or 40% level of $200 million for regular program funding. In this case, if the local system would receive, for example, $6 million at 100% funding, it would receive only $4.8 million at 80% funding, $3.6 million at 60% funding, or $2.4 million at 40% funding. When a school system chooses to keep the application active for any level of funding, that means they expect to have sufficient local funds to make up the difference should the legislature fund at less than 100%.

Contract with the State and Billing Procedures

The state issues a contract to the system for its portion of the funds appropriated by the General Assembly for that fiscal year. The system may begin construction. The local system pays contractors for billings out of local funds. Then after a number of bills have accumulated the local system sends those bills to the Department of Education Facilities Services Unit for reimbursement. The Facilities Services Unit notifies the Georgia State Financing and Investment Commission, (GSFIC), which issues the reimbursement payment to the local system through the Department of Education.

Special Appropriations

Special appropriations occur outside the capital outlay statutes. The most recent was for class size reduction, as explained by Interviewee #6:

> In 2001, House Bill 1187 was approved to provide funds for increased numbers of classrooms because of a reduction in the number of students allowed per classroom. Funding was for $552.7 million. Schools were required to have contracts for this money by June 30, 2004.

The Georgia Department of Education Web site indicated House Bill 1187 was approved in 2000. The discrepancy in dates is most likely that the General Assembly approved the bill in its 2000 session for fiscal year 2001 beginning in June of 2000.

The move to reduce classroom size was an interest of the governor in office at a time when there was a budget surplus. The intent was to reduce the number of students in classrooms gradually over a number of years. This would allow school systems time to build the additional classrooms that would be needed. Interviewee #1 indicated he was glad to get the funds from this source but would liked to have had the funds made available to reduce the need in exceptional growth school systems, rather than to reduce classroom size across all districts.

Interviewee #3, System C commented on the impact of House Bill 1187 for reduced classroom size: "We had to build 117 additional classrooms, forget growth, just to meet that criteria."

Interviewee #4, System C commented on the impact of House Bill 1187 to reduce classroom size:

> I thought we were in a good position to absorb it. We were in our heyday of our bond program at that time. We were building schools based on our needs slacking up. We were minimizing trailers at that time. We probably could have been out of trailers, had zero trailers on some of these campuses if it didn't affect us because we were already building to replace trailers. . . . But, if you say next year I'm going to have 1400 more kids, I can place those kids into 100 classrooms, but I now have to build 120 classrooms with the [class size] reduction. There's no adjustment in the future years on how that impact affects us. It [Special Appropriations] was a one-time shot to catch up with where you are at that point in time.

At least one local interviewee complained that the class size reduction was an opportunity to use surplus funds in the budget to spread $552.7 million in capital outlay funds across all political districts rather than in the few exceptional growth districts in need of classroom space. A later shortfall in revenues brought about a delay in full implementation of the reduction of classroom size as late as the legislative session in 2004 for FY 2005.

Advanced program and low wealth funding are considered by most people interviewed to be part of the regular capital outlay program. Usually, not all funds appropriated for regular

program are utilized by applications from local systems. This occurs as some systems find they do not have sufficient funds to proceed with a project or for any other reason decide to let their entitlement accumulate for another year. This allows regular program funding to be used for advanced program and low wealth program. However, Interviewee #7 at the state level said that, should a time occur that all regular program appropriations are used for that program, advanced program and low wealth funding may be approved, at the discretion of the General Assembly, in addition to regular program funding.

Local Funding

The Constitution of the State of Georgia (2002) provides for two methods of local funding for capital outlay for schools. Local school systems may finance school construction with voter approval of bonds to be repaid by a property tax (Article VIII, Section VI, Paragraph I) or by sale special local option taxes. A local system may use a SPLOST to fund projects directly or to reimburse a bond. The maximum total millage a local school system may levy for maintenance and operations is 20 mills per dollar upon the assessed value of all taxable property within the school system. Some interviewees believed, incorrectly, that any additional millage used to pay back bonds could be approved only if total millage remained at or below 20 mills.

In 1996 the Constitution of the State of Georgia (2002) was amended by voters to allow local school systems to pass a voter approved sales tax, called special local option sales tax, or SPLOST, of one percent for five years as set out in Article VII, Sec. VI, Paragraph IV, in part:

> Conditioned upon approval by a majority of the qualified voters residing within the limits of the local taxing jurisdiction voting in a referendum thereon. This tax shall be at the rate of one percent and shall be imposed for a period of time not to exceed five years. . . . The purpose or purposes for which the proceeds of the tax are to be used and may be expended include: (1) capital outlay projects for educational purposes; (2) the retirement of previously incurred general obligation debt with respect only to capital outlay projects of the school system.

Details of how the funds will be used must be outlined in the referendum. Bonds have historically been the common source for local funds for school construction in Georgia until the advent of SPLOST. Local systems continue to have bonds as a source of revenue if they choose and may pay off bonds with SPLOST funds rather than increasing millage for that purpose.

State level interviewee, #6 indicated:

> General obligation bonds that property taxes pay off for school construction is becoming almost a thing of the past because of SPLOST. SPLOST is providing a tremendous amount of money for school construction. General obligation bonds are fading fast.

Interviewee #4, System C said his county had its last bond in 1999 for about $125 million for additions to schools. In December 2004, according to the school system Web site (System C, 2004) this system was paying that bond with SPLOST funds. Interviewee #3 in System C said his system planned to use SPLOST local funds rather than bonds in the future. He had one elementary school under construction in summer 2003 that was the last bond-financed construction. However, this interviewee returned a copy of this report, sent to him for comments and corrections, with changes that indicated the economic downturn of 2003 had resulted in SPLOST income below projections and the system planned a bond vote in March 2005. The school system Web site accessed December 30, 2004 indicated the referendum would be for $170 million. Of the $170 million $128.4 million was planned for construction of seven schools. The interviewee commented that SPLOST revenues alone would fund only one school per year. Also, System A, in 2003, passed a general obligation bond for $125 million to finance construction of eight new schools, a further indication the local systems have turned to bonds to overcome less than anticipated SPLOST revenues.

Local systems may well have found it advantageous to have a bond to be paid back with SPLOST revenues over time rather than to depend on estimated SPLOST funds to materialize as

needed to fund projects directly. All system interviewees complained that when the state, because of an economic slowdown, did not appropriate at the 100% level for fiscal year 2003, they also experienced reduced SPLOST funds.

All interviewees agreed that SPLOST has made a dramatic difference in school construction. Interviewee #1 said, "The primary source is the one-cent sales tax. The secondary source is capital outlay funding from the state department and the third source is our bond indebtedness." Additionally, Interviewee #12, System D, responded, "It's critical. We have a very demanding constituency. They would readily approve SPLOST funds because they expect a high quality in school buildings." He continued, though, by speaking of a difficulty in his county that sometimes the support for SPLOST is contentious between two areas of the county having differing demographics with one area threatening not to support the vote unless their demands for replacement schools, renovations, or new schools are met. System D is the wealthiest of the four systems studied.

Another difficulty that emerges with SPLOST appears with the smaller, more rural and least wealthy of the four systems studied. Interviewee #2, System B, complained that his system does not have large shopping malls, as do neighboring systems, and his primary sources of sales tax revenue are one automobile dealership and a Wal-Mart. However, this interviewee confirmed that SPLOST funding was more beneficial than bonds for local capital outlay revenue. In FY 2004 this system was in its second SPLOST funding, which had been approved by voters by a ratio of 93 to 7. Interviewee #2 commented on the possible political pressure from less wealthy local systems that are not exceptional growth systems as opposed to those that are rapidly growing:

> There are about a dozen counties in Georgia that get exceptional growth [funds] and it takes [funds] away from the rest of the counties. I think the political pressure will be

there [to continue the exceptional growth program] before it sunsets. [But then], they [the legislators] have their interests, too.

Interviewee # 7 at the state level expressed the importance of SPLOST. When asked if he thought the local systems would be able to reduce the number of unhoused students by 2009 he said, "I think it depends on how consistently the general public approves the special purpose local option sales tax."

When asked if he thought SPLOST was the local systems' hope for the future, he said

> When you consider that Gwinnett County [not included in this study] calculates for a 5-year SPLOST almost $1 billion and the total state need, according to the 5-year plans, albeit reduced, is only between $2.5 and $2.9 billion, then, yes I do. . . . I think it is about $985 million, projected, for a 5-year SPLOST [for Gwinnett County].

The Gwinnett SPLOST was verified at $985 million by their Web site (Gwinnett County Public Schools, accessed online August 29, 2004).

Interviewee #5 summarized three ways school systems can access local capital outlay funds:

> (1) Designate part of your M and O [maintenance and operations] budget to do capital outlay, which most systems don't generate enough to do that; (2) You can have sales taxes and within that sales tax you can sell a bond and make the payments with the sales tax dollars. The sales tax has a 5-year sunset law. It has to be renewed [voter approved]; (3) Or you can have a general obligation bond which requires voter approval and the board sets the amount of the bond issue, calls for an election and it has to be approved by the voters. That is paid back, that general obligation is paid back by a separate millage rate that the board sets to accumulate money to pay the bond issue. Included in that is the state's participation in the capital outlay. . . .There are two separate millage rates. Maintenance and operations, which is the millage that we charge to operate on a daily basis, we get our operating revenue from. For us it is 15.5 mills. Then there is a debt service millage rate, which is a rate we charge to accumulate money in order to make payment on our bond issue debt outstanding. We are currently at 1.98. [That brought the total millage rate to 17.5].

The Process in the Department of Education

The Department of Education Facilities Services Unit receives all applications for capital outlay funding from local school systems. The role of the Facilities Services Unit is crucial as it

assists local school systems in developing their Local Facilities Plan. The Facilities Services Unit provides the six regional consultants (see Appendix G) that work closely with local systems in the application process. The Facilities Services Unit reviews architects' plans for school facilities. After the local applications are reviewed for accuracy and adherence to rules and regulations, the Director of the Facilities Services Unit compiles all local applications into the overall budget that the Department of Education sends to the Office of Planning and Budget

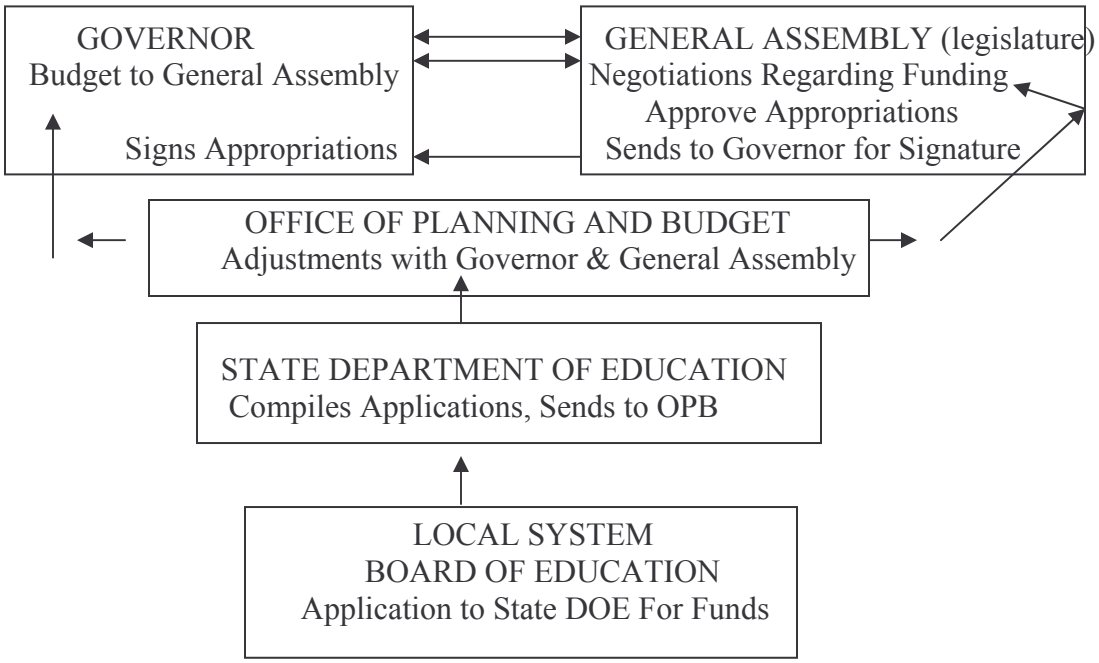

Figure 2. A model of the interactions among the Department of Education, Office of Planning and Budget, Governor, and General Assembly

The complex interactions among the Georgia Department of Education, the Office of Planning and Budget, the governor, and the General Assembly are shown in Figure 2.

Office of Planning and Budget and the Governor

The Office of Planning and Budget (OPB) provides the governor with policymaking assistance as he plans a budget to submit to the legislature. OPB analyzes agency budget requests

and consults with budget officers of each agency. Based on the governor's priorities, the amount of funding increases requested, past performances, and revenue estimates for the next fiscal year, comprehensive budget recommendations are prepared for each agency and submitted to the legislature for consideration (Office of Planning and Budget, 2004).

Interviewee #10 at the OPB explained the role of OPB in the capital outlay process:

> If a [local] system wants to take advantage of their entitlement they submit applications to draw down on their entitlement. It's put together in a request so the Department of Education can submit it September 1, or whenever the budget's due. All those systems, who want to start a project, are in that request.

Interviewee # 7, at the Department of Education, said he sends a status report and a budget request to the Office of Planning and Budget (OPB). An OPB policy coordinator is assigned to analyze the budget:

Interviewee #10 at OPB said

> We analyze it. We look at the different categories . . . the regular, advanced, low wealth, exceptional growth. When [the legislature approved] the class size reduction, we [analyzed] the special appropriations [for it]. We consider the whole bond package for the state and how K-12 fits into that. We also consider the other alternative entitlement levels. If the total state package can't absorb the whole request from DOE we might go to a lower entitlement level, which is what was done in the [2003] session, last year [for fiscal year 2004].

When asked who makes adjustments, the Department of Education or OPB, if the state cannot meet the entire budget, he said

> We do [OPB]. With capital outlay we have two options. We can fund at a lower entitlement level or we can fund by the priorities as set out in the statute, which says that you have to fund regular, then growth. Then the law is not totally clear on low wealth because it is a separate section. The law does dictate that if funds are short you have to fund regular, then growth, second. . . . The low [wealth] is not clear. In GA CODE § 20-2-260, which is all of the capital outlay programs, except low wealth, it prioritizes the programs. Low wealth is in GA CODE § 20-2-262, so it's open to interpretation where it will fit in the priorities, whether 1, 2, or 3.

What Interviewee #10 meant by funding the full request at a lower level is that when they believe they will be unable to fund both programs at the 100% level, the governor and legislature prefer to fund regular and exceptional growth, but at a lower level, say 80%. This is as opposed to funding by the state's funding priority list found in GA CODE § 20-2-260 (l). Should they use that part of the code, the priorities for funding would occur in this order: (1) regular and exceptional growth; (2) reserved; (3) regular advanced, except in the case of exceptional growth, facilities projects resulting from damage or destruction by fire or natural disaster, projects to address hazards to health or safety, projects for unhoused students; (4) projects for mergers; (5) projects for students in substandard or obsolete facilities, consolidations, to meet state board standards or for modernizations; (6) projects for students across local system lines; (7) projects for reorganization. The low wealth program is not included in the priority list. The statute for low wealth funding is GA CODE § 20-2-262.

Interviewee # 10 went on to explain the skirmishes among policy coordinators at OPB:

> Historically, the state has done a bond package [for all state appropriations, for all state agencies] from $700 million to $1 billion. It just depends on how much money we have to pay the debt service. Like you and a credit card. You have to decide how much you can spend on the credit card in order to make the payments, or a car when you buy a car. It's the same situation with the state. We have a certain amount of money we can spend on debt. And depending on the bond rate that we get in the market, or revenue situation, we decide how much of a total bond package, how much can we go in debt each year. At OPB all of us want to keep a piece of the pie. We all make our pitches to the governor and he decides what the makeup of the bond package looks like. It has projects for the Board of Regents, and all the universities and technical schools, K-12, corrections, justice, DNR [natural resources], DOT [transportation]. All the other state agencies compete. I check the numbers [for K-12 capital outlay], to make sure the request is balanced, for one thing. I don't call it an audit. An audit is made after money is spent, in my opinion. I do an analysis of the request. I look at who's getting what. Because this is the only capital outlay program that's in statute, it's got less flexibility than bonding for other agencies. The law doesn't say we have to spend [state] bond money on it. It just says, if we are going to, how we do it and how the local school system earns their share of the money.

The interviewee at OPB said the K-12 capital outlay program has less flexibility than that for other state programs because it is written in the Georgia Code. There are formulas in the statutes that must be followed and that is not typical of capital outlay in other state departments. Capital outlay for construction in other departments may be debated and adjusted, reduced or increased. The *importance* of this is that it is difficult for political interests to alter how systems acquire capital outlay funds. Early in the history of state funding for capital outlay, local systems out of political favor were unlikely to receive funding. The Governor's Education Reform Study Commission (2000b) indicated the present capital outlay program is not now as likely to be subject to political special interests. Interviewee #10 confirmed that program formulas included in statues lends stability to the program: "In general with K-12 [capital outlay], because it's in statute, there're just things you are required to fund unless money's short and you just can't fund everything."

The policy coordinator explained his role when he receives the budget for capital outlay for schools, which is included in the State Department of Education budget:

> I wear two hats. A black and a white hat, I guess. On the one hand I'm scrutinizing their request and asking lots of questions about it and giving information out. If it looks like it's good and well done, then I become an advocate as I compete with my fellow co-workers with the governor to sway him to fund projects. It's not just capital outlay we deal with. As far as the governor's recommendations that go to the General Assembly, there are 400 people fighting for money.

The policy coordinator also said he is an advocate for other Department of Education budget concerns such as Quality Basic Education (QBE). He then further described his role and the role of the governor:

> You have to look at the politics. And that's the governor's job. He has to say what his priorities are for funding. Traditionally, most politicians put education at the top of their list. So that becomes another factor. We, as analysts, don't listen to politics. We have to look at is it the right thing to do, look at requests, is it well thought out. Just like a banker. I like to think of my job as a banker. I'm the banker of the state. I have to make a loan to

> the Department of Education and local school systems to build facilities. I want to make sure they've got everything in line. They've got their site picked out, they've got all the work done leading up to getting some money. And it's done in good form. DOE's capital outlay program is unique in that it's in statue that they have to do all those things. I have the ability to present any kind of package . . . to the governor. Whatever I think is the right mix of projects, the right level of funding. I can, I actually have to do more work to scrutinize projects [from other departments] because they don't have all these things in their code that they have to do. A good facilities unit, from whatever agency, does a lot of the things that are required in statute for DOE. But it's not always the case. Sometimes you have to do a little more digging and follow-up and investigating and research.

The policy coordinator explained he could not adjust what comes from the local systems in their application for funds. He deals only with the state department level requests:

> I fund a level of funding. I can choose an entitlement level. I can prioritize a category of projects. I can ask questions and try to get more details about projects on the list and see if they are really ready to go. That's always a question that people ask, "Is this project ready to go?" meaning is the site picked, is the project on board. [The state director of the facilities services unit] is very adamant about making sure projects that were funded this year were ready to go. I think they passed a rule that requires local systems have a site picked and purchased before, as one of the many requirements before they can get state funding. . . . We try to manage cash flow so that we only sell the amount of bonds that we need cash for. [The staff specialist at the facilities services unit in the Department of Education] tracks projects when they start and when payments are starting to come in. She tells the GSFIC [Georgia State Financing and Investment Commission], sends over the requests for payment. Things funded with bonds are done on a reimbursement basis.

Interviewee # 10, OPB, verified the previously mentioned information from Interviewee #7, in the Department of Education Facilities Services Unit, that the budget is about a ten-page report and that report includes the total statewide request for funds. Although the *2003 Status Report of the Georgia Capital Outlay Program* was reported by Interviewee #7 to have been sent to Interviewee #10, Interviewee #10 did not recall seeing it. He thought the status report might have been prepared for the State Superintendent of Schools. Included in the status report, but not a part of the budget request, was a total of statewide construction needs and net unfunded construction needs. The policy coordinator said he saw the total request for entitlements but not

the total needs. *This is important because the total requests for entitlements are based on local applications for funds and total applications are less than total needs:*

> We see what the law says DOE can request for entitlements. If there are additional needs out there, we would only learn about that if I asked for it or if they pushed it in front of me or if a governor wanted to do something more than what the law requires (Interviewee # 10, Office of Planning and Budget).

The implication here is that the OPB sees the total statewide application requests for capital outlay funds but appears to not be aware the applications fall short of addressing total statewide needs. That the Department of Education Facilities Director included a column showing "dollars funded per million dollars of need" in the status report may be an indication that those numbers should be requested by the OPB.

Related to the capital outlay process, Interviewee #10 went on to say that OPB does five-year projections for the state, internally. They do not publish those projections. With this process OPB may track trends and in recent years they were able to see that funds from the state lottery were decreasing. This allowed them to move some education programs such as capital outlay for exceptional growth funding, originally funded by the state lottery, into other funding sources.

Georgia State Financing and Investment Commission

Interviewee #6, at the state level, explained how the Georgia State Financing and Investment Commission (GSFIC) plays a part in the capital outlay process:

> They are the arm of state government that handles, once the legislature approves funding levels, not only for building public schools, [but also] for building university buildings, and so forth, anything that goes through state government. They handle in reverse order, (1) supervision of a project, (2) issuing of bonds to generate the money for those construction projects, (3) get the bond ratings out of New York before they actually sell the bonds that generate the dollars for everything that is built with state funds. They are an important facet of the overall program.

Interviewee #2, at the local level, verified this. Not all local interviewees were aware of the role of GSFIC.

The Web site for GSFIC (Georgia State Financing and Investment Commission, 2004, ¶ 1 & 4) stated one of its responsibilities is to disburse all state bond proceeds in accordance with legislative intent.

> Our objective is to provide comprehensive financial and construction related services to state agencies and local school systems to develop, preserve, protect, and enhance Georgia's infrastructure.

Billing and reimbursement interactions among the GSFIC, Department of Education, and local systems are shown in Figure 3.

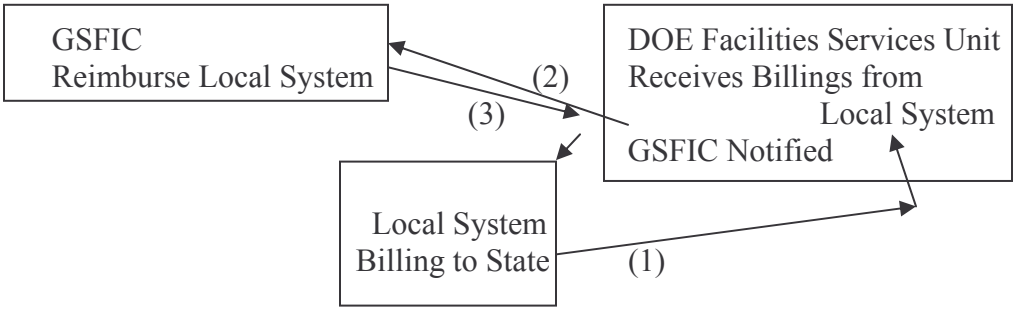

Figure3. Local School Systems Bill the State and the State Reimburses

Georgia General Assembly

The two combined legislative bodies in Georgia are called the General Assembly. Two state senators were interviewed about their knowledge of the capital outlay process. Interviewee #8 was a state senator for one of the school systems in the study. He explained what happens when departments bring their budget requests to the legislative committees:

> We usually see these things and they are discussed in the subcommittee on appropriations. That's how they normally find their way through. For instance, I am subcommittee chair on appropriations for criminal justice. So, the criminal justice budget comes through my subcommittee and we work all those things out and discuss and talk about them and we make our recommendations in that budget and send that back to the full appropriations committee. Now during this process, before we actually get it back, as a member of the appropriations committee, each department comes before the full appropriations committee and tells us what their budget is and what they would like to do. We have a sheet that is their formal budget that they put together to present for

> consideration. That is the process that takes place during the budget process before it actually goes to the governor. The state department [of education] would come before, or the state superintendent would come before the appropriations committee and state her budget. Then you have the Board of Regents, they come before us, and they provide their budget. All the members of the appropriations are in a joint appropriations meeting between house and senate in the appropriations chamber when they present this budget. We go through it on a tracking sheet, sheet-by-sheet, item-by-item and everyone has an opportunity to ask their questions. So, from that standpoint each member has the opportunity to, not only ask questions, but also, to have the opportunity to go from that point and actually do amendments in the budget to make changes in that particular department's budget. That process is normally done in the subcommittee.
>
> I am on the full appropriations committee and in this process I would be in those hearings to hear their budget. As for my subcommittee on appropriations, each one of the departments . . . come before my committee and present their budgets, in addition to presenting to appropriations [committee]. Same thing would happen here, all the education departments would go before the subcommittee on appropriations for education. They would talk about and discuss their budgets. Those people would discuss, ask, "Why are you going to do this?" That committee would make recommendations back to the full committee on "this needs to be done" or "that needs to be taken out" or maybe, "this needs to be added." This money may need to be shifted to this part of education. And then, at that point the full committee hears it, then it goes back to the appropriations chair, which normally ends up being the members of the conference committee. Because most of the time the budget is going into conference and those sections of the budget are involved in the conference committee report.

The senator went on to describe a long and involved debate process on the floor of the legislature.

When asked about how he finds out about issues in his district, the senator said he tries to meet with local system candidates and local school board members at least once a year.

> That gives them the opportunity to give me their wish list and what their plans are and what they would like to see. Even with me being on appropriations, I have the opportunity to take that to the education chairman who will be working with the appropriations on the education budget. I can make my request, but I also have the ability to do that on the floor. I have the ability to do that in full committee, in making recommendations. But then, if they don't get put into the budget in the full committee, I've got the ability, under the legislative process, to debate on the floor, as well as do members of the house. You see, a lot of times the budget goes back and forth from the house to the senate two or three times before we get an actual vote. I have an opportunity to add things into the budget on the floor if it doesn't get into it in committee.

When asked about how the senator learns about local board of education concerns he said:

> Most of the time we have dinner meetings and each one of the house and senate members are present and the different people within the school system, the school board members and some of the principals and people like that. It's open discussion about some of the things they would like to do or like to see. And then each of the legislators have an opportunity to voice their opinion back on some of the things they would like to see in education or would like to see done. And we get their thoughts so we can take it back to the state level in order to look at things to formulate legislation. We, more or less, are hearing what they would like to see done and changes they would make. Now as far as their paper work and what they have to comply with, state regulations that come down from the state school superintendent, through the legislative process, or requirements through the legislative process that the state school systems have to comply with . . . a lot of paper work . . . I don't ever see. From time to time the local board of education may call me in and say, or in one of these meetings we have semiannually, they may say, "This is redundant; we don't need to be doing this." They are asking me to go back then and see if there is any way that we can amend the law or change something in the code that doesn't create a redundancy of some type. . . . And, of course, as legislators, we have our ideas, too.

Of particular concern to the senator was a statewide redistricting that occurred under the previous governor. This senator was the sole senatorial representative for System A before redistricting. The county had three house members. After redistricting, the county was split so that three senators and 13 house members represented it. Additionally, the senator interviewed represented portions of 10 different districts after redistricting and none of the segments was a whole county.

When asked, the senator said that he had never seen data representing numbers of unhoused students or numbers of students in portable classrooms in any reports. He said the state superintendent of education sends a disk that is an annual report for the governor and the legislature. He said the information about numbers of unhoused students might be on the disk but he had not seen it. The senator further explained the process in committee:

> [The appropriations committee and the education committee] try to work together but they are separate committees. One comes under the appropriations committee and the

> other comes under education. . . . With the education budget being over 50% of the state budget, education is the largest part of our budget. What the education committee may do is pass legislation that impacts how local boards of education have to do certain things and that's where it comes down from the state school superintendent. QBE [Quality Basic Education] was done to balance money in school systems; that was done through legislation. So, the education committee formulated and designed QBE. Once that legislation was in place and it was law, then it was a matter of, "We've got the law, now how are we going to fund it and how is it going to be done?" So, in that process the Appropriations [committee] and the budget process got into that one. That won't happen every time because there may be a piece of legislation that's dealing strictly with an education process that may not require funding.

When asked who has the most influence as far as education legislation, the senator, Interviewee #8, replied:

> The state school superintendent has as far as schools [the most influence]. But still all of it, as far as bonds, has to come through the legislative process and the budget. As far as who has the most power, the governor has the final decision. In the budget process the appropriations members and the appropriations chair of the Senate, and the appropriations chair of the House, probably those two individuals have the most power. But the members of the appropriations committees in those respective committees in both houses have some power, too, because they are making decisions, too.

When questioned about the apparent rivalry for funds between low wealth districts and exceptional growth districts:

> That's a problem that we constantly face, and QBE was supposed to help [balance] that situation because of the way the money was distributed from high growth areas back down to poor, or not high growth areas in the state. The purpose of that legislation at the time it was introduced was to ensure that education was fair and equal under the constitution, that every child had the opportunity to get a good education. Where you had dollars coming in from high growth areas, and the demand was greater, but yet you still had a child in a low growth area and in some cases you may have towns or cities that were not even collecting a city tax. That was the purpose, to distribute that money where schools were given an opportunity. . . . It sort of balances out that in one degree of QBE you are taking money away from some systems because they are profitable in the fact that they've got large growth so they've got a large tax base. And you're taking that money from them and redistributing it to a poor county. When you do that, that larger school system still has those demands and some of the money is gone that QBE has redistributed to a small county or a smaller school system. So what SPLOST does to me is it enables that school system that had to share . . . to be able to make up that money.

The senator's remarks repeat the concerns of the Governor's Education Reform Study Commission (2000b) in its suggestion to disassociate need from wealth in determining the proportion of required local effort in each system.

The second state senator, Interviewee #9, a state senator on the education committee, said the governor sends the state budget to the legislators:

> The subcommittees get more depth. To tell the truth, probably outside of the subcommittees and the appropriations, most legislators don't have a lot of detail about the budget at all. . . . I chair the subcommittee on education. I see all the details. We have extensive meetings with the subcommittee and extensive meetings with both the OPB legislative budget office, and the department budget people. We go through that pretty well, every line item, in discussion.

When asked if he saw a status report or budget report he said, "Yes, now, it's not broken down by individual schools, or even school districts, but it has the construction needs."

When asked if he and the committee were really aware how much is not funded as far as dollars, he said:

> Yes, but . . . we allocate a certain amount of money for a school, for elementary school, for a middle school, for a high school, depending on the size of the school, that it's designed to hold. The school system has a good bit of leeway to go above and beyond that if they want to spend more money with some of the bells and whistles they can. Part of that is indicated in that number.

When asked if he ever sees figures that reflect how many students are unhoused, he said

> I have looked at them; we don't really look at it in an official capacity, as a committee, as to how many are unhoused. There are some options there that the school system can go through. They've got other than trailers. Some of that is just time frame. What I'm trying to say is that some of that doesn't have to do with money or lack of money or funding, it has to do with building schools on a projection or anticipation of a certain amount and sometimes they miss that number for whatever reason. We had that in my own county. We had a lot more growth than we thought we would. No amount of money can change that if it's unexpected like that.

When asked if legislators discerned between the local systems applications based on their ratio of need and that the applications are not for 100% of their needs, he said

> Yes, we know that. But our main concern is, in this committee, is the economic situation and what money do we have to put there and is it being allocated in a method that is fair to the systems out here, and then meets the most needs and gets the most bang for the buck. I think we are pretty comfortable with that form. We know that everybody doesn't have all the money they need. I'm not sure we ever would.

When pressed further the senator said that he was aware that school systems apply based on their local wealth, and the $100 million or $200 million gets divided up based on their local wealth. He did not mention the ratio of needs.

This senator did say he was aware the systems are not applying for 100% of their needs in their applications.

He went on to explain what outside forces compete for funds, outside of capital outlay for K-12 facilities:

> All the forces up here are competing. Anything that's in a specific line item in the budget that can be read, observed, and found is competing for dollars up there. The only reason education doesn't get cut more in these economic times is so much of ours is in the formula that's not an obvious line item in the budget. We know that has to be protected, that's in the formula based on the students. Everything else that's in there as a separate line item is in competition for the money. Education has been running about 45% to 50 % of the budget. We don't designate that that percent goes to education. We don't designate that 9% goes to Medicaid. We don't designate that, though it breaks down that way occasionally. So, anything could be competition other than the formulas. We have three things that are formula driven: (1) the FTE [fulltime equivalent count], the QBE money based on the FTE count K-12, (2) the money that goes to the universities, Board of Regents, and (3) Pre-K.

What is important here is that the General Assembly can only adjust the level of funding at 100%, 80%, 60%, 40%, or 0% of $200 million for regular funding and $100 million for exceptional growth funding. The General Assembly cannot manipulate how much individual local school systems receive. That is controlled by formulas in the statutes. This is in agreement with interviewee #10, at OPB, that the significance of the formulas for capital outlay for schools is that political interests are prevented from redirecting funding from one school system to another.

When asked if there was any movement to have standards or regulations for portable classrooms, Interviewee #9 could not recall it ever being discussed: "I don't think the legislature will get involved in that. If we think it's necessary I think we will ask the department [of education] to do that themselves."

When asked about the special appropriations funds for reduced classroom size approved in 2001, Interviewee #9 said that the *legislature was able to provide funding for that because there was a surplus of funds at that time*. He also said the funds were divided according to the number of classrooms and the number of students but he had no other details about exactly how it occurred. Special appropriations are addressed in GA CODE § 20-2-260 (s) which generally says the State Board of Education is to set guidelines for disbursement unless purposes are set more narrowly by the special appropriation. It also states local systems will share special appropriations based on their ratio of need.

When invited to respond about suggestions for improving the system, the senator, Interviewee #9, said he would like to see the five-year projections increased to ten so the systems could buy land at a savings. No other interviewee suggested this change. He also said he would like to see the exceptional growth funding continue beyond 2009 when it is due to sunset. He conceded, "Those counties are just having a difficult time keeping up with that kind of growth."

Local system Interviewee #11, System D talked about the uncertainty of legislative funding:

> Every year you are really quite unsure as to what the funding level is going to be. You know if it's a good budget year the chances are you are going to get the 100% [for regular program] and 100% [for growth program]. If times are tough, like they are now, you can expect that it's going to be less than that. Our problem is that the economy and tax revenues are pretty much a mirror between what the state takes in and what government will take in, including school boards. So, at the same time you're getting the hit from the state, in terms of funding for capital outlay and for other things, too, such as teacher's salaries and all the other things that the state does, you're also getting hit from the local

tax situation. That's one of the things that makes it relatively difficult to plan and why school systems sometimes have to defer a project.

Interviewee #11, System D, said he had anticipated the economic slow-down and arranged project start dates so he would not have several projects beginning at once. He said he expected lower revenues from SPLOST and might have to defer projects, planned for 2007 starts, into the next five-year SPLOST funding cycle.

Interviewee #2, System B, believed that most legislators did not understand the complexities of the capital outlay program: "Most of those people voting on it don't have a clue." This is reminiscent of the state senator's, Interviewee #9, remark, "To tell the truth, probably outside of the subcommittees and the appropriations, most legislators don't have a lot of detail about the budget at all." However, Interviewee #2 also believed Georgia was more successful at funding capital outlay than adjacent states and legislators have many issues to address that require funding.

Review of the Fiscal Year

Interviewee #6, at the state level, stressed the importance of the sequence and the fiscal year. Assume, for instance, the following time frame.

Summer 2003—The General Assembly met and approved a budget no later than May or June 2003 for the 2004 fiscal year that began July 1, 2003. Projects approved for fiscal year 2004 could begin construction on or after July 1, 2003. However, if the local system had adequate local funds they could begin a project before July 1. Summer 2003 was when systems began planning for applications for FY 2005, which began July 1, 2004. Annual updates of FTEs (student counts) and changes in enrollment projections from the state department were done in May and June 2003 so that the local five-year plan could be modified. Local systems updated the Local Facilities Plan by (a) removing from system needs those projects that had been funded, (b)

using state updated student enrollment projections, and (c) identifying the next project(s) in the priority list in the plan. From the updated plan based on local needs, the local systems identified those needs in the next order of priority that they wished to include in their next application. Local funds from SPLOST or bonds expected to be available for the next project(s) in the priority order were estimated. Construction costs were estimated and those meeting criteria for reimbursement for eligible and allowable costs were identified. The Georgia Department of Education Facilities Services Unit entitlement sheets for the next fiscal year were received by the local systems to let the systems know how much their entitlements for the regular and exceptional growth funds for the coming FY 2005 would be. The regional consultant, Interviewee #6 said:

> I will take their entitlement sheet to them. I will tell them how much growth money they have, how much regular money they have, and then we will decide; I'll help them decide. I guide them through this process, "Do you want to build this ten classroom addition next year? Do you want to build this new elementary school next year? Do you want to do this renovation/modification?" It's all described in the plan. "When do you want to do it? When can you afford to do it?" The state money on a fully funded project [100% level appropriation in the state budget] typically will only give you about 50-60% of the money. You've got to have some additional local money coming out of the SPLOST and so forth [local bonds] to match up with the state money. Those determinations are made in July and August.

Fall 2003—Local systems completed their applications for funding. Local systems indicated at what levels of funding they would be able to go ahead with a project(s) for the next fiscal year, FY 2005, which began in July 2004. If the 2004 General Assembly authorized at 100% of $200 million for regular funds, the local system would not have to use as much in local funds. If the authorization was at 80%, 60%, 40%, or 0% of $200 million, the local system would have to put more local funds into the project(s) for the project(s) to commence.

If the local system did not have the funds to complete a project, it could choose to allow its entitlement to accumulate until a future year. Interviewee #6, the regional consultant, continued:

> Once they decide that they can afford to do a project then I will make an application against the dollars that's on the entitlement sheet. They [local system] make the application; it goes to the Department of Education. That's not approved by the State Board because they've already approved the needs. This is the budget. The application, starts with the local board, up to the Department of Education, up to the Office of Planning and Management.

Interviewee #10 at the Office of Planning and Budget confirmed and added

> If a [local] system wants to take advantage of their entitlement they submit applications to draw down on their entitlement. And it's put together in a request for the Department of Education to submit it September 1, or whenever the budget's due. All those systems who [sic] want to start a project are in that request.

When asked about changes after September 1 he said:

> The local school board has to decide if they want to do a project. They have to weigh their revenue sources and see if they have the local money, if it's sufficient, because the local system has to pay a share of the project. So, school boards often wait . . . until a SPLOST is passed, or a bond is passed, or they've looked at their financing stream, the cash flow. . . . to see if they have the financing in place. . . . We [Office of Planning and Budget] give them [Department of Education] some flexibility to amend their request throughout the fall. We have to lock down by the end of October, but we give them some flexibility because the local boards don't know if they will have the local money. . . . What the Department [of Education] does is they submit a budget on time that tells us what systems are going to be doing projects, but we give them the flexibility to withdraw a project. We don't let them add projects, but they have the opportunity to withdraw projects. In fact, they can withdraw a project all the way through the General Assembly if they want to. But we discourage that because we want a [local] system who [sic] is committed in the fall, so we don't have to play games through the General Assembly [session].

He further explained that local systems might delay because they have a special local option sales tax on the ballot for voter approval during fall elections. Or the local system may wish to delay as long as possible to see whether projected SPLOST revenues are being realized.

Winter/Spring 2004—General Assembly met January through May 2004 and set an authorization level for funding for FY 2005 that began July 2004. Interviewee #6 explained that total statewide local applications were consolidated into a Department of Education budget. From there, the Office of Planning and Budget analyzed requests and made recommendations to the governor. The governor recommended a budget to the legislature, and the legislature set the authorization levels for the capital outlay program.

The local systems had, by the time the authorization level had been determined in the spring 2004, already applied for funds in the previous fall and made their calculations for their local participation needed to continue a project for each of the levels. If the General Assembly had approved a lower level of funding, the school system would have already stated in its application whether or not, at each of the lower levels, it would be financially able to begin construction on a project for that fiscal year beginning the summer after the authorization was set in the spring of 2004 for FY 2005.

The General Assembly approved a level of funding for the fiscal year 2005 that began July 1, 2004. Then state bonds were sold as systems began construction projects. Local systems paid contractors from local system funds and billed the state for reimbursement.

Other Concerns Emerging from Local System Interviews

Interviewees voiced a number of concerns. These included (a) difficulties with economic declines; (b) wealthier systems competing for funds with less wealthy, slowly growing systems; and (c) the lack of state assistance for portable classrooms. Finally, local systems indicated they had started to investigate lease-purchase alternatives to financing.

Interviewee #3, in System C, described the difficulties of starting a construction when SPLOST revenues and state funding are less than expected because of an economic decline:

> The bottom line is that right now we have had to delay the start [opening] of a middle school we have under construction for an entire quarter. Once we started it, the SPLOST money was not coming in at the rate we projected. And then what happens? The state turns around and funds at the 60% level. Not only am I behind the eight ball from the standpoint of having to do the SPLOST money slow [sic], but now I've got to come up with $2.532 million for a school that I already have under contract.
>
> Once you commit to build a school you've got to be able to build that entire school. Once you say you will build a school, once you sign an agreement with the state, and we've been doing the early start, but we were not able, based on the maximum amount we could apply to a single school, we are going to roll over, at the 60% level. We will roll over [delay using until next year] about $1,474,821 to next year. If they fund it at the 100% you could almost say we could probably do two schools.
>
> Early start, we basically say that we need this school so badly that we are going to submit this application and the bottom line is, whether you [the state] fund it or not, we are going to build this school.

The central theme of this interviewee's concern was that they committed to an early start, which meant they anticipated they would have enough local funds to start a project before the new fiscal year began. Unfortunately, those funds did not materialize as rapidly as expected and the state level of funding was only at 60%. Therefore, the school system was forced to delay starting construction on a project for a quarter. He also said the impact of state funding at the 60% level for his school system was about $2.5 million in reduced funds.

Even though Interviewee #2, System B, complained that his system does not have large shopping malls, as do neighboring systems from which to access large sales tax revenues, Interviewee # 3, System C, a fairly wealthy system, compared his exceptional growth system to a system in South Georgia that had no growth.

> If I'm in South Georgia I may let my accumulation build up to some point, that I finally get enough state money that I can build a school. There's no demand, slow growth, so I just continue to let my allocation . . . build up to the point that, finally, I can build a school. But fast growth, like we are, we don't have that luxury.

All local system interviewees felt there was an unwanted drain on their local resources promulgated by the state's refusal to provide funds for portable classrooms. Interviewee #3,

System C, commented on a problem with portables, as noted from all interviewees, that the state provides no funds for leasing, purchasing, or setting up portables:

> At the same time [as there is an ongoing effort to amass funds for construction] I still have to buy the trailers or rent the trailers. I've got to set them up, typically, $3500 [to set up] and $400 per month rental. . . . We own 52.

Interviewee # 1 described an exchange with a school principal:

> One of the principals was in here yesterday and said, "I've got a problem. I haven't had many trailers before and the one's I've gotten in the past were all brand new. And this week you delivered all the trailers that were [previously located] at a high school. They're dilapidated, torn up and I've got department chairs who volunteered to go into trailers. But they didn't volunteer to go into what I just got and you've got to fix these things up. They are going to run me out of here when they come in here and see how horrid these things are."

The interviewee continued:

> We are not getting anything for the trailers. . . to purchase them, to maintain them, to renovate them. . . . It costs us about $3000 per trailer to spruce them up.
>
> We lease our trailers. It costs about $300 a month which is $3600 per year . . . .That contract includes delivery and setup. . . . The hidden cost, not calculated, is the utilities to heat and cool the trailer for the next nine months. There is no insulation. The air conditioner runs all the time, the heat runs all the time. And then there is the public relations of having a brand new beautiful school surrounded by trailers. It's the annoyance of having children going from trailer to trailer whether it's raining or not. It also has an adverse effect on the regular building because those children come in and out of the building and they drag in dirt, grit, and grime on their shoes. It scratches the floor; it's hard to keep it clean.
>
> But I don't think we will ever get out of trailers. The most depressing perspective I can put that in is starting in 1990 we built19 schools at well over $100 million. We've got almost ten times as many trailers as we did before we started building. So not only are we not catching up we are ten times worse off than we were in 1990.

Interviewee # 1 spoke about why the state does not contribute to the purchase of portable classrooms:

> The state's rationalization is to not provide funding as a reward for not planning and building for children. So if the state were planning and giving you trailers it may be too much of a temptation to say that we can put another trailer on this site at less cost than we

> can build another school, so we'll just keep cramming trailers here. It's a planned, not punishment, but there is not a financial enticement to keep children in trailers.

Two local system interviewees said they were investigating lease-purchase agreements as a way to provide permanent facilities. Interviewee # 7, at the state level, revealed that Gwinnett County had begun to investigate a lease-purchase agreement to aid the capital outlay program in that county. The school system Web site had details of this plan that was to make up a $300 million shortfall of anticipated revenues for the FY 2002-2007 building program. The Web site indicated the shortfall was a result of lower tax revenues and decreased state funding during national and state economic declines.

Interviewee #5, System C, said his county was interested in researching lease-purchase agreements as a financing alternative:

> The state doesn't have to own it. . . . Certificates of Participation or COPS. The school system would have to go through a third party, a not-for-profit, set up according to IRS rules and regulations and that third party would have to have title to the property. . . . It looks and acts similar to a bond issue except the school system does not have to get voter approval. The disadvantages are that the payment on the note that we state we will make has to come out of M and O [maintenance and operations] millage rates.

Although none of the four local systems studied had initiated a lease-purchase option for acquiring school facilities, it appeared school systems were interested in and actively investigating such an option for providing school facilities.

The lease-purchase was recently summarized in Sielke (in press):

> The lease-purchase agreement may, depending on state law, eliminate the need for voter approval.
>
> In using the lease-purchase option, the district acquires a building that ownership of the title resides with another party. The district will enter into an agreement to pay a determined dollar amount per year and at the end of the contract, the building will belong to the district and the title will be transferred. The advantage to the lease-purchase is that the need for the facility is satisfied in a short period of time.

The lease purchase involves risks: (1) the lease purchase option may cost more than more traditional routes; (b) if the building that is to be leased has not been used for educational purposes, the district may incur additional costs in remodeling and retrofitting the building to meet the curricular and non-curricular needs of the students including technology considerations; (c) payments are paid out of current year, general fund revenues and may place the district in the position of having to raise the local mill levy in order to meet the payments, and this may require a referendum;(d) voters may reject an increase in millage and force school district administrators to divert program fund to make lease payments; (e) taxpayers highly disapprove of a decision to bypass voter approval for a bond issue and incur debt that must be paid from current year dollars.

Another similar option was described by Sielke (in press):

> A similar option to the lease-purchase agreement is what is being called "certificates of participation' or CAPs [also known as COPs]. These more loosely compare to tax anticipation notes (TANs). The CAP is actually a loan from an investor, and like any other loan to a school district it must adhere to all rules and regulations regarding borrowing. The school district receives the money from the CAP and uses it to build the property and/or schoolhouse. The investor holds the title on the property. The school district repays, out of current revenues, the investor for the specified number of years. The premium is often as high as 20 points over the general obligation bond due to the risks involved.
>
> A school district that is using a CAP explained that due to the economic downturn, sales tax receipts had dropped. The district, which is experiencing very rapid growth, had been relying totally on sales tax dollars to fund construction. The district found that it was unable to complete some of the construction that was already underway and could not start the new construction. The district is aware of the risks but believes the community is more unhappy with the number of students that are not housed in regular school buildings than they are with the alternative funding method.

Gwinnett County School System, not a part of this study, posted on their Web site (retrieved August 29, 2004) a description of the events that led to an interest in a lease-purchase program. The board stated the local school system opened eight new schools in the county in 2003 for a total of 97 schools serving 129,500 students. In 2004 the system opened eleven more

schools for a total of 108 schools serving 136,000 students. The system experienced a $300 million revenue shortfall in SPLOST funds during three years of economic decline. The Web site indicated the school board had approved a lease-purchase plan in order to complete projects voters had approved in the November 2001 sales tax referendum. This information was no longer on the Web site in December 2004.

On August 27, 2004, in response to a request, Shirley R. Kinsey, Assistant Attorney General, Department of Law, for the State of Georgia issued an informal memorandum to Holly Green, Assistant General Counsel, Georgia Department of Education. This researcher received a copy of this letter by email from Ms. Kinsey on September 20, 2004. The following are excerpts.

> In order to use G. O. Bond [General Obligation Bond] proceeds to finance educational facilities for county and independent school systems, title to such facilities must vest in the local boards of education at the time construction is completed. . . . As construed by the Georgia Court of Appeals, I conclude that the word, "title," as used in the recited constitutional provision, refers to unencumbered, sole, and unconditional ownership of the educational facilities by a local board of education.
>
> To answer your . . . question as to the investment of G.O. Bond Proceeds in an educational facility along with the proceeds from the sale of certificates of participation in a lease-purchase arrangement (a "COPS Transaction"), it is necessary to consider the factual details of a COPS Transaction . . . I am assuming that the following factual description is typical of the COPS Transactions with which you are concerned. In a typical COPS Transaction, the issuer of the COPS, typically a local authority, owns the land on which the educational facilities are to be built. The "Project" will consist of that land and the improvements made to it. The authority enters into an annually renewable lease with the local school district, under which the school district will pay rental payments. The authority issues the COPS, which are secured by the authority's assignment of its interest in the lease rental payments and by a lien on and security interest in the Project. Under the terms of the lease, the school district typically has an option to purchase the Project in a manner that provides for payment in full of all COPS obligations. The factual feature central to the successful structuring of a COPS Transaction is the ownership of the real property by the issuer of the COPS and the lien on the property in favor of the COPS holders.
>
> Accepting the factual scenario described above as the COPS Transaction with which you are concerned, I conclude that the structure of a COPS Transaction is fundamentally inconsistent with the constitutional conditions for the use of G.O. Bond Proceeds in the provision of educational facilities for county and independent school systems. The

> Attorney General's long-standing view in general is that public agencies may make permanent improvements only on property to which they hold fee simple title [unfettered ownership].
>
> Your second question involving the investment of revenue bond proceeds along with G.O. Bond Proceeds in a local educational facility cannot be addressed fully without further factual detail. It can be said at this point, however, that, if the revenue bond structure contemplates anything other than the vesting of unencumbered, sole, and unconditional ownership in the local board of education at the time construction is completed, such a structure would be legally inconsistent with the use of G.O. Bond Proceeds in a facility so financed. (Georgia Department of Law, 2004, August 27; Kinsey, 2004, August 27)

Because this personal communication is believed to be public information, the researcher has referenced the source.

The school system currently involved in initiating a lease-purchase agreement did not indicate on its Website (Gwinnett County Public Schools, 2004a) that bond proceeds would be used to pay the lease:

> According to the agreement, the development authority would hold title to any facility so funded, which it would lease to the school system over a period of years. Proceeds from the *sales tax* [italics added] would be used to fund the lease payments. When the lease has been paid in full, the deed to the facility would transfer to the Board of Education. Throughout the term of the lease-purchase agreement, the Board of Education would retain control over all elements of construction, operation, and maintenance for every facility.

Since the school system does not plan to use bond funds for lease payments, it appears there might not be a legal conflict. On that issue, given the opinion from the Department of Law, the school system might be forced to use maintenance and operations funds should sales tax revenues not be sufficient to pay the leases. Even so, the condition that public agencies may make improvements (build structures) only on property held in fee simple title means the school system must retain full, unfettered ownership.

Monetary Impacts of Policies at Local System Levels

The researcher requested data from a statewide inventory of portable classrooms. The data were not forthcoming. The school systems studied were asked to provide a history of portable classrooms as far back as they could, preferably ten years. These estimates were provided in interviews or in email communications. Estimated unhoused students per portable may vary from system to system based on placement of special programs and configuration of portables. None of the systems studied was able to report the actual number of unhoused students. Two systems estimated 18-20 students per portable classrooms. Therefore, 20 students per unit was considered reasonable in the following examples that this researcher generated. The examples given are to illustrate the possible impact of rapid growth in a system and should not be considered as verified data.

Table 14

History of Portable Classrooms for Four Exceptional Growth Systems and Estimated Number of Unhoused Students

School Year	System A	System B	System C	System D
1990-1991	32	Not available	Not available	Not known
1995-1996	101	Not available	Not available	Not known
1996-1997	126	Not available	Not available	Not known
1997-1998	150	Not available	Not available	144
1998-1999	222	Not available	Not available	167
1999-2000	228	Not available	Not available	171
2000-2001	191	Not available	Not available	167
2001-2002	259	Not available	79	150
2002-2003	269	118	34	138
2003-2004	335	78	25	137
2004-2005	238	66	37[1]	137
Estimated Unhoused Students At 20 per Portable	4760	1320	740	2740

[1] Note. Interviewee #4 indicated, in summer 2004, System C had 52 portables that they owned and 12 they were leasing until an anticipated school opening in October that year.

System A had the greatest number of portables and the highest estimate of unhoused students. System B, the smallest system with smallest annual growth, is the only system that maintained a decrease in the number of portables from year to year. At the time of the study, System B had used all its regular entitlement and was in the process of repaying entitlement from the advanced funding program. System B would be unable to apply for regular funds from the state for at least three years from the time of the advanced funding.

Table 15

Student Population Trends and Estimated Number of Unhoused Students for Four Exceptional Growth Systems

Fiscal Year (School Year Ending)	System A	System B	System C	System D
1991[1]				
1996[1]	15,774	6,838	10,387	56,170
1997[1]	17,176	7,122	11,631	59,335
1998[1]	18,729	7,589	13,012	62,534
1999[1]	20,335	7,822	14,345	65,237
2000[1]	21,832	8,043	15,475	65,400
2001[2]	23,602	8,473	17,083	66,741
2002[2]	25,312	8,882	18,764	67,503
2003[2]	27,542	9,128	20,309	69,035
2004[2]	29,583	9,537	21,918	70,425
2005 projected[2]	31,576	9,910	23,528	71,681
Average Annual Growth by DOE Projections Using Exceptional Growth Criteria	1,993	373	1,610	1,256
Percentage Increase 1999-2004	45.5%	21.9%	52.7%	7.95%
Average Annual Percentage Increase over 5 Years, 1999-2004	9.1%	4.38%	10.54%	1.59%
Number of Portables 2004-2005	238	66	37	137
Estimated Number of Unhoused Students at 20 per Portable	4,760	1,320	740	2,740
Estimated 2004-2005 Unhoused Students as Percentage Of 2005 Projected Student Population	15%	13.3%	3.1%	3.8%

Note. [1] Georgia Department of Education. Enrollment Data: Student. Enrollment by Grade Level. District. FY 1991-1998.

Note. [2] Student Population Trends. FY 2000-2004 and projections for FY 2005 received by email from Department of Education Facilities Services Unit, January 2005.

The researcher requested Georgia Department of Education Facilities Services Unit data regarding their averaged FTE counts used for facilities services projections and received those

for FY 1999 through FY 2004 with projections for FY 2005. The researcher used March FTE counts from the *Georgia Department of Education, Enrollment Data: Student*, for FY 1991 through FY 1998.

The FTE counts given in Table 15 are simply to illustrate growth in each school system. A projected 2005 student enrollment for each system was taken from estimates given either in the local facilities plan or from a system Web site. The number of unhoused students was based on the number of portables reported in use in each system with an estimated 20 students per portable.

System A indicated the highest estimated number of unhoused students at 4,760 and highest percentage at 15%. Although System B was the only system that reported a continuing decline in number of portables, estimates indicate this system had the second highest percentage of students in portable classrooms of the four systems studied at 13.3%. Estimates indicated low percentages but high numbers for System C at 3.1% but 740 unhoused students, and System D with 3.8% and 2,740 unhoused students. Generally, the estimated numbers of unhoused students and the estimated percentages of unhoused students indicated large numbers of students remained unhoused in spite of local system efforts to access state and local funds for school construction. It should be noted that the researcher estimated annual percentage increase for System D at 1.59%, just above the minimum required to qualify for exceptional growth funding. However, System D's estimated number of unhoused students was second highest at 2,740. This contradicts one interviewee's belief that percentage of growth should be at 5% rather than 1.5%.

All systems studied appeared to be actively accessing funds from all available sources. System A generated $95 million for school construction from their first SPLOST in 1997. From this funding, three elementary schools, two middle schools and one high school were

constructed. In addition, several schools were renovated and a gymnasium was built at an existing middle school. The 2002 SPLOST generated $200 million to be used to construct six elementary schools, three middle schools and one high school, with additions to six existing schools. Also, Interviewee #1 confirmed the county approved a bond in 2003 for $125 million and in their FY 2006 applications requested $6.5 million in regular and $4.8 million in exceptional growth funding to partially fund a middle school and an elementary school (personal communication, email September 3, 2004).

In System A the number of portable classrooms grew steadily every year except for two years in which several new schools opened. However, in school year 1999-2000 the reduction in the number of portables lasted only one year. The following year the system experienced more portables than had been in place the year before the new school openings. If we assume 20 students per portable, then 238 units may represent approximately 4,760 students that met the state definition of unhoused students in this school system for FY 2004.

System B failed to report a complete history of portable classrooms. However, interviews revealed some figures. In school year 2003-2004 (FY2004) this system had 118 portable classrooms. The system opened four new schools and reduced the number of portables to 78. The system's assistant superintendent for facilities Web site (School System B, September 7, 2004) reported fiscal year 2005 (fall 2004) began with 66 portable classrooms in use with two new schools opening to replace existing structures. If we assume 20 students per portable, then approximately 1,320 students met the definition of unhoused students in this school system in FY 2004. The Web site indicated total project costs for 2002 through 2007 ranged from $32.2 million to $43 million over the five years. These included renovations to five schools, additions to four schools, two new schools built, and one new school about 43% complete.

Interviewee #4 reported by email that System C opened one new high school, two new middle schools, and four elementary schools and completed additions to eleven schools during school years 2001-2002 to 2004-2005. Most construction occurred during FY 2002 and FY 2003 when the number of portables dropped about 50%. The number of portables has held steady since FY 2002-2003. If we assume 20 students per portable, then we may estimate 740 students in this school system meet the state definition of unhoused students.

System D, from 1996 to 2004, built 18 elementary schools, nine middle schools, and two high schools. Of these, eight elementary schools, four middle schools, and one high school were built with funding that included exceptional growth funds. From 1999 to 2004, the total number of portable classrooms has gradually declined from 171 to 137, a total reduction of 34 or approximately 7 portable classrooms per year. At that rate of reduction it would take 19.6 years to eliminate portables if the system did not continue to grow. If we assume 20 students per portable, then 137 portable classrooms may represent 2,740 students that met the state definition of unhoused students in this school system in FY 2004. This information came from the Local Facilities Plan (May 16, 2003) and other documents provided the researcher during the interview.

The researcher found interviewees in all systems were knowledgeable of the process for acquiring capital outlay funds from the state. They appeared to be actively accessing state funds. The Department of Education Facilities Services Unit provides regional consultants to the local systems to assist in the application process. During the interviews, the researcher ascertained communication between the consultants and local systems is affirmative and constructive. Only one instance was found in which the local system and the consultant disagreed on a matter of policy interpretation and that was being resolved by mediation or litigation.

All systems studied had passed special local option sales taxes for local capital outlay funds. Some continued to use local bonds in addition to SPLOST. When a local system finds it does not have or cannot project sufficient local funds to complete a project, they may allow their state entitlement to accumulate. It appears the local systems tolerate entitlement accumulation as needed. In spite of assertive implementation at the local system level, the number of portable classrooms appeared to decrease only temporarily as new schools opened. At the time of the study none of the systems had successfully eliminated portable classrooms even with the onset of exceptional growth funds and SPLOST revenues.

The Department of Education Facilities Services Unit in its *2003 Status Report of the Georgia Capital Outlay Program* reported the entitlement earned compared with total statewide need as "Entitlement Earned per $1 million of Need."

Table 16

Entitlement Earned per $1 Million of Need for Regular Funding

Fiscal Year	Program Authorization Level	Total Capital Outlay Need Projected for Five Years	Entitlement Earned Per $1 Million of Need	Ratio of $ Entitlement Earned per $ Need (Calculated by Researcher)	Loss or Gain in Entitlement Per $1 million of Need
1994	$100,000,000	$1,861,702,989	$53,714	5.37%	$ 997
1995	$100,000,000	$2,033,491,387	$49,177	4.92%	($4,537)
1996	$100,000,000	$2,388,714,489	$41,864	4.19%	($7,313)
1997	$100,000,000	$2,437,533,848	$41,025	4.10%	($ 839)
1998	$100,000,000	$2,523,506,311	$39,627	3.96%	($1,398)
1999	$100,000,000	$2,666,598,136	$37,501	3.75%	($2,126)
2000	$100,000,000	$2,549,920,662	$39,217	3.92%	$ 1,716
2001	$100,000,000	$2,479,067,020	$40,338	4.03%	$ 1,121
2002	$100,000,000	$2,530,640,592	$39,516	3.95%	($ 822)
2003	$200,000,000	$2,641,695,879	$75,709	7.57%	$36,193
2004	$120,000,000	$2,346,048,157	$51,150	5.11%	($24,559)

Department of Education Facilities Services Unit, *2003 Status Report of the Georgia Capital Outlay Program*

A more recent status report was not completed when requested by the researcher. The researcher converted the entitlement earned per $1 million of need to a ratio of total dollars of entitlement earned to total dollars of statewide need (entitlement earned divided by $1 million of need).

The numbers given did not include funding for exceptional growth and did not take into account that need is reported as a five-year projection. Table 17, assembled by the researcher, included both these items. The researcher calculated the ratio of entitlement dollars earned per dollars of need. Table 17 reveals that during the eleven-year span from fiscal year 1994 to 2004 the percentage of need funded by all capital outlay programs ranged from about 4.92% to 11.36%.

Table 17

Program Authorization per $1 Million of Need for Regular and Growth Funding

Fiscal Year	Program Authorization Level for Regular + Growth Funding	Total Capital Outlay Need Projected for Five Years	Entitlement Earned Per $1 Million of Need	Ratio of $ Entitlement Earned per $ Need (Calculated by Researcher)
1994	$100,000,000	$1,861,702,989	$ 53,714	5.37%
1995	$100,000,000	$2,033,491,387	$ 49,177	4.92%
1996	$200,000,000	$2,388,714,489	$ 41,864	8.37%
1997	$180,000,000	$2,437,533,848	$ 73,845	7.38%
1998	$200,000,000	$2,523,506,311	$ 79,254	7.93%
1999	$140,000,000	$2,666,598,136	$ 52,501	5.25%
2000	$200,000,000	$2,549,920,662	$ 78,434	7.84%
2001	$200,000,000	$2,479,067,020	$ 80,676	8.07%
2002	$200,000,000	$2,530,640,592	$ 79,031	7.90%
2003	$300,000,000	$2,641,695,879	$113,563	11.36%
2004	$180,000,000	$2,346,048,157	$ 76,721	7.67%
Annual Average	$181,818,182	$ 481,071,263		37.79%
Calculated Annual for FY 2000-2004	$ 216,000,000	$ 501,894,892		43.04%

Department of Education Facilities Services Unit, *2003 Status Report of the Georgia Capital Outlay Program*

An increase occurred from 1996 through 1998 with the advent of exceptional growth funding. FY 1999 saw a reduction in the percentage of funding when the exceptional growth program was not funded at the 100% level. FY 2000 through 2002 saw increases again when exceptional growth funding was restored to the 100% level.

FY 2003 was highest at 11.36% of five-year need when regular funding was increased to $200 million at the 100% level. However, the following year, because of an economic slowdown, the legislature funded regular and exceptional growth programs at the 60% level for a total $180 million and the percentage of five-year need funded fell to 7.67%.

Keeping in mind that needs are given as a five-year projection, the researcher calculated a ratio of program authorization to estimated annual capital outlay need. Based on this data it appears *annual* program authorizations are at an estimated 38% to 43% of statewide need. However, it should be remembered that the total five-year need includes current needs not yet built and additional needs that will materialize before the end of five years.

It should be noted that total applications to the Department of Education Facilities Services Unit from the school systems do not usually rise to the level of total authorizations. Some systems are paying back borrowed entitlement from previous years as is allowed through advanced category and low wealth category. State capital outlay funds are only a portion of that needed for each project and some systems may not always have the local funds necessary to complete a project. In that case local systems allow their state entitlement to accumulate until they have enough local funds to complete a project.

When the governor and the legislature adopted an initiative to reduce classroom size, the legislature provided additional funding for fiscal years 2001 and 2002 for the increased need for classrooms. The reduced classroom size initiative impacted local systems by increasing the

number of classrooms needed to house students. Special Appropriation funding, House Bill 1187 (2000), for this program was intended to offset the increased need. The Special Appropriation was not intended to address the problem of unhoused students. It is introduced here to illustrate the impact of a political initiative by a governor and state legislature. Interviewees from the local exceptional growth systems said they would like to have had a similar initiative to put unhoused students into permanent structures. Table 18 shows the impact of the Special Appropriation.

Table 18

Statewide Appropriated Funds, Needs, and Local Funding

Fiscal Year	Program Authorization	All Actual Regular, Exceptional Growth, & Special Appropriations State Appropriated Funds[1]	Total Statewide Needs Projected for Five Years[2]	Ratio of Annual State Funding per Needs[4]
1994	$ 100,000,000	$151,170,000	$ 1,861,701,989	8.12%
1995	$ 100,000,000	$158,205,986	$ 2,033,491,387	7.78%
1996	$ 200,000,000	$186,860,934	$ 2,388,714,489	7.82%
1997	$ 180,000,000	$157,726,684	$ 2,437,533,848	6.47%
1998	$ 200,000,000	$161,434,201	$ 2,523,506,311	6.40%
1999	$ 140,000,000	$190,273,973	$ 2,666,598,136	7.14%
2000	$ 200,000,000	$128,810,014	$ 2,549,920,662	5.05%
2001 Special Appropriations	$200,000,000 $468,000,000	$633,375,868	$ 2,479,067,020	25.55%
2002 Special Appropriations	$ 200,000,000 $ 85,540,000	$282,830,065	$ 2,530,640,592	11.18%
2003	$ 300,000,000	$119,189,751	$ 2,641,695,879	4.51%
2004	$ 180,000,000	$159,875,000	$ 2,346,048,157	6.81%
Calculated Avg. Annual Funds and Calculated Average Annual Needs		$211,792,863	$ 481,071,263	44.00%

[1] *2003 Status Report of Georgia Capital Outlay Program*, p. 3, totals of regular, growth and special appropriations calculated by the researcher from data in the report
[2] *2003 Status Report of Georgia Capital Outlay Program*, p. 5
[3] *2003 Status Report of Georgia Capital Outlay Program*, p. 3, totals of regular and growth calculated by researcher from data in the report
[4] Researcher calculated

The state does not have as a goal to provide capital outlay funding to meet all local system needs. Each local system must provide a minimum required local participation. The primary purpose of the required local participation is to provide an equalizing factor to systems of lower wealth. Local participation may range from 8% for systems of lower wealth to 20% for systems of higher wealth. A local system that uses a prototypical architectural plan may have its local participation reduced by 2%. Interviewees from the four exceptional growth local systems studied indicated they contribute far more than the required local participation. If we consider the state provides about 38%-43% of the *annual* needs (see Table 17) and a local system's required participation is 20%, then only 58% would be met by combined state and required local funds. The remaining 42% would have to come from additional local funds and this does not include upgrades in materials nor land and site improvements. Table 18 indicates average annual statewide appropriations are at about 44% of annual projected statewide needs, as derived from the projected five-year needs.

For fiscal year 2005, applications for the school systems studied are shown in Table 19. The researcher calculated the ratios of all state funds to total cost and the required local participation. Estimated required local participation was as calculated in an earlier section of this report and compared with information provided from interviews and local system documents provided.

It should be noted the total project costs given may or may not be just for allowable and eligible costs. Also, the state's ratio of funding to total cost is not the same as the state's ratio of entitlement earned per dollar of need. Nor is it the ratio of state funding per needs shown in previous tables. School systems project their needs for five years in advance. Systems do not apply for 100% of their needs in any given year. Applications are based on the level of funding approved by the legislature and the local system's ratio of need to the statewide need. A 100%

level of funding does not mean the state is funding 100% of the needs. Rather, it means the legislature has approved 100% of the maximum level of funding which is, since FY 2003, $200 million for regular program and $100 million for exceptional growth program. Statewide 5-year needs have varied from $2.35 billion to $2.6 billion between FY1998 and FY2004. This is $470 million to $520 million annually.

Table 19. *Comparison of State and Local Proposed Participation from FY 2005 Applications*

System	Schools[1]	Instructional Units (Classrooms)[1]	Total Cost from Local System Estimates[1]	State Capital Outlay Funds[1]	Ratio of All State Funds to Total Cost	Source[1]	Required Local Participation (Estimated)	Local Participation (Calculated)
A	Middle School #4	59	$8,251,740	$6,688,188	81%	Regular	16.5%	19%
	High School #1	70	$15,412,572	$10,331,428	67%	Growth	16.5%	33%
	High School #1	14	Not Known			Local		100%
B	None						13%	
C	Elementary A	69	$15,012,699	$5,352,911		Regular (G)	20%	
	Elementary A	1	$ 861,301	$ 689,041	38%	Growth (R)	20%	62%
D	High A	95	$17,544,813	$9,888,382		Regular (G)	20%	
	High A	3	$ 436,521	$ 349,217	57%	Growth (R)	20%	43%
	High School B	27	$ 2,649,349	$1,527,830	58%	Growth	20%	42%

[1] *Georgia Department of Education Capital Outlay Program, FY 2005 Budget Request*
[2] Required Local participation estimated from interviews or local system documents as compared with researcher's calculations.

A limitation of the data shown in Table 19 is that local systems may include in their total costs reported to the state any special finishes or upgrades of materials not covered as allowable for reimbursement or areas such as bleachers and teacher workrooms not covered as eligible by the state. Also, systems may apply for funds with any combination of regular and growth funds. Local funds from bonds or special local option sales taxes are used to cover costs not reimbursed by the state.

Table 19 indicated System B did not apply for state funds for FY2005. The school system was completing construction projects and was still in the process of paying back entitlement from a previous regular advanced funding application.

State funding programs have not eliminated the need for portable classrooms even though the exceptional growth program has been in effect since 1996. Local systems have actively sought maximum funding from all state sources, have approved SPLOST funds and, in many cases, continued to use bonds. In spite of these efforts local systems have been unsuccessful at eliminating portable classrooms and large numbers of students remain unhoused.

Recommendations by the Governor's Education Reform Study Commission

The Governor's Education Reform Study Commission (2000a & 2000b) presented discussion with alternative suggestions for the capital outlay program. The commission acknowledged the trailer park atmosphere surrounding school campuses in high-growth areas of Georgia. Among the alternatives presented by the commission the following list appears to be those adopted as a result of the commission's studies:

1. Raise the maximum regular entitlement. The legislature raised the entitlement from $100 million to $200 million in FY2001 for FY2003.
2. The legislature might reexamine the individual programs, regular and exceptional growth, and consider whether they should be combined into one. To this date, the programs remain separate.
3. A recommendation to increase the allowable cost per square foot for construction was approved in FY 2001 for FY 2003 applications. Interviewee #7 explained that the Department of Education Facilities Services Unit reexamines costs annually based on the actual costs reported by the local systems.

4. Inequities brought about by approval of special local option sales taxes should be addressed. Sales tax wealth was included in the calculations of local wealth.

5. A recommendation was made to extend the upper and lower limits of the required local participation. This extension ranged from 10% to 25% but later was changed to a range of 8% to 20%. Systems using prototypical architectural plans could reduce their local participation 2% so that the low end of the range dropped to 6%.

6. A statewide database for improved reporting was recommended. The researcher observed that full implementation of a computerized network system was underway and appeared almost complete in September 2004.

7. There was discussion that funding from SPLOST revenues did not receive entitlement credit, as did long-term bonds. Local systems were given limited entitlement credit (Do Right) for projects funded wholly with local funds.

8. A recommendation to inventory temporary facilities was undertaken. The researcher requested but did not receive that data.

9. A recommendation was made to implement a more accurate method of projecting student population. Interviewee #7 said the state is not using the cohort survival method of projecting student population. The state is continuing to use the average of the most recent three years less the average of the prior three years to project annual growth.

10. The Governor's Education Reform Study Commission prepared an estimate of costs for implementation of House Bill 1187, classroom size reduction. Categorical grants as special appropriations were given to local systems.

11. It was recommended that specific costs such as land and site preparation continue to be excluded from state funding. The state recognized that it did not have the financial capacity to

meet all the needs that were eligible for state support. To extend state funding to additional costs would dilute dollars that would be available for basic facility projects.

12. A recommendation was made to disassociate system need from local wealth in determining the proportion of required local participation for each district.

Summary

The purpose of the study was to describe and explain the State of Georgia public school construction funding policies and their impact on high growth districts. The goal of the State of Georgia's capital outlay program for public school construction is "to assure 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 each student's instructional needs" (Quality Basic Education Act of 1985; Official Code of Georgia § 20-2-260 (a)). An underlying assumption of this study is that because portable classrooms do not meet the State of Georgia guidelines for facilities, and, at the time of the study, there were no separate guidelines for portable classrooms, students receiving instruction in portable classrooms are housed in facilities that do not meet the goal of the state's capital outlay program for schools.

The primary target of the study, System A, and three other local school systems, Systems B, C, and D were identified as exceptional growth systems according to criteria established in the Georgia Code. The systems had differing demographics according to local school system wealth as defined by the state. Data collection was with documents and interviews.

Systems may apply for capital outlay by first completing and updating a local facilities plan that is approved by the local and state boards of education. The process for application follows an annual calendar of updating student population projections. Updating includes removing any facilities from facilities needs that have been built since the last annual update.

Once the update is completed, the local school system may identify the next projects in their priority for which they wish to apply for funds for the next fiscal year. Local systems first estimate the local funds they expect to have above that provided by the state for project completions. Revenues for local capital outlay funds are from bonds or special local option sales taxes. State funding is distributed based on a ratio of local need to statewide need. Local systems choose at which level of approved appropriations from the legislature they will be able to participate in completing the application process. The Department of Education Facilities Service Unit compiles all applications into a summary document that is included in the Department of Education budget sent to the Office of Planning and Budget. The OPB reviews budgets from all state departments and makes recommendations to the governor. The governor proposes a budget to the legislature. The legislature approves a level of funding for all capital outlay programs. Local systems are then notified of the level of funding and the amount of entitlement. The state issues contracts for local projects to proceed.

Georgia Code § 20-2-260 contains much of the legislation for capital outlay funding for public schools. Other code sections are GA CODE § 20-2-261 for minimum facility requirements, § 20-2-262 for low wealth funding, § 20-2-160 and § 20-2-165 for calculating full time equivalent counts, § 20-2-181 for basic school size, and § 20-2-491 for audits of sales taxes proceeds.

From surplus funds, a special appropriation, House bill 1187, in 2000 provided $552.7 million in capital outlay funds for a reduced classroom size initiative. No surplus funds were provided for the purpose of providing permanent facilities for unhoused students.

Interviewees were pleased with the overall structure of the K-12 capital outlay program and its implementation through the Department of Education Facilities Services Unit. State

regional consultants provided guidance for local administrators in completing and updating required documentation for applying for state funds. Local persons considered the Local Facilities Plan a vital instrument in the process. Local systems considered the special local option sales tax a vital component of their ability to construct facilities.

Local facilities persons complained about the following:

1. Projections of student enrollment did not adequately reflect growth from year to year.
2. State eligible project costs did not include land, site improvement, teacher workrooms or other components they considered vital to the operation of local schools.
3. Allowable costs per square foot were too low. Interviewees complained they could not include costs for upgrades of materials or finishes or for features that would provide lower maintenance and replacement costs.
4. The legislature may or may not approve a level of funding at the maximum $200 million for regular funding and $100 million for exceptional growth funding. In years of economic decline, when local systems realized lower sales tax revenues for school construction, they found the legislature approved a lower level of funding. This caused some systems to delay construction on badly needed projects.
5. Criteria for local systems to qualify for exceptional growth funding was not as restrictive as at least one interviewee desired.
6. Smaller rapidly growing systems on the rural fringe of the Atlanta metropolitan area that had no shopping malls or other high volume retail sales outlets were not able to access sufficient SPLOST funds.
7. Required local participation was not an issue for rapidly growing systems as they already contributed considerably more local funds than was required by the state.

8. Special appropriations such as House Bill 1187 were used to spread surplus funds across all schools systems rather than to provide facilities for school systems with large numbers of unhoused students.

9. Systems were interested in lease-purchase agreements but the Department of Law issued a memorandum that indicated lease-purchase agreements would be in violation of the state constitution.

Interviewees from the legislature said they have little time to learn the capital outlay process. They meet with local officials to hear their concerns and address those concerns in committee and subcommittee meetings. Data they receive from the State Department of Education are in the form of a department budget rather than in terms of human needs.

An analysis of local system data indicated the four local systems studied could have an estimated 740 to 4760 unhoused students in their systems for fiscal year 2005. Analysis of state data from FY 1994 to FY 2004 indicated state annual participation in school facilities funding remained below 8% of total projected 5-year needs or 38% to 43% of projected annual needs. Exceptions were FY 1998 when total regular and growth authorizations first reached $200 million, and FY 2003, the first year systems received special appropriations for classroom size reduction.

The Governor's Education Reform Study Commission recommended in 2000 the following changes that appear to have been adopted:

1. Maximum regular program funding was increased to$200 million.
2. Allowable costs per square foot were increased.
3. Sales tax wealth was included in calculations of local system wealth.
4. Required local participation was changed to a range of 8% to 20%.

5. Full implementation of a computerized database was undertaken.

6. An inventory of temporary facilities was undertaken.

7. Costs for implementation of HB 1187 were estimated and funds were provided to local systems.

8. Land and site preparation continued to be excluded from eligible costs.

In Chapter 4, findings from the data were presented. Chapter 5 includes an analysis of the findings as compared with policy analysis theories and the politics of school finance.

CHAPTER 5

ANALYSIS OF FINDINGS

The purpose of this study was to describe and to explain the State of Georgia school construction funding polices and their impact on high growth districts. At the time of the study the goal of Georgia's capital outlay program for public school construction was "to assure 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 each student's instructional needs" (Quality Basic Education Act of 1985).

In recent years, a number of school systems in Georgia experienced rapid increases in school populations. The local systems were, in many cases, unable to build school facilities rapidly enough to house all students: "Several school systems have experienced such rapid growth in enrollment that they have hundreds—even thousands—of students attending classes in portable classrooms" (Governor's Education Reform Commission, 2000b, p. 31). Increasing numbers of students in exceptional growth areas, such as Henry County, Gwinnett County, and Forsyth County, were housed in portable classrooms. The trailer park atmosphere growing in school parking lots was regularly reported in print media and noted in Georgia Department of Education studies (Dodd, 2002; Governor's Education Reform Study Commission, 2000a).

A number of suggestions by the Governor's Education Reform Study Commission (2000a & 2000b) were made and some were instituted at the state level:

1. A recommendation was made to raise the maximum regular entitlement. The legislature raised the entitlement from $100 million to $200 million in FY2001 for FY2003.

2. It was suggested that the legislature reexamine the individual programs, regular and exceptional growth, and consider whether they should be combined into one. To this date, the programs remain separate.

3. A recommendation to increase the allowable cost per square foot for construction was approved in FY 2001 for FY 2003 applications. Interviewee #7 explained that the Department of Education Facilities Services Unit reexamines costs annually based on the actual costs reported by the local systems.

4. A recommendation was made that inequities brought about by approval of special local option sales taxes should be addressed. Sales tax wealth was included in the calculations of local wealth.

5. A recommendation was made to extend the upper and lower limits of the required local participation. This had ranged from 10% to 25%. That was changed to a range of 8% to 20%. Systems using prototypical architectural plans could reduce their local participation 2% so that the low end of the range dropped to 6%.

6. A statewide database for improved reporting was recommended. The researcher observed that full implementation of a computerized network system was underway and appeared almost complete in September 2004.

7. There was discussion that funding from SPLOST revenues did not receive entitlement credit, as did long-term bonds. Local systems were given limited entitlement credit (Do Right) for projects funded wholly with local funds.

8. A recommendation to inventory temporary facilities was undertaken. The researcher requested but was told the data were not yet accessible.

9. A recommendation was made to implement a more accurate method of projecting student population. Interviewee #7 said the state is not using the cohort survival method of projecting student population. The state is continuing to use the average of the most recent three years less the average of the prior three years to project annual growth.

10. The Governor's Education Reform Study Commission prepared an estimate of costs for implementation of House Bill 1187, classroom size reduction. Categorical grants as special appropriations were given to local systems.

11. It was recommended that specific costs such as land and site preparation continue to be excluded from state funding. The state recognized that it did not have the financial capacity to meet all the needs that were eligible for state support. To extend state funding to additional costs would dilute dollars that would be available for basic facility projects.

12. The Commission recognized there was no perfect correlation between system wealth and facilities needs. The Commission recommended that the state consider alternatives for disassociating system wealth from system need in determining the proportion of required local effort for each system.

Even though many suggestions by the Governor's Education Reform Study Commission were instituted, large numbers of students continued to meet the definition of unhoused student. Local system interviewees were dissatisfied with the following:

1. The state provides no funding for portable classrooms.

2. Enrollment projections are based on the average growth in numbers of students over the last three years compared with average growth the three years preceding the last year rather than by a percentage growth.

3. Allowable costs per square foot are considered to be low and eligible costs do not include teacher workrooms, bleachers in gymnasiums and at ball fields, or land and site work.

4. Local need in exceptional growth school systems is so great that local systems contribute far more than the state's required local participation.

5. A better use for funds provided for class size reductions would have been to build classrooms for unhoused students. House Bill 1187 allowed surplus funds for reduction in classroom size to be spread across all political districts rather than to be concentrated in fewer districts with large numbers of unhoused students.

6. Legislators are not fully aware of the large numbers of unhoused students.

7. Some local system interviewees believed criteria to qualify for exceptional growth funds should be more restrictive; too many local systems were accessing exceptional growth funds.

8. Political redistricting severed school systems creating fragmented school districts within political districts. This lessened a legislator's ability to focus on the interests of a complete school district.

All local systems' interviewees recognized they had to share state resources with other less wealthy school systems or other rapidly growing systems. They also recognized state politicians had other state agencies competing for funds. Interviewees from two systems indicated their communities expected quality facilities for their students, and that often meant increased costs for above standard quality materials. All systems studied approved special purpose local option sales taxes and some continued to use bond funding.

Policy Analysis and Systems Theory

In this section, grounded theory linked with policy analysis is used to analyze the findings. The primary facets of Systems Theory are reviewed and elements of the capital outlay system in Georgia are identified. Then, Georgia's funding models are compared with typical funding models found across the United States. Next, implementation theory, intergovernmental grant theory, expenditure models, decision-making models, and the politics of school finance are used to review and discuss the findings. Finally, implications of the findings and implications for further research are presented.

Policy analysis involves:

> 1. A primary concern with explanation rather than prescription. . . . There is an implicit judgment that understanding is a prerequisite to prescription and that understanding is best achieved through careful analysis rather than rhetoric or polemics [aggressive attack].
> 2. A rigorous search for the causes and consequences of public policies.
> 3. An effort to . . . accumulate reliable research findings of general relevance. (Dye, 2005, p.7)

Dye continued with a reminder that policy issues are decided not by analysts but by political actors—elected and appointed government officials, interest groups, and voters:

> Policy analysis sometimes produces unexpected and even politically embarrassing findings. Public policies do not always work as intended. And political interests will accept, reject, or use findings to fit their own purposes. (p. 7)

Systems Theory has been selected as a comprehensive model for this study. Systems Theory (Dye, 1995) portrays public policy as an output of the political system. The concept of system implies an identifiable set of institutions and activities in society that function to transform demands into authoritative decisions requiring the support of the whole society. For the capital outlay program in Georgia, the identifiable institutions within the capital outlay system are the local school systems, the Department of Education Facilities Services Unit, the

Office of Planning and Budget, the Georgia State Financing and Investment Commission, the General Assembly and the governor. Dye continued, "The concept of system also implies that elements of the system are interrelated, that the system can respond to forces in its environment, and that it will do so to preserve itself" (Dye, 1995, p. 38). The elements of the capital outlay system in Georgia are interrelated and roles are well defined throughout the local and state department levels.

The concept of system acknowledges that inputs are received into the political system in the form of both demands and support. At this point in the capital outlay system there appears to be less structure and a less clear vision as to how legislators, the governor, and their constituents may communicate. Capital outlay needs are communicated by the Department of Education to the Office of Planning and Budget, and to the governor and legislators, as monetary amounts rather than in terms of human needs. At the local system level administrators interviewed were frustrated that, despite their efforts, student populations continue to grow at rates such that many are not housed in permanent facilities. Legislators interviewed said they meet at dinners and informal functions to hear concerns from their constituents. The Georgia capital outlay system for schools appears to not have characteristics that enable it to adequately transform local facilities needs into public policy. That the Consortium of Adequate School Funding (*Consortium of Adequate School Funding in Georgia v. State*) has filed legal action seeking a court ruling that Georgia has failed to adequately fund public education in Georgia may be an indication that the governor and legislators have not been adequately attentive to school funding issues in rural or low wealth communities. Those issues include construction of adequate facilities, which could conceivably extend to any facilities-poor local system.

Comparison with Facilities Funding Across the United States

There are several facilities funding models found in Georgia and other states. The Education Commission of the States, (1998), described these models in *Finance: Making Better Decisions about Funding School Facilities.* A general description of facilities funding options found across the United States follows.

Direct Aid for Construction. This is a categorical grant. Every school system may apply for state funds for construction of facilities as part of a basic aid or a grant. Equalized systems in which states and local systems share the cost of facilities generally provide more funding to schools in districts with lower tax bases and less to those in wealthier communities. Delaware, Kentucky, New Hampshire and Georgia have equalized direct aid systems. Georgia's equalized direct aid for construction is provided in the regular program and the exceptional growth program. Local systems earn entitlement for state funds based on a ratio of need for regular program or ratio of growth for exceptional growth funding. Both regular and exceptional growth programs include an adjustment for local system wealth, which allows less wealthy systems a greater proportion of entitlement than wealthier systems.

Aid for Debt Service. This helps school districts repay construction and renovation bonds over time with state or local funds. Georgia provides aid for debt service in its regular and exceptional growth capital outlay entitlement earned by local school systems. Entitlement may be used to repay bonds.

State Loans. Some states provide direct loans to school districts. These are typically limited to targeted districts, such as low-income or those experiencing rapid increases in enrollment. These are available in Georgia through the advanced and low wealth funding programs. In Georgia a qualifying school system borrows entitlement from the state. The school

system repays the loan by accumulating entitlement from year to year until the borrowed entitlement has been repaid.

State Building Authorities. In some states key decisions for the use of state capital outlay funds are made through decision-making channels including the legislature, state board, and state department of education. Some states have established special state-level entities to make decisions about and distribute school facilities funding. In Georgia the Department of Education Facilities Services Unit along with the Office of Planning and Budget serve in the decision-making capacity for capital outlay. The Georgia State Financing and Investment Commission distributes funds. The Department of Education Facilities Services Unit sets standards for construction and site selection and provides assistance to local systems as they write their local facilities plans. The Office of Planning and Budget reviews the Department of Education budget requests and presents budget requests from state agencies to the governor and legislature.

Georgia uses, in some form, all of the funding models presented. Procedures are well defined in state law and Department of Education Facilities Services Unit guidelines.

Policy Analysis Theories and Models

The researcher first analyzed the findings from the view of Implementation Theory. Then the researcher analyzed the findings based on recent research into school finance reform litigation using Intergovernmental Grant Theory, Expenditure Models, and Decision Making Models. Finally, the researcher approached the findings using research regarding politics and school finance, again developed around school finance reform litigation.

Implementation Theory

Implementation theory is used to analyze how institutions or agencies respond to policies. In this instance the researcher looked at how local school systems responded to state policies.

The researcher selected those components of implementation theory that appeared to be at work in the capital outlay process in Georgia. Bardach (1977) described policy or program implementation as an assembly process of numerous and diverse program elements.

> It is hard enough to design public policies and programs that look good on paper. It is harder still to formulate them in words and slogans that resonate pleasingly in the ears of political leaders and the constituencies to which they are responsive. And it is excruciatingly hard to implement them in a way that pleases anyone at all, including the supposed beneficiaries or clients. (p.3)

In addition, Bardach believed that the various program elements are in the hands of many different parties, most of whom are, in important ways, independent of each other. The way these various parties can induce others to contribute program elements is through persuasion and bargaining, otherwise known as politics. Bardach described several strategic scenarios that may apply to how governments form policy and fund those policies. He named each strategy as a game, such as the Budget Game. Those strategies that appear to be at work in the Georgia capital outlay program are summarized here.

The Budget Game is formed by "basic rules that a donor [the capital outlay program] makes a grant to a receiving . . . entity [a local school system] in exchange for a promise by the recipient to use the funds . . . for a certain purpose desired by the donor (Bardach, 1977, p. 73). In Georgia all capital outlay programs offer funds in the form of categorical grants. That is, the grants are linked to specific objectives and are constrained by program design and delivery. To qualify for such aid, a school district "must comply with program requirements . . . [the funds must be used] for a specific purpose or a particular project" (Swanson & King, 1997, p. 192). The Georgia capital outlay funds for public school construction are applied for by local school systems. The local district must, in their Local Facilities Plan (LFP), demonstrate a need for facilities based on student population and existing facilities. The state provides ongoing

monitoring of the school system's projected needs. A survey team visits the system, analyzes the Local Facilities Plan, and verifies the projected needs. The local board of education and the Georgia Board of Education must approve the LFP. The Georgia Department of Education Facilities Service Unit must approve school sites and architectural plans. A regional consultant monitors the application for funds. Local districts pay contractors from local funds. Billings from contractors must be submitted for reimbursement from the state. Local school systems are subject to state audit. *Because of the constraints placed on these funds, it is unlikely a local school system would be able to divert funds from the intended purpose.*

Pork Barrel as defined by Bardach (1997) is a strategy in which limited financial resources are diverted and dissipated to recipients in a manner in which so many competing entities are allowed to qualify the resources are spread to a number of entities rather than focused in areas of real need. The findings for this study revealed one local system interviewee complained that the standards to qualify for exceptional growth funds were set too low at 1.5% annual growth and that too many systems qualified for the funds when those counties that were experiencing growth at 5% or more were desperately in need of funds to house students. The interviewee complained that the political reality was, it was unlikely the legislature would have approved an exceptional growth program if they had not allowed a large number of school systems to qualify for the resources. However, data from System D indicated a growth rate of just above 1.5% resulted in an estimated 2,740 unhoused students.

Tokenism (Bardach, 1997) involves an attempt to appear to be contributing a program element publicly while privately conceding only a small contribution. The State of Georgia allows $54 to $58 per square foot for K-12 facilities, but local systems say their costs are from $65 to $95 per square foot. The general concern local facilities interviewees expressed was that

the state was providing about one half of their costs. However, local systems earn entitlement based on a ratio of total statewide needs. This entitlement does not usually cover all of a systems projected needs. According to this researcher's calculations, based on the history of funding and state wide needs, the state funding provided in a single year ranged from about 5% to 8% of the *total 5-year statewide needs* or about 38% to 43% of the total *annual* projected needs. When the legislature approves 100% of the regular program or 100% of the exceptional growth program authorization level, it is not 100% of the total statewide needs. It is 100% of a maximum $200 million for regular program and 100% of $100 million maximum for exceptional growth program for a total authorization level of $300 million. Fiscal year 2004 saw a total statewide five-year need of $2,346,048,157 for school construction. Although the state capital outlay program is not intended to provide all funding for school construction, the use of language such as "100% funding" by legislators does give the impression the state provides more than it actually does.

Social Entropy and Management Strategies will be addressed together. Social entropy (Bardach, 1977) includes incompetence, variability, and coordination. Incompetence is a characteristic of those who have been assigned a responsibility, are willing to do it, but for some reason cannot complete the task satisfactorily. Variability is built on the premise that nearly all control systems operate more desirably with a certain degree of standardization. Another attribute of social entropy is coordination. Bardach, (1977), offered this:

> If many activities, performed by different people and by the same people acting over time, are involved in the process of producing program outputs, then coordination exists when the productive activities are combined with minimum cost in order to produce a specified output. . . . If such an efficient matching of people's diverse activities in space and time can be achieved, then the program is internally well coordinated. (p. 133)

The Management Strategy (Bardach, 1997) operates whereby government attempts to root out problems of incompetence, variability difficulties, and poor coordination with some measure of centralized control. The management tools are varied: information systems, audits, formal procedures, etc. Institutions tend to fluctuate in degrees of expected centralization over periods of time. Difficulties may be observed at the level of individual administrative behavior.

The Department of Education Facilities Services Unit appears to operate in an efficient and well-coordinated manner. There appears to be an ongoing effort to update technology and improve data collection. Although the researcher was unable to access recent inventories of portable classrooms, the inventory process is apparently underway. Rules and regulations regarding applications for capital outlay funding are clear and may be accessed online. The state provides regional consultants under the direction of the state facilities director to advise local systems and monitor their application for funds. Local system interviewees appeared to know and understand policies and were aware of deadlines for each phase of the capital outlay process. None of the interviewees complained of inconsistencies, and none appeared confused by any conflicting policies. Only one local system complained about a disagreement with the state when a teacher workroom was reclassified as a classroom.

Local system interviewees were generally well pleased with the aid provided by their regional consultants from the Department of Education Facilities Services Unit. Information systems, audits, and formal procedures were in place. The researcher noted ongoing efforts to update technology and reporting procedures and to bring the state into complete compliance with GA CODE § 20-2-260 (m) to provide a computerized student population projection program for each local system.

Interviewee #7 at the state level said that some local systems allowed their entitlement for FY 2005 or FY 2006 to accumulate when they could have accessed it. It appeared that this occurred in conjunction with recent local approval of SPLOST funds and a judgment at the local level to demonstrate to voters the use of those local funds expeditiously. FY 2004 state funding had been approved at below the 100% level. Some local systems had to delay construction of planned facilities until local revenues could make up for lost state funds. Local systems believed state funds might not be forthcoming because of an economic downturn. In that case, local systems could choose to rely on local funds or delay applications for state funds. Local systems could also call for bond referendums to spread payback over years with entitlement credit accessed later or with future SPLOST revenues. Local systems could still access their entitlement at a future time.

The only area of concern regarding social entropy and management strategies was that, at the time of the study, the state did not set standards for portable classrooms, which may well be a violation of GA CODE §§ 20-2-260 (c) (1), (2), (3), and (4):

> The State Board of Education shall adopt policies, guidelines, and standards. . . (1) For the annual physical facility and real property inventory. . . shall include. . . instructional space in permanent and temporary buildings; designations of instructional space in permanent and *temporary buildings* [italics added] occupied by designated state approved instructional programs, federal programs, or local programs not required by the state. . . .(2) To adopt policies, guidelines, and standards for the educational facilities survey. . . .(3) To adopt policies, guidelines, and standards for educational facilities construction plans. . . .(4) To adopt uniform rules, regulations, policies, standards, and criteria respecting all location, construction, equipping, operating, maintenance, and use of educational facilities as may be reasonably necessary to assure effective, efficient, and economical operation of the schools. . . . Such matters shall include, but not be limited to, the method, manner, type, and minimum specifications for construction and installation of fixtures and equipment in educational facilities . . . and other requirements necessary to ensure adequate, efficient, and economical educational facilities. . . . Additions shall otherwise meet requirements applicable to them . . . provided that such additions do not increase the student capacity of the facility substantially above the capacity for which it was designed.

This section requires designations of instructional space in permanent and *temporary* buildings in the local survey. The state completed an inventory of non-standard units, meaning portable classrooms, during calendar year 2004. This section also provides limits so that additions do not increase the student capacity of the facility substantially above the capacity for which it was designed. Portable classrooms do, in many cases, allow the student capacity of the facility to rise well above that for which it was designed, thereby, taxing use and maintenance of the permanent facility. This overcrowding appears to be a violation of GA CODE § 20-2-260 (c) (4).

No overriding areas of incompetence were found and variability was controlled by standardization within the system so that social entropy was not considered to be a concern. However, the Management Strategy appeared to have a weak area in that information systems did not yet adequately address the number and condition of portable classrooms in use in local systems across the state. This appeared to be compounded by the lack of reporting of school sites that had student populations well beyond the capacity for which they were designed.

Territory is a strategy in which

> Competing forces among bureaus with overlapping jurisdictions generate information that enables review officials either in the legislature or at higher levels of the bureaucracy to evaluate their performance and choose among their alternative service offerings. . . . Competition for territory can have adverse effects if it interferes with operational responsibilities that ought properly to be coordinated. (Bardach, 1977, p.151-153)

The Office of Planning and Budget is the state agency that evaluates the needs of the various state departments and presents a prospective budget to the governor. OPB coordinators first make sure documents sent to them from their assigned state departments are in order and reasonable. Then the OPB uses an internal territorial strategy that allows their policy coordinators to compete with each other as advocates of the departments assigned to them. The

coordinators vie with each other to influence the governor on behalf of the interests assigned to them. In this instance territorial strategies appear to serve a useful purpose.

Legislators also compete with each other to secure funding for their local interests. Local constituents look to legislators to bring state funds into their communities. The Territorial strategies among legislators do not appear to be sufficient to overcome Pork Barrel strategies. Specific areas of local facilities needs appear to be unable to overcome the political advantage the governor and legislators gain when they spread the wealth to all political districts. Local districts are segmented into several different legislative districts. This prevents a whole local school system from having a legislator who has a territorial responsibility for that entire school system. Territorial concerns and political compromises at the legislative and gubernatorial levels will be addressed further under politics and school finance.

Not-our-problem (Bardach, 1977) is a strategy in which bureaus recognize the program will impose a heavy workload, that it will take the bureau into areas of controversy, or the bureau perceives it lacks the capacity to assume responsibility. There are no standards for portable classrooms and at least one local system reported complaints from on site administrators about the condition of portable classrooms. This lack of attention to portable classrooms exists even though GA CODE § 20-2-260 (c) states

> The state board's responsibilities shall include the following:
>
> (1) To adopt policies, guidelines, and standards for the annual physical facility and real property inventory required of each local school system. This inventory shall include, but not be limited to . . . year of construction and design; size, number, and type of construction space; amount of instructional space in permanent and *temporary* [italics added] buildings.

This part of the code addresses the inventory but alludes to standards. It may be argued that the standards are for the inventory, not the structures. Nevertheless, that the Facilities

Services Unit has not at this point included temporary facilities such as portable classrooms as part of the Local Facilities Plan and that there are no standards for portable classrooms is of concern. Local interviewees reported that they had portable classrooms that had been in use for years. Although originally purchased for temporary use, these trailers have become permanent fixtures at schools; some remain at a single location while others are shuffled from site to site based on need. Interviewees at the state level viewed portable classrooms as a local responsibility only.

Not-our-problem strategies may well include the possibility of excessive spending by local systems. Because local systems exercise complete control over how they spend local funds, there is no state oversight procedure to control spending for excessive upgrades in materials. One local system admitted they had at one time used terrazzo flooring, an expensive stone or marble chip poured in cement and polished. Interviewees in local systems insisted they upgraded beyond costs allowed by the state for maintenance and durability features and to provide interesting and attractive environments for students. A state level interviewee confirmed that the state has no interest in controlling excessive spending that is done with local funds. In some cases, what appears to be overspending is an attempt by local systems to prolong the physical life of facilities and to reduce long-term maintenance. Politically and historically local school systems have had local control of funds. No effort to equalize funding throughout a state by decreasing expenditures down to the lowest level has ever been considered politically feasible or desirable.

McLaughlin (1987) made additional suggestions for implementation analysis.

> It's hard to make something happen, most especially across layers of government and institutions. . . .It's hard to make something happen primarily because policymakers can't mandate what matters. (p. 172)

> Questions for analysis involve the extent to which necessary resources are available to support implementation, whether there is evidence of good-faith efforts to learn new

> routines, or indication of commitment and support within the implementing system for policy strategies and goals. (p. 176)

The statement by McLaughlin provides a transition to other areas of policy analysis as policy makers at the gubernatorial and legislative levels make policy, and state and local system persons attempt to implement policy, to provide funds for school construction.

Intergovernmental Grant Theory, Expenditure Models, and Decision Making Models

After analyzing policies from the view of implementation theory, the researcher analyzed the findings based on recent research into school finance reform litigation using intergovernmental grant theory, expenditure models, and decision-making models.

Goertz and Natriello, (1999), drew from the studies of three states that experienced court-ordered finance reform: Kentucky, New Jersey, and Texas. The studies were conducted by Finance Center of the Consortium for Policy Research in Education and the Center for Education Policy Analysis—New Jersey. Goertz and Natriello's review of the research looked at how districts used funds from the perspectives of intergovernmental grant theory, expenditure models, and decision-making models. They presented this summary of intergovernmental grant theory:

> State or federal governments provide grants to local school districts in order to change the way they allocate resources. Unrestricted general aid is designed to increase the amount that communities spend on education generally; categorical grants are used to ensure that school districts provide services deemed important by the state or federal government. (p.101)

Goertz and Natriello explained that expenditure models look at how school districts allocate their resources. Moynihan (1972) amid a political climate of concern about how school districts spent increases in state aid, argued teachers' salaries would be increased but little would be channeled to provide equity and educational program improvement. States were also concerned that local districts would reduce local taxes or inflate administrative costs. However, cross sectional analyses of districts with different spending levels (Alexander, 1974; Barro and

Carroll, 1975; Hartman, 1988; Odden, et al., 1979) and longitudinal studies of district response to major school finance reforms in California (Kirst, 1977) and New Jersey (Goertz, 1979) found expenditures for administration increased at a lower rate, districts hired more teachers resulting in lower pupil/teacher ratios, and districts increased non-teaching components of the budget such as supplies and equipment. Only a small portion of increased state aid was spent on higher teacher salaries. Kirst (1977) found decision-making regarding expenditures reflected district priorities and pent-up demand—programs that had been considered but not funded in the past. For this capital outlay study, the question of how districts allocate increased expenditures centers on local efforts to build schools to house students and will be considered along with decision-making models.

Goertz and Natriello (1999) summarized Firestone's work (1989 & 1997) concerning how districts spend their increases in state aid:

> In determining how to spend new state aid dollars districts respond to two contexts—their community and state policy. The community provides students and funding based on available property wealth and community support. The state policy context includes fiscal policy, non-fiscal policies (such as state standards and assessments), and the ways that the state administers these policies (including oversight and technical assistance). These two contexts are mediated by the school district's own context, including its administrative culture, existing spending levels and patterns, and the status of district capacities (personnel, teaching, social services, and facilities) before the school finance court decision. (p. 102)

Goertz and Natriello's review of the studies is summarized here. Institutional theories argue that organizational decisions are driven by a need to maintain legitimacy in the wider environment (Meyer & Rowan, 1977; Powell & DiMaggio, 1991). School districts will avoid undue oversight from the state by adhering to state rules and regulations. By doing so they may then be more responsive to immediate forces at the local level.

Goertz and Natriello's examination of the studies of spending in the three reform states, Kentucky, New Jersey, and Texas, indicated that, after court-ordered reform, expenditure equity and fiscal neutrality improved in all three states. Other findings were (a) multiple sources drive district resource allocation decisions, some of which may cause districts to maintain previous patterns and others that may cause diversions from previous spending patterns; (b) fixed costs imposed by state and federal regulations remain the same; (c) new resources with which districts have more discretion may cause districts to fund categories previously not funded or increase funds for categories previously under funded. The latter is driven by local perception of needs.

Goetz and Natriello (1999) enumerated findings from the studies of Kentucky, New Jersey, and Texas. Kentucky, (Adams, 1996), showed increased spending for all district functions with the exception of debt service. Expenditures for capital outlay rose 244%. In New Jersey (Firestone, Goertz, & Natriello, 1997) poor districts spent 11% of additional funds on capital outlay. Middle-wealth districts spent 13% of additional funds on capital outlay and three of five wealthy districts spent 5% of additional funds for capital outlay. Poor districts had years of deferred maintenance for buildings that may account for their capital outlay spending. In Texas (Texas Education Agency, 1991 & 1993) one low wealth district used most of its new funds to build a new middle school and to improve other facilities. The other low wealth district spent no new money for facilities. One high wealth district upgraded school facilities.

While districts in finance reform states generally spent new funds for system needs, rather than to reduce tax burdens, spending patterns remained virtually the same. Whatever the school systems supported before the reforms, they supported with increased dollars after the reform.:

> What is most striking about these states is that the patterns of spending across functional areas remained relatively unchanged in the aftermath of the school finance reforms.

> These findings correspond to other research that documented the consistency of spending patterns across districts of different expenditure levels. That is, as districts increase their budgets, they continue to allocate the same portions of funds to administrative and instructional functions. (Goertz & Natriello, 1999, pp. 120-121)

Goertz and Natriello (1999) used expenditure models, how funds are spent, and decision-making models, why funds are allocated for specific programs, to identify how and why local districts directed increases in state aid toward facilities.

> Low wealth systems in all districts used some portion of their new funds to address facilities needs, including construction of new buildings and renovation of existing buildings. These investments responded to years of deferred maintenance and unmet facilities needs, as well as a need to house new students and new programs. Districts were more likely to commit new resources to facilities when they were confronted with enrollment growth and when the present state of facilities posed barriers to the implementation of new programs and services. (p. 126)

Districts that had experienced rapid enrollment increases identified facilities as a major priority for new expenditures in the local decision-making process. On the other hand, districts that had fewer or less immediate facilities problems devoted more dollars to program enhancements. Goertz and Natriello (1999) also found that when district leaders perceived local revenues as unstable and unpredictable, they avoided new expenditures with long-term commitments. Districts also were cautious in planning for the long term when they perceived instability in state funding. When districts saw state formula policies changing several times over a period of years, they chose to put dollars into more concrete expenditures such as equipment and facilities rather than programs. Perceived instability constrained local decision-making. Goertz and Natriello (1999) also found funds were put to better use in districts that had strategic plans for the use of the funds. States could help districts identify needs and establish priorities for the use of new state aid.

The importance of the review by Goertz and Natriello (1999) is they found that when states increase funding local systems are not as likely to reduce their own local spending as was previously indicated in studies by Tsang and Levin (1983).

The four school systems in this study have been successful in obtaining voter approval of SPLOST, thereby increasing local taxes and increasing local spending for facilities construction, even with the previous implementation of state exceptional growth funds in 1996. Local system interviewees indicated both exceptional growth funding from the state and SPLOST funds were essential to school construction in their counties.

Goertz and Natriello (1999) found when the local school systems perceived instability in funding at the state level, such as was found during economic recessions, they channeled funds to facilities rather than programs. At least one Georgia school system, not one of the cases studied here, has begun investigating the possibility of implementing a lease-purchase program (Gwinnett County Public Schools, 2004). This can be risky because if revenues from SPLOST or local bonds are insufficient to finance the lease-purchase the local system may have to divert property tax proceeds, which are usually channeled to maintenance and operations to make lease-purchase payments. This is consistent with the review by Goertz and Natriello (1999) in which systems that had fewer or less immediate facilities problems devoted more dollars to program enhancements. Those systems with facilities problems diverted funds to facilities. Interviewees from two systems in this study expressed an interest in lease-purchase agreements.

The review by Goertz and Natriello (1999) indicated funds were put to better use in districts that had strategic plans in place. The positive news here is interviewees indicated Georgia has a viable program of strategic planning for the use of capital outlay funds by way of

the systems' Local Facilities Plan, which must be approved by the local board of education and the State Board of Education.

Summarizing the three theories we find:

1. Intergovernmental Grant Theory—Georgia's capital outlay program dispenses funds using equalized categorical grants. The application process, state rules and regulations for construction, approval of architectural plans, site inspections, and audits provided the necessary controls to ensure the funds are spent as the state intended.

2. Expenditure Models—Georgia has controls in place for the use of state funds. Local school systems studied were found to have implemented special purpose local option sales tax approvals by voters to supplement state funds. Although some local persons believed local bond initiatives would decline, some school systems studied gained approval for a bond while a SPLOST initiative was in place. Local school personnel were dissatisfied that much of their local resources went into leasing or purchasing portable classrooms. One system outside the study was reported by interviewees to be initiating a lease-purchase program and local systems included in this study expressed an interest in lease-purchase. Should local SPLOST revenues fall short for lease-purchase payments, the system could risk having to divert funds from maintenance and operations (general funds for programs). An opinion from the Georgia Department of Law may have rendered consideration of lease-purchase options moot.

3. Decision-making models—The state assures, by random, on-site inspections during the local survey process, that local systems have valid facilities needs. In Georgia local district interviewees appeared knowledgeable of state standards for facilities and for site selection. Local school districts were found to be sensitive to community expectations regarding facilities and consequently increased spending to meet those expectations. Local spending for upgrades in

finishes and materials is not restrained by state policies. Local systems accessed state funds when they believed they would be forthcoming and appeared to rely more on local funds when there was inconsistency or instability at the state level. Local systems approved local sales taxes and bonds to increase local funding for facilities. All systems studied had strategic plans in place and used their local facilities plan and the application process to access state funds. State regional consultants aided local systems in their decision-making process.

The Politics of School Finance

As was found with intergovernmental grant theory, expenditure models, and decision-making models, studies of the politics of school finance centered on court cases regarding education finance reform:

> Solving the problems of school finance, however, is difficult and has often required action in the courts. In addition, the politics of school finance are inherently contentious. A state's existing school finance system is a product of the legislative process and therefore reflects the state's balance of political power. Changing that system requires a shift of power relationships, and the external stimulus from the courts is often only one of many factors that determine the success of school finance reform efforts within individual states. (Carr & Fuhrman, 1999, p. 136)

Carr and Fuhrman (1999) examined how state politics have affected the implementation of reforms in the area of school finance and presented several issues:

> School finance is inherently controversial because it affects two basic issues that concern American voters: the resources available for their children's education and their state and local taxes . . . .
>
> A long-standing tradition of using local property taxes to finance education has been the cause of many inequities in education and makes state reform of school finance systems controversial. Variations in property values, local tax rates, and costs of competing municipal services have led to large disparities in per-pupil spending and in educational opportunity. Americans are used to the idea that they can directly determine how much to tax themselves to fund their local schools. . . . Almost all questions related to education—whether in the realm of finance, curriculum, facilities, or personnel—have historically been decided and managed at the local level. Thus, there are strong coalitions with vested interests in maintaining local control of education funds and services. School finance

> reform, however, is legislated at the state level and reduces the number of financial and, to some extent, programmatic decisions made at the local level. (p. 137-138)

Carr and Fuhrman suggested ways states might overcome the inequities created by the dependence on the local property tax to finance education: (a) redistribute state and local funds, (b) increase state revenues, or (c) cap education expenditures in wealthy districts. Because many American voters are protective of the local resources available for their children's education, school finance equalization has typically been a process of leveling-up. The researcher found that exceptional growth school systems often exist in a social culture that demands above standard quality in their school facilities. Exceptional growth systems were willing to increase local revenues. Since no proposal to equalize education funding throughout a state by decreasing expenditures down to the lowest level has ever been considered politically feasible or desirable, school finance equalization usually requires more money and frequently involves increased state taxes.

Constitutional requirements vary, but most states require the legislature to establish a free system of public schools according to some standard such as "thorough and efficient' or "adequate." Incentives for legislatures to change school finance systems exist when the risks of not acting are greater than the risks of acting as is manifested through the threat of litigation. On the other hand, legislators may be reluctant to act if reforms call for increased taxes. Legislators represent and are accountable to their own districts and are cognizant of local tolerance for policies that require increased taxes or re-distribution of state funds to other districts. Low wealth districts vie for funds against wealthier districts.

Local control of capital outlay spending is evident in Georgia. Local school systems in Georgia must adhere to state policies when spending state funds and must meet site selection criteria and state construction standards when spending local or state funds. Otherwise, local

community input is valued in that local school systems are not restricted in how they spend SPLOST or local bond funds for school construction. Interviewees in two systems said increased costs per square foot in their systems were because of their constituents' elevated expectations for their school facilities.

The capital outlay program in Georgia recognizes the lesser ability of some local systems to provide local capital outlay funds by adjusting entitlements based on a local system wealth factor. The system wealth factor is used to adjust the local system's required local participation in providing funding for its local school construction. Wealthier systems are required to provide more than less wealthy systems. The reality is that rapidly growing wealthier systems have, for the most part, and often out of necessity, chosen to provide more than their required local participation in capital outlay. These exceptional growth systems cannot wait until they have earned enough state entitlement to build facilities with state funds. Rising facilities needs compel them to proceed with local funds.

The state provides opportunities for systems that have difficulty accumulating enough entitlement and local funds to essentially borrow on future entitlement through the advance funding, low wealth funding, and a second low wealth funding.

Local school system interviewees reported the exceptional growth program would not have been funded if legislators had not included student population growth criteria as low as 1.5% per year. At least one interviewee believed the criteria should have been set at 5% and above. Interviewees believed the legislators set the criteria low to garner votes from legislators across the state in that they could provide additional capital outlay funds for their own local systems. However, a large school system with a low percentage of unhoused students may still

have large numbers of students in portable classrooms as evidenced by the estimates for System D in Tables 14 and 15.

Interviewees at the local system, state level, and legislature report they are aware there is "only so much pie to be divided" among the various interests. Local system interviewees were frustrated that they had large numbers of students in portable classrooms but seemed resigned that they would not be able to get more funding from the legislature.

The political climate for governors is somewhat different than that of legislators since governors are accountable to the whole state. This, according to Carr and Fuhrman (1999), allows governors to lead efforts for comprehensive school finance policies that benefit children and youth throughout the state:

> Governors do, however, balance the interests of the majority with those of the minority. . . . They must therefore choose cautiously the issues that they will focus on and must be careful not to use too many of these scarce resources on unpopular or contentious initiatives. As a result, gubernatorial leadership on school finance reform is unlikely without at least one of the following catalysts: outside pressure from courts, widespread support among the population, or the existence of a fiscal surplus. An existing school finance system is, after all, the result of the legislative process and thus represents an intricate web of political compromises that reflect the state's political balance of power. Upsetting that balance is often too risky for political leaders. (p. 141)

Education aid is a way to distribute resources to all geographic constituencies and provides an incentive for legislators to get involved in school finance. However, Carr and Fuhrman (1999) found governors and legislators are usually more willing to put large financial resources into education during times of fiscal surplus. This was evident in Georgia for fiscal years 2001 and 2002 when the governor initiated House Bill 1187, a program to reduce classroom size (the number of students per classroom). At that time classroom size reduction (a) was a popular issue, (b) included politically beneficial funding for education, (c) could be spread across all political districts, and (d) was occurring at a time of fiscal surplus. These events

paralleled the findings of Goertz and Natriello (1999). While the funding to support HB 1187 was directed to address the increased need for classrooms that resulted from reducing the number of students per classroom, the program ignored the distressing circumstances of rapidly growing systems with large numbers of unhoused students. Local system interviewees related that it would have been difficult to gain legislative approval for funds to build schools in which to place the unhoused students because the legislation would have affected only about twelve exceptional growth systems out of 180 total systems. Funding for reduced classroom size was a political initiative that sent money to all school systems and thereby gained legislative and local support:

> Rapid enrollment growth can cause short and long-term problems even in wealthy districts. . . . When a state implements policies that require or encourage districts to make programmatic changes such as smaller class size, charter schools or open enrollment, the implications for facilities need to be . . . addressed. . . . Reducing class sizes often means increasing the number of classrooms. (Education Commission of the States, 1998, p.3)

The findings of the Education Commission of the States (1998) underscore the frustration found at the local level in Georgia's exceptional growth school systems.

Governors and legislators have found, because of litigation in several states, they must attend to facilities needs of local school districts. In *Finance: Making Better Decisions about Funding School Facilities* (1998) the Education Commission of the States avowed

> In recent years . . . states have taken increasing responsibility for funding facilities, largely because districts do not have sufficient funds available. Recent successful lawsuits in Arizona and Ohio suggest this trend will continue; these suits established that as part of their constitutional responsibility to provide a 'thorough and uniform' education, states also must provide adequate school facilities. (p. 1)

As a result of litigation, Arizona and Wyoming hired outside consultants to survey school facilities needs. Colorado began to survey facilities needs in response to a lawsuit. Florida maintains an inventory of all its school facilities. Although the State of Georgia inventories

permanent school facilities, there has only recently been an inventory of temporary facilities or non-standard facilities:

GA CODE § 20-2-260 (a) states:

> It is declared to be the policy of the State of Georgia to assure 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 each student's instructional needs.

At the time of the study the state did not set standards for temporary facilities. The state does call those students attending classes in portable classrooms "unhoused students."

Article VIII, Section I, Paragraph I of the Constitution of the State of Georgia says:

> The provision of an adequate public education for the citizens shall be a primary obligation of the State of Georgia. Public education for the citizens prior to the college or postsecondary level shall be free and shall be provided for by taxation.

The paragraph provides key phrases:

1. "Adequate public education for the citizens"

2. "Primary obligation of the State of Georgia"

3. "Shall be free"

4. "Shall be provided for by taxation"

Although local school systems in Georgia have historically been the primary provider of educational facilities, the State of Georgia may be at risk for litigation in that even apparently wealthy but rapidly growing communities have been unable to access funds, whether local or state, rapidly enough to house all students in adequate facilities. Recent litigation across the United States focuses on "adequacy" and calls for standards against which adequacy can be measured. Recent litigation also indicates that states may not delegate responsibility to local systems if the result is a less than adequate or equitable education.

The constitutional phrase "primary obligation of the State of Georgia" is used in the education article of the Constitution of the State of Georgia. It would appear the state has an "*assigned constitutional obligation"* [italics added] (Dayton, 2001, p.6) to provide adequate education. Adequate education has been extended to include facilities in a number of cases. Therefore, the state might be at risk for litigation from those school systems that are, notwithstanding local SPLOST funds and apparent local wealth, facilities-poor and unable to provide adequate permanent classroom space.

Summary

Grounded theory linked with policy analysis was used to analyze the finding. Systems Theory was selected as a comprehensive model. Systems Theory implies an identifiable set of institutions and activities that function to transform demands into authoritative decisions requiring the support of the whole society. The identifiable institutions within the K-12 capital outlay system in Georgia were the local school systems, the Department of Education Facilities Services Unit, the Office of Planning and Budget, the Georgia State financing and Investment Commission, the General Assembly and the governor.

Georgia uses several funding models found in other states. Direct Aid for construction is a categorical grant, which is also Equalized Aid. All local systems may apply for Direct Aid through the regular funding program and funds are distributed based on an adjustment for local facilities needs and local wealth. Rapidly growing local systems may qualify for an additional categorical grant under the exceptional growth program. Local systems may apply entitlement for state funds as an Aid for Debt Service. State Loans are available through the advanced funding and low wealth programs. State building authorities that make key decisions for K-12 capital outlay funding are state and local boards of education, the Georgia Department of

Education Facilities Services Unit, the Office of Planning and Budget, and the Georgia State Financing and Investment Commission.

Analysis of state policies by implementation theory revealed several strategies at work. The state provides constraints such as ongoing monitoring and audits so that it is unlikely a local system would be able to divert funds from the intended purpose. Legislators were found to spread funds across many legislative districts rather than to focus surplus funds toward providing permanent facilities for unhoused students. Legislators who spoke of 100% funding referred to state funding levels rather than funding of 100% of facilities needs. The Department of Education Facilities Services Unit appears to operate in an efficient and well-coordinated manner. Guidelines were clear and regional coordinators assisted local systems in the application for funds process. Efforts to update state information systems were underway. There appeared to be no overriding areas of incompetence and variability was controlled by standardization within the system. A weak area was noted in that the information systems did not yet adequately address the number and condition of portable classrooms in use in local systems across the state. The state had implemented a survey of non-standard facilities (portable classrooms). However, there appeared to be no effort to write standards for portable classrooms. This appeared to be a violation of GA CODE §§ 20-2-260 (c) (1), (2), (3), and (4).

The Office of Planning and Budget was the state agency that evaluated the needs of the various state departments and presented a prospective budget to the governor for his consideration. When called upon the OPB provided information to the legislature.

Legislators competed for funds for their legislative districts. However, legislative districts severed local school districts so that no single legislator had an interest in a whole school district.

Legislators appeared to desire to leave local funding to local districts. They also appeared to have little interest in writing standards for portable classrooms.

Exceptional growth systems did not attempt to reduce local funding when the state began the exceptional growth program in the late 1990s. Local systems were successful in garnering taxpayer support for bonds and special local option sales taxes to finance school facilities. Local systems appeared to rely more heavily on local funds when they perceived instability or anticipated reduced funding at the state level. Local systems were sensitive to community standards for public school facilities. All systems had strategic plans in place and used their local facilities plan and the application process to access state funds.

Constitutional requirements vary, but most states require the legislature to establish a free system of public schools according to some standard such as "thorough and efficient" or "adequate." Incentives for legislatures to change school finance systems exist when the risks of not acting are greater than the risks of acting as is manifested through the threat of litigation. However, legislators may be reluctant to act if reforms call for increased taxes. Legislators represent and are accountable to their own districts and are aware of local tolerance of policies that require increased taxes or re-distribution of state funds to other districts. Low wealth districts vie for funds against wealthier districts.

Local control of capital outlay is valued in Georgia. Local systems must adhere to state policies when spending state funds and must meet site selection and construction standards when spending local funds. The state recognizes the lesser ability of some local systems to provide local capital outlay. The system wealth factor is used to adjust the local system's required local participation in providing funding for its local school construction. Wealthier systems provide a greater share than less wealthy systems. Unfortunately, apparently wealthy but rapidly growing

school systems are unable to build schools rapidly enough to house all students in permanent facilities. Rapidly growing systems are compelled by rising facilities needs to contribute more than their required local participation, often cannot wait for state entitlement to accumulate, and often complete entire projects with all local funds.

Governors are usually more willing to put large financial resources into education when there are (a) outside pressure from the courts, (b) widespread support from the population, or (c) a fiscal surplus. A Georgia governor and legislature approved House bill 1187 for classroom size reduction at a time when this was (a) popular issue, (b) education funding, (c) spread to all districts, and (d) a fiscal surplus.

Litigation in other states has brought attention to facilities needs of local school districts. These lawsuits generally establish that it is the states constitutional responsibility to provide adequate facilities. Recent litigation calls for standards against which adequacy can be measured. Litigation also indicates that states may not delegate responsibility to local systems if the result is a less than adequate or equitable education.

The constitutional phrases “adequate public education for the citizens” and “primary obligation of the State of Georgia” are used in the education article of the Constitution of the State of Georgia. It would appear the state has an *assigned constitutional obligation* to provide adequate education. Adequate education has been extended to include facilities in a number of cases. It would appear the state might be at risk for litigation from those school systems that are, notwithstanding local SPLOST funds and apparent wealth, facilities-poor and unable to provide adequate permanent classroom space.

Chapter 5 included an analysis of the findings as compared with policy analysis theories and the politics of school finance. Chapter 6 summarizes the previous chapters and discusses the

findings as they apply to the research questions. Implications of the study, concluding thoughts, recommendations, and implications for further study are presented.

CHAPTER 6

SUMMARY

The purpose of this study was to describe and explain the State of Georgia school construction funding polices and their impact on high growth districts. Of particular interest were the policies that were in place and the impact of those policies on school construction in a rapidly growing area of Georgia. Chapter one provided an overview of the purpose, background, theoretical framework, research questions, method, and a definition of terms. Chapter two provided an extensive review of the literature on (a) national and state concerns regarding enrollment, construction costs, state and local funding, and portable classrooms; (b) a history of the capital outlay program in Georgia; (c) issues of concern; (d) litigation regarding equity and adequacy funding; and (e) the research process. Chapter three described the methodology for data collection. Chapter four described the cases studied, the capital outlay process in Georgia, the monetary impacts at local system levels, and recommendations by the Governor's Education Review Study Committee. Chapter five presented an analysis of findings based on (a) a comparison of Georgia facilities funding with funding across the United States; (b) Implementation Theory; (c) Intergovernmental Grant Theory, Expenditure Models, and Decision Making Models, and (d) the politics of school finance. Chapter six includes a summary, implications, concluding thoughts, recommendations, and implications for further study.

Importance of the Study

At the time of the study the goal of Georgia's capital outlay program for public school construction was "to assure 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 each student's instructional needs" (Quality Basic Education Act of 1985).

In recent years, rapid population growth in some areas of Georgia, most notably metropolitan Atlanta, defeated attempts by local systems to house all students in permanent facilities. Rapidly growing school systems commonly needed to construct many more new schools than they could expect to build through the state capital outlay program. Increasing numbers of students in exceptional growth areas, such as Henry County, Gwinnett County, and Forsyth County, were housed in portable classrooms. Several school systems experienced such rapid growth in enrollment that they have had hundreds or thousands of students attending classes in portable classrooms. The primary deterrent to providing new school facilities in a timely manner appeared to be delayed or inadequate funding or the process of acquiring funding (Governor's Education Reform Study Commission, 2000b).

The Governor's Education Reform Study Commission (2000b) found a number of problematic policy issues. The Commission conceded, "changing the law could be difficult and may not be accomplished in a timely manner for funding" (p. 26). That there was an inquiry of this nature at the state level is testament to the significance of the problem. The Commission's report was completed in November 2000. A number of recommendations and alternatives were made for changes in state policy. It appeared that many of those recommendations were implemented. However, large numbers of students in rapidly growing school systems remained unhoused.

Discussion of the Findings

The research was conducted to answer the following questions: What school construction funding policies has the State of Georgia had in effect for the last 10 years? How have Georgia

school construction policies impacted exceptional growth school systems as those systems endeavored to house all students within permanent structures? These are considered separately.

What School Construction Funding Policies has the State of Georgia had in Effect for the Last 10 Years?

Georgia uses several funding models found in other states (Education Commission of the States, 1998, July). The funding models are set out in statutes (GA CODE §§ 20-2-260 & 20-2-262), which are passed and approved by the legislature and the governor. Local systems may apply for direct aid for construction, a categorical grant, as found in the regular and exceptional growth programs. Aid for debt service is incorporated into the regular and exceptional growth programs in that local systems may apply entitlement toward debt service. State loans are available through advanced, low wealth, and second low wealth funding. Oversight of the implementation of the funding models is by state agencies. The state has three agencies that function in coordination to serve in the roles of state building authorities for K-12 facilities: (a) the Georgia Department of Education Facilities Services Unit, (b) the Office of Planning and Budget, and (c) the Georgia State Financing and Investment Commission.

Local school systems must demonstrate a need for state funding in the local facilities plan and comply with program requirements in their application process. All local systems may apply for regular funding. Systems must qualify according to state criteria for exceptional growth, advanced, or low wealth funding. All local systems must have a Local Facilities Plan in place. The Plan must be revised every five years and updated annually. The purpose of the Plan is to identify facilities needs. The Plan must be approved by local and state boards of education. Based on the priorities in the Local Facilities Plan, a local system may apply for state funding. At the time of application systems must choose at which levels of funding the application will

remain active and at which levels the application will become inactive. A local system's entitlement may be accumulated for those years in which the system chooses not to keep their application active. Local systems with large numbers of unhoused students routinely provide classroom space in portable classrooms. Local systems must divert operating and maintenance (general funds) funds to portable classrooms as the state provides no funding for lease, purchase, or maintenance of these. The requirements and procedures for state funding of facilities are consistent across the state. Local systems are not limited as to how they spend local revenues for facilities.

The Department of Education Facilities Services Unit is considered the primary agency in the role of state building authority. The Facilities Services Unit may be called on to advise legislators, the Georgia Board of Education, or the Department of Education regarding the writing of rules and regulations or the Facilities Services Unit may be charged with writing rules and regulations. The Facilities Services Unit oversees implementation of state policies at the local level and advises local administrators in the application process. In addition, the Facilities Services Unit makes student enrollment projections based on FTEs reported by the local systems.

Legislators write, and the governor approves, state laws for the capital outlay program. Legislative committees and subcommittees receive budgets and request advisement from the various state departments. Budget requests are in the form of dollar amounts and are not reported in terms of human needs. Legislative districts cut across local school system boundaries and segment local political interests. Local school systems present their concerns to legislators in informal meetings. A policy coordinator from the Office of Planning and Budget attempts to influence the governor and legislators on behalf of the budget concerns of the Department of Education.

The governor and the legislature analyze budgets from all departments. The governor presents a budget for legislative approval. The legislature approves a maximum funding for both the regular capital outlay program and the exceptional growth program. Funding may be for less than the maximum for either program. Advanced and low wealth funding may be included in regular funding or may receive separate funding. Once a level of funding is approved, how those funds are distributed to local systems is constrained by statutes.

How Have Georgia School Construction Policies Impacted Exceptional Growth School Systems as Those Systems Endeavored to House All Students Within Permanent Structures?

Local School Systems

Management strategies (Bardach, 1977) at the state level appeared to constrain any tendency to social entropy—incompetence, variability, and lack of coordination—at the local level. Local system interviewees appeared to know and understand state policies and were aware of constraints for each phase of the capital outlay process. Local system administrators appeared adept at preparing the local facilities plan, analyzing the various funding options, local and state, and utilizing those options to maximize revenues for school construction. State regional consultants provided assistance to local administrators. Funds must be used for a specific purpose or a particular project. None of the interviewees complained of inconsistent or conflicting state policies regarding the application process. State management strategies to control incompetence, variability, or coordination problems at the local level are evidenced in that local systems are subject to continual monitoring with onsite visits, oversight by regional consultants, and annual audits by the state. The researcher found no evidence of social entropy at the four local systems studied.

Analysis by the implementation budget strategy and the management strategy (Bardach, 1977) indicated constraints in the design and delivery of the capital outlay program are such that it is unlikely local school systems could divert funds from the intended purpose. It is also unlikely funds could by diverted from one local system to another by political interests. Local systems appeared diligent in accessing local funds by asking voter approval of SPLOST and bonds. Local system administrators chose to accumulate entitlement rather than access it when (a) local funds were not yet sufficient to combine with state funds to complete a project, (b) local funds were sufficient to complete a project without state funds, or (c) administrators anticipated reduced levels of state appropriations.

The state does not have as a goal to provide all funding for K-12 facilities construction. Local system personnel decried the allowable costs per square foot reimbursed by the state as insufficient. However, regardless of the amount per square foot allowed for a project, the total amount received by the local system is based on the level of funding approved by the legislature, the ratio of local needs to statewide needs, and the required local participation. Since an increase in the allowable costs would occur across the state, an increase in allowable costs reimbursed would not increase an individual local system's entitlement share of the total state dollars available from the appropriated level of funding. Allowable costs set out the amount of state entitlement that will be allotted for a specific project. Local revenues must provide the remainder of project costs. The use of allowable costs appears to be a management strategy to limit and hold systems accountable for the state funds allotted to a specific project.

The local exceptional growth systems studied actively sought revenues by applying for state funding and asking voter approval for bonds and sales taxes. Georgia policies allow spending of local funds for better than standard materials and two local systems studied

commented that their communities had high standards. Institutional theories argue that organizational decisions are driven by a need to maintain legitimacy in the wider environment (DiMaggio, 1991; Meyer & Rowan, 1977). School districts may be more responsive to immediate external forces such as local concerns related to efficacy and efficiency, as long as to do so does not violate expectations and assumptions held by important elements in the external environment, that is, state rules and regulations. Analysis by intergovernmental grant theory (Goertz & Natriello, 1999) indicates state categorical grants such as the regular and exceptional growth programs in Georgia are used to ensure that local districts provide services deemed important by the state. It may be argued that a local system's spending in excess of standard materials allows that system to access state funds that would be better used to reduce that local system's ratio of need.

Kirst (1977) found decision making regarding expenditures reflected district priorities and pent-up demand as is evident in the local systems studied. Goertz and Natriello (1999) found that whatever local districts supported before finance reform (increased state funding) they supported with increased dollars after reform. When state funding was inconsistent or not available, local systems diverted operating and maintenance revenues to pent-up demand, as can be seen when local systems in Georgia use operating and maintenance funds for lease, purchase, and maintenance of portable classrooms. This is also evident in that local systems expressed an interest in lease/purchase agreements that could also divert program funding for salaries, program, and curriculum needs. Goertz and Natriello (1999) found that when local systems had fewer or less immediate facilities needs they put more money into programs. Research indicated spending patterns remained the same unless there was pent-up demand such as facilities needs (Firestone, Goertz & Natriello, 1997). This is evident with exceptional growth systems in

Georgia. Local systems diligently sought local and state funds to build permanent facilities for pent-up demand.

State Agencies

Analysis by implementation social entropy (Bardach, 1977) includes a search for incompetence, variability, and coordination. The Georgia Department of Education Facilities Services Unit appeared to operate in an efficient and well-coordinated manner. Interviewees at the state level—regional consultant, director of the Department of Education Facilities Services Unit, and policy coordinator at the Office of Planning and Budget—appeared knowledgeable of the capital outlay process and genuinely interested in fulfilling their duties to the state, as well as, assisting local systems to access state capital outlay funds. The state provides regional consultants who advise local systems and monitor the local applications for funds. Regional consultants appeared knowledgeable of the process as it progressed through the fiscal year, and they kept local systems apprised of deadlines.

Variability appeared to be of no concern as capital outlay rules and regulations were clear and could be accessed online. Adequate coordination was evident between the state and local systems. Information systems, audits, and formal procedures were in place and the researcher noted ongoing efforts to update technology, data collection, and reporting procedures.

Coordination involves an efficient matching of people's diverse activities to produce a specified output. Areas of concern regarding coordination within the Department of Education Facilities Services Unit were that (a) the state had only recently inventoried portable classrooms, (b) there appeared to be no effort to document numbers of students in portable classrooms, and (c) there appeared to be no effort to write standards for portable classrooms. This lack of interest in what local systems were doing with portable classrooms appeared to also be a not-our-

problem strategy. This is particularly problematic given the studies citing health and safety concerns related to portable classrooms (California Department of Health Services, 2003; Naylor, 1997; U.S. Environmental Protection Agency, 2003; Webber, 2003). The state appeared to be in violation of GA CODE § 20-2-260 (c) (1) & (4) respectively to "inventory amount of instructional space in permanent and temporary buildings" and " to adopt uniform . . . standards . . . respecting . . .construction . . .minimum specifications . . . of educational facilities."

Also, the state projects growth for exceptional growth systems by the procedures in GA CODE § 20-2-260 (j) (2) (A) in which the FTE count for the three most recently completed school years is compared to the average of the FTE count for the three most recently completed school years prior to the most recently completed school year. To determine if the school system qualifies for exceptional growth funding the most recent average must show growth of 1.5% over the previous average. However, § 20-2-260 (m) calls for a computerized student projection to forecast facilities needs by correlating live-birth to full-time equivalent student counts and requires a projection of FTE counts for five years using cohort survival. This is part of the statewide comprehensive educational information system. An interviewee at the state level said the Facilities Services Unit is not using cohort survival. However, the comprehensive educational information system was being implemented at the time of the study.

Additionally, regarding coordination, is that the Office of Planning and Budget and the state legislators receive data as budgeted items, rather than in terms of human needs, such as numbers of unhoused students. For instance, System A may document a need for four schools at a total cost of $40 million resulting in, say, $20 million for allowable and eligible costs before adjusting for ratio of needs and local participation. However, legislators might view the data

differently if the data indicated System A estimated 4,760 unhoused students (researcher's estimate) for FY 2005.

The Office of Planning and Budget is a state agency that assigns a policy coordinator to act as an advocate for the Department of Education budget. This coordinator attempts to influence the governor and legislators in their decision-making process. The implementation territory strategy is in place here (Bardach, 1977). The disadvantage is that a policy coordinator acts as an advocate for more than one state agency. The policy coordinator interviewed appeared most knowledgeable of the capital outlay process for K-12 school construction as it is implemented at the state level. However, he was not aware applications from local systems are not for 100% of local system needs. Local systems may apply only up to the amount allowed by the legislatures approved level of funding and the local systems ratio of need to statewide need. Coordination with the Georgia Department of Education Facilities Services Unit appears to fail here. The policy coordinator interviewed confirmed the Office of Planning and Budget would receive that data only if they specifically asked for it or the Department of Education forced the data on them.

The Governor and the Legislature

Statutes approved by the legislature and the governor set the maximum level of funding for regular capital outlay at $200 million and for exceptional growth at $100 million annually. The exceptional growth program had, at the time of the study, been in effect approximately nine years. Yet, exceptional growth systems continue to struggle to house all students. The program is to be discontinued in 2009, four years after completion of this study. The statewide facilities needs were estimated at over $2.4 billion for FY 2005. The strategy of tokenism (Bardach, 1977) is at work when legislators speak of 100% funding for capital outlay, but this does not

mean 100% of needs. A total 100% funding level at $200 million for regular and $100 million exceptional growth over the next four years would be $1.2 billion, half the needs projected in FY 2005. It is conceivable that the needs might be met by 2009 if the state entitlement provides 50% of the funds needed, construction costs do not escalate, and local systems do not grow faster than projected. Legislative approval of a constitutional amendment to allow local systems to vote on special purpose local option taxes for school facilities has improved the ability of local systems to provide local funds. However, exceptional growth systems continue to struggle to provide facilities for all students. System A, in 2003, had 10 times the number of portable classrooms that it had in 1993. It appears unlikely state and local funding will place all students in permanent facilities by 2009.

The social entropy and management strategies (Bardach, 1977) were used to locate problems of poor coordination in the political process. Except for some city school systems, local school systems fall along county boundaries. Legislative districts often sever local school districts. The state senator for System A represented portions of 10 different counties. It is problematic that poor coordination exists regarding the flow of information from local school systems to their legislators. That lack of coordination manifests in fragmented political boundaries that sever local school districts.

Analysis around the politics of school finance by Carr and Furhman (1999) found governors and legislators are usually more willing to put large financial resources into education if (a) there is a fiscal surplus, (b) the funding is a popular issue, and (c) resources could be spread across all political districts. A special interest of a previous governor was a reduced classroom size initiative. The legislature appropriated over $500 million to build the increased number of classrooms needed. Exceptional growth systems would have preferred to use the funds to place

unhoused students in permanent facilities. The reduced classroom size initiative allowed funds for a popular issue to be dispersed across the state at a time when there were surplus funds to do so.

Interviewees reported standards for exceptional growth funding were not as restrictive as they should be, and there are few local systems that are truly in distress over unhoused students. The criteria set by the state allows minimum growth at 1.5% and a minimum 65 FTE counts. For a large school system of say 70,000 students, 1.5% growth could result in growth of over 1000 students annually so that for large systems the state criteria appear reasonable. There are presently about one dozen exceptional growth systems out of 180 systems statewide. Local system interviewees related that it would have been difficult to gain legislative approval for funds, beyond that already allocated through the exceptional growth program, to build schools in which to place the unhoused students because the legislation would have affected only the small number of exceptional growth systems. For legislators there is no political advantage to funneling revenues into only a few systems. Legislators are reluctant to approve funding for a program if their own constituents will not benefit.

Carr and Fuhrman (1999) found solving problems of school finance is difficult and often requires action in the courts. Constitutional requirements vary, but most states require the legislature to establish a free system of public schools according to some standard such a "thorough and efficient' or "adequate." In Georgia the term "adequate" is used. Incentives for legislatures to change school finance systems exist when the risks of not acting are greater than the risks of acting as is manifested through the threat of litigation. On the other hand, legislators may be reluctant to act if reforms call for increased taxes. Legislators represent and are

accountable to their own districts and are cognizant of local reluctance to support policies that require increased taxes or re-distribution of state funds to other districts.

Governors and legislators across the United States have found (Education Commission of the States, 1998), because of litigation in several states, they must attend to facilities needs of local school districts. Litigation against the State of Georgia has been brought (*Consortium for Adequate School Funding in Georgia v. State*) that charged the State of Georgia had "fallen far short of the actual facility needs of school districts that lack substantial SPLOST revenues." Although the Consortium appears to be working on behalf of poor and rural communities, the same argument might be made for wealthier communities that are facilities-poor. It would appear the state might be at risk for litigation from those school systems that are, despite local SPLOST funds and apparent local wealth, facilities-poor and unable to provide adequate permanent classroom space. In fact, the Governor's Education Reform Study Commission (2000b) recommended the state consider alternatives for disassociating need from wealth in determining the proportion of required local effort in each system.

Implications

All interviewees believed Georgia has a viable capital outlay plan in place and they believe it is one of the best in the United States. However, there are exceptional growth school systems that are accessing state funds and local revenues but still have large numbers of unhoused students. Even in exceptional growth school systems that are considered wealthy by state standards the systems were found to be facilities-poor.

That the State of Georgia has not yet provided standards for portable classrooms is of particular concern in light of studies regarding health issues associated with portable classrooms

(California Department of Health Services, 2003; Naylor, 1997; U.S. Environmental Protection Agency, 2003; Webber, 2003).

The research (Carr & Furhman, 1999) suggests it is unlikely a governor or the legislature will address the problem of large numbers of unhoused students in Georgia as a political initiative. Health and safety issues notwithstanding, the political arena will likely be active for those concerns that can provide funds to a large number of political districts rather than a small number of apparently wealthy school systems. That the needs of exceptional growth systems overwhelm their resources and that those systems may be deemed facilities-poor may prevail only in the courts should the local school systems desire to use local funds for litigation.

In 2004 local rural systems of limited financial resources banded together under the name Consortium for Adequate School Funding in Georgia. Their objective was to bring about litigation (Consortium for Adequate School Funding in Georgia v. State) against the state charging that the state failed to provide equal opportunity for Plaintiff districts with resources needed to educate their students. They further charged that the state has fallen far short of the actual facilities needs. In paragraph 18, the action quotes GA CODE § 20-2-260 (a) in which

> It is declared to be the policy of the State of Georgia to assure 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 each student's instructional needs as those needs are defined and required.

In paragraph 41, Plaintiff Districts charged the "Georgia school funding program does not assure that Plaintiff Districts and other low wealth districts are able to provide such school facilities for their students." In paragraph 41b, Plaintiffs Districts charged

> The capital outlay program for new and renovated facilities is severely hampered by unrealistic limits on allowable costs, by a required local match which does not adequately take into account differences in the ability of school districts to generate local revenues, and by the requirement that school districts await the accumulation of local funds for all costs not covered by a state capital outlay grant. Supplemental programs have been

created from time to time to address the specific needs of "low wealth" systems, but these programs have fallen far short of the actual facility needs of school districts that lack substantial SPLOST revenues.

It may well be argued that any local system that is facilities-poor and unable to access enough local bond and SPLOST funds to house all students in permanent facilities could bring similar litigation against the state.

Concluding Thoughts

Interviewees in the exceptional growth systems studied believed the process for accessing capital outlay funds was one of the best in the United States, but they also believed not enough was being done to address the problem of unhoused students. The impact of state policies on the four systems studied was that funding for exceptional growth was inadequate and exceptional growth systems continued to have large numbers of unhoused students in FY 2005. Low wealth systems continued to see much needed funding directed to rapidly growing systems until such time as rapidly growing systems can meet their facilities needs. As long as exceptional growth systems are unable to approach fulfilling their facilities needs they may see continuing and rising facilities needs. Considering all positive and negatives, it appears the burden of unhoused students will not be overcome by the time of the planned discontinuance of the exceptional growth program in 2009.

To initiate litigation, local systems would have to divert much needed general funding. Should no such litigation be forthcoming, it appears unlikely rapidly growing school systems will house all students in permanent facilities by the time exceptional growth funding is discontinued in 2009. Hundreds of students in Georgia will, year after year, continue to spend the greater part of their school day in portable classrooms. Permanent facilities will continue to be overburdened by student populations in excess of that for which they were built. School systems

will continue to divert large sums of operating resources into the purchase or leasing of temporary facilities rather than into educational programs.

Recommendations

The researcher is cognizant of the advice given by Dye (1995, p. 6) in which he distinguishes between policy analysis and policy advocacy:

> Explaining the causes and consequences of various policies is not equivalent to prescribing what policies governments ought to pursue. . . . Learning why governments do what they do and what the consequences of their actions are is not the same as saying what governments ought to do or bringing about changes in what they do. [Policy analysis involves]
>
> 1. A primary concern with explanation rather than prescription. . . . There is an implicit judgment that understanding is a prerequisite to prescription and that understanding is best achieved through careful analysis rather than rhetoric or polemics.
>
> 2. A rigorous search for the causes and consequences of public policies. An effort to . . . accumulate reliable research findings of general relevance.

Nevertheless, the researcher wishes to offer some recommendations for consideration by those who write policy:

1. The Local Facilities Plan has served well and should continue as the basis for projecting and prioritizing facilities needs. The Department of Education Facilities Services Unit should likely require exceptional growth systems to provide the state with the number of classrooms and FTEs housed in portable classrooms as part of their annual update. Included in the data should be the number of school sites housing more than the recommended student population for the facility and the percentage of overpopulation for each site.

2. The basic structure of regular program funding available to all local systems is well coordinated. Flexibility in the program allows loans through advanced and low wealth applications. Additional funding for advanced and low wealth may be approved by separate

legislation. However, low wealth funding has an unclear priority status and should be included in the priorities list in GA CODE § 20-2-260 (l).

3. The application process for exceptional growth program funding is well defined and should continue beyond FY 2009, if needed, to ensure all students in Georgia are housed in permanent facilities.

4. Annual growth criteria for qualifying for exceptional growth funding may need to be more restrictive than the current 1.5% per year and 65 students. For large local systems 1.5% growth appears reasonable. Annual growth of 65 students is 325 students over five years. Based on 20 students per portable classroom this translates to less than 17 portable classrooms over a five-year period. Exceptional growth systems experience as many as 30 portable classrooms per school, not per district. The researcher suggests a minimum *annual* growth of not less than the state recommended minimum FTE count for a middle (400) or high school (500). This would result in a five-year growth of 2000 to 2500 FTEs.

5. The Georgia Department of Education Facilities Services Unit should comply with GA CODE § 20-2-260 (c) by gathering research regarding health and safety concerns of portable classrooms and writing standards for portable classrooms.

6. State legislators and the governor should set as a priority to comply with GA CODE § 20-2-260 (a) to house all students in permanent facilities by undertaking a massive public school construction program. They should target those local systems that have large unhoused student populations and avoid the temptation to distribute funds to all local systems.

7. A reasonable effort should be made to constrain local systems having large unhoused student populations from excessive spending for materials and finishes except as expenditures may extend the life of the facility or reduce maintenance costs.

8. The Office of Planning and Budget should require the Department of Education to provide the following data: (a) facilities needs as a budgeted amount, (b) student populations housed in portable classrooms or other non-standard facilities, (c) exceptional growth systems including identification of schools with percentage of students above that for which the school was designed. These data should be made available to the governor and the legislature as part of their decision-making process for capital outlay funding for public schools.

9. The General Assembly may consider legislation or a constitutional amendment to allow exceptional growth systems access to lease-purchase options.

10. The General Assembly should resolve discrepancies in how student population projections are made between GA CODE § 20-2-160 (a) and GA CODE § 20-2-260 (g) (2) (A).

11. The General Assembly should continue to exclude costs for swimming pools, tracks, stadiums, and other facilities or portions of facilities used primarily for athletic competition, the central and area administrative offices of local units of administration and land.

12. The General Assembly should continue the stabilizing element of having formulas for distribution of capital outlay funds included in statutes.

Implications for Further Study

The researcher chose to focus on learning the capital outlay process from local system level to state level, including the political arena. The researcher desires that this study be used as follows:

1. Because of the enormity and complexity of the capital outlay program, some aspects of the process may not have been addressed as thoroughly as the researcher wished. The researcher would like to have this study used as a foundation for further study even if that study is a critique of the work done here. Speaking simply, “find the holes” in the study and improve and extend

this work. Interviews with members of the Georgia School Superintendents Association, Georgia Council of Education Facility Planners, or any other professional organization are recommended.

2. It was reported to the researcher in interviews that the Gwinnett County School System in Georgia was the system in the state most distressed by a rapidly growing student population and an ongoing history of unhoused students. However, the researcher wished to learn the capital outlay process rather than become mired in the details of one hugely troubled school system. That school system reported in its Web site (Gwinnett County Public Schools, 2004a) that it was attempting to overcome funding shortfalls by financing facilities construction through lease/purchase agreements. The Georgia Department of Law (2004) issued an opinion that indicated a lease-purchase agreement might not comply with the state constitution. The researcher would like to see her study used as a foundation for a study of the continuing difficulties the Gwinnett School System has incurred over a number of years.

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Appendix A

Georgia Student Population Trends 1980-2005

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	31,440	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%
(PROJECTED STUDENT POPULATION BASED ON A FIVE-YEAR AVERAGE GROWTH TREND)			
2003 - 2004	1,451,051	22,839	1.57%
2004 - 2005	1,432,890	22,839	1.55%
2005 - 2006	1,496,729	22,839	1.53%
2006 - 2007	1,519,568	22,839	1.50%
2004 - 2005	1,542,407	22,839	1.48%

Note: Georgia Department of Education Facilities Services Unit, *2003 Status Report of Georgia Capital Outlay Program*, July 2003, p. 1

Appendix B

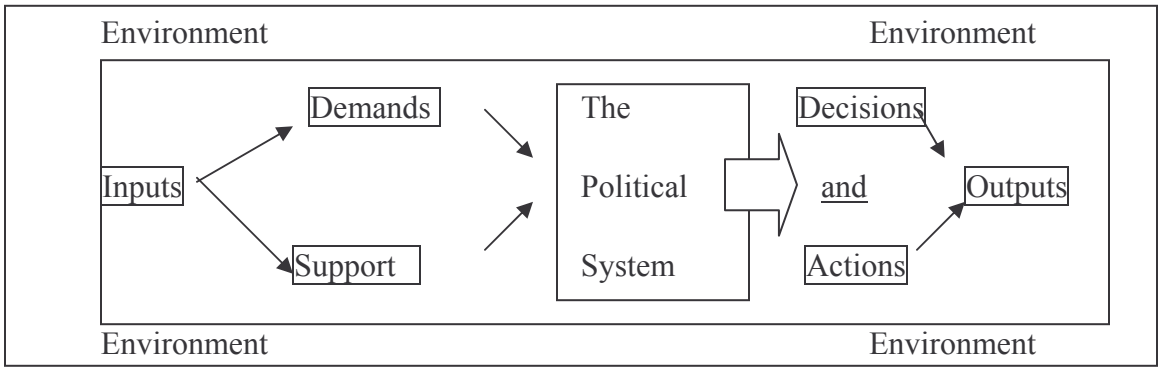
Georgia School Systems with the Highest Student Population Growth

Systems Name	Average Student Population 1999-2000 School Year	Student Change 1996 to 2000	Total Student Growth	Percent of total Growth FY 2000
Gwinnett County	103,133	5,143		
Cobb County	92,998	2,705		
Fulton County	65,400	2,516		
Henry County	21,743	1,577		
DeKalb County	91,682	1,427		
Subtotal			13,368	47.91%
Forsyth County	15,475	1,344		
Clayton County	44,567	1,226		
Paulding County	15,044	993		
Cherokee County	24,550	919		
Hall County	19,331	602		
Subtotal			5,048	18.23%
Two-thirds of Growth in FY 2002			**18,416**	**66.14%**
All other systems			6,184	33.86%
TOTAL			**24,600**	**100%**

Note: From Governor's Education Reform Study Commission (2000a), p. 8.

Appendix C

The Systems Model

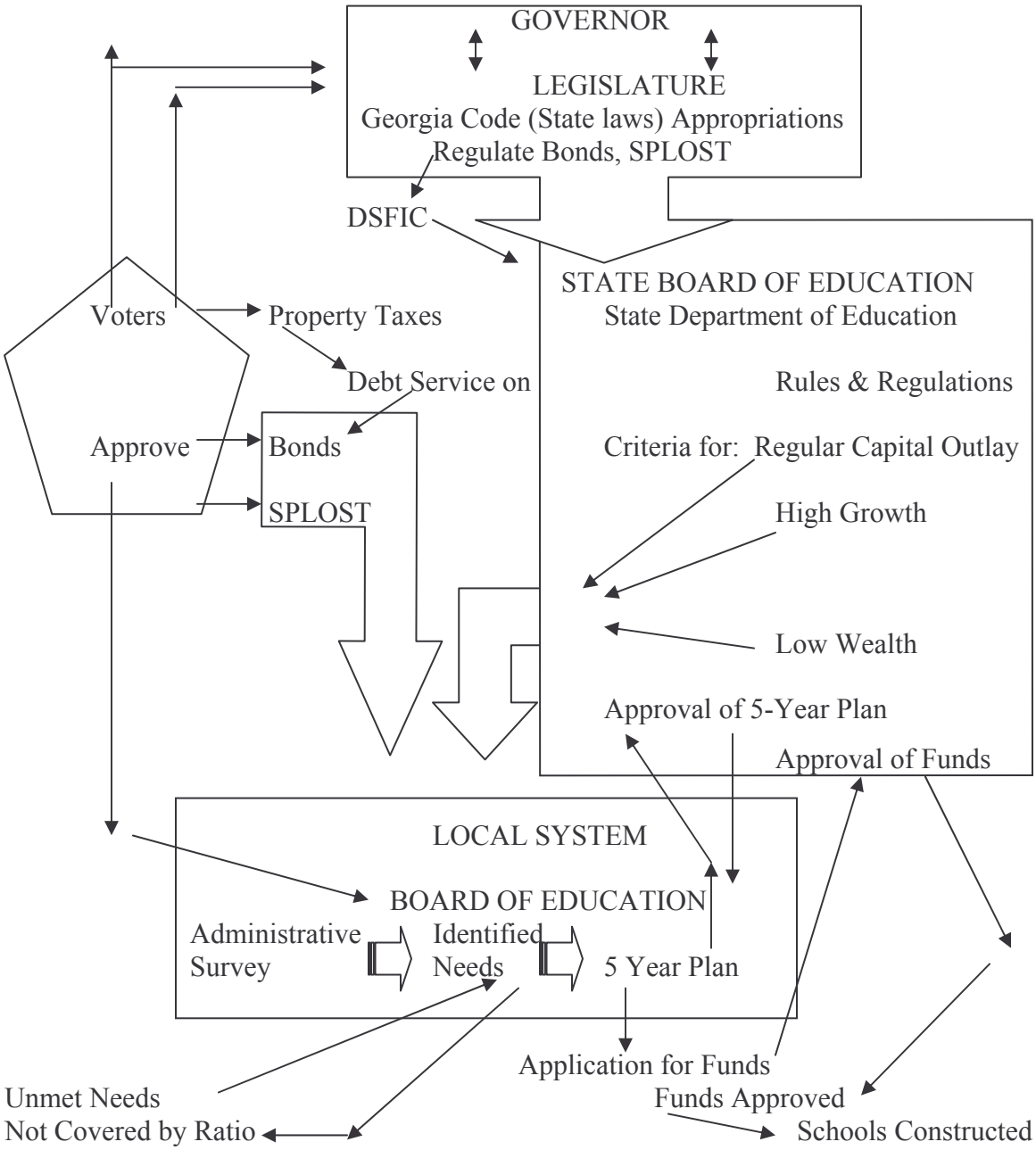


Note: From Dye, 1995, p.39.

Appendix D

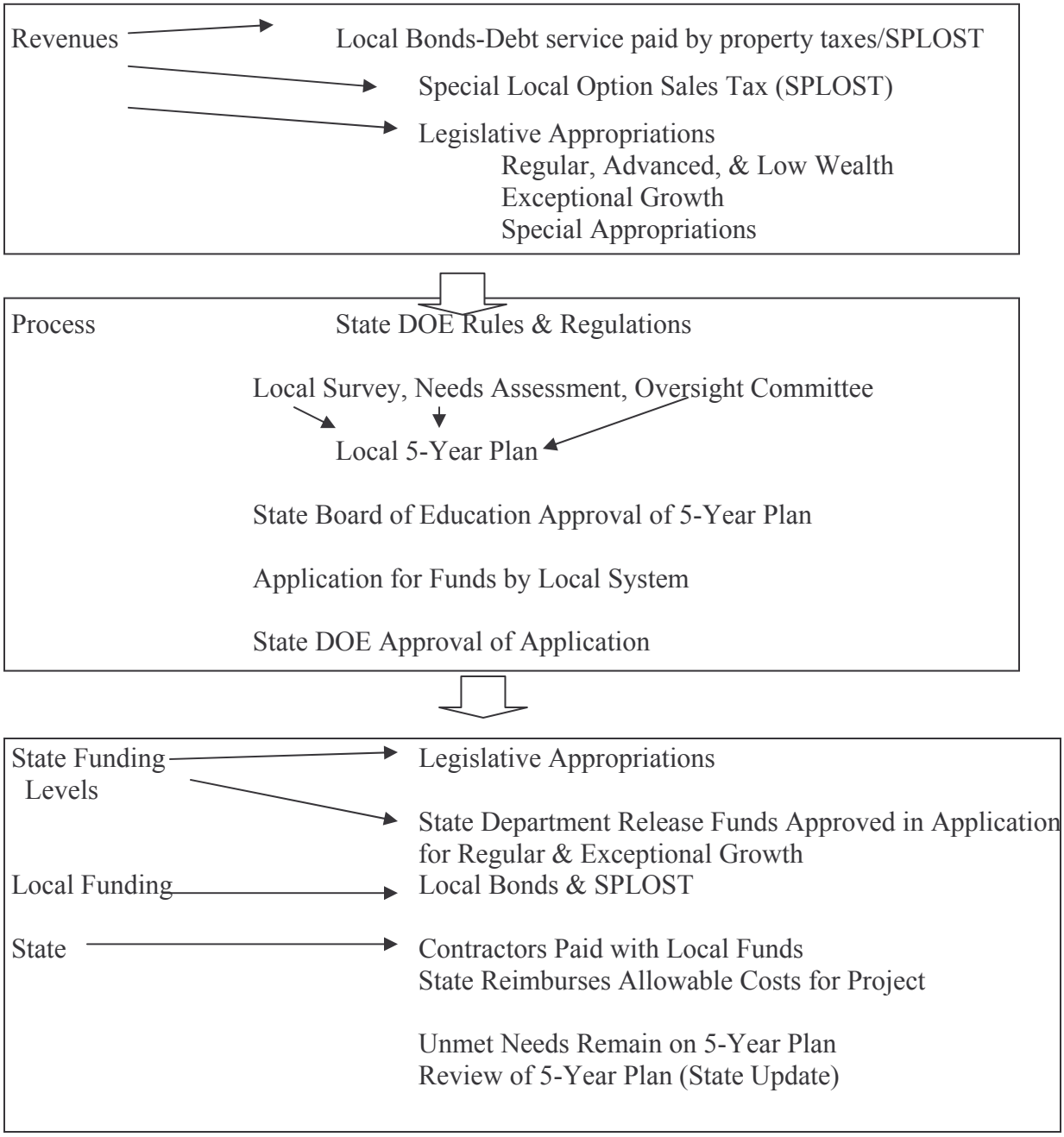
A Model of Priorities and Sequences for Local School Systems

to Obtain Capital Outlay Funds



Appendix E

A Model of the Flow of Resources and Processes within the Capital Outlay Program



Appendix F

Consent Form for Participation in a Study

I, _____, agree to participate in a study titled "FUNDING SCHOOL CONSTRUCTION: AN EXAMINATION OF THE IMPACT OF STATE FUNDING POLICIES ON HIGH GROWTH DISTRICTS," conducted by Donann Holt from the School of Education, Program of Educational Leadership at the University of Georgia (phone 678-432-6017) under the direction of Dr. Catherine Sielke, Department of Educational Administration and Policy, University of Georgia (706-542-9767). I understand that my participation is voluntary. I can stop taking part without giving any reason, and without penalty. I can ask to have any personal information about me returned to me, removed from the research records, or destroyed.

The purpose of this study is to describe and explain the State of Georgia school construction funding polices and their impact on school systems experiencing rapid growth.

If I volunteer to take part in this study, I will be asked to do the following things:

1) Recognize that I have expertise and knowledge about the Georgia Capital Outlay program that would be beneficial to the research in this study.
2) Provide documents concerning the Local Facilities Plan, the local school system's application for capital outlay funds, any other records or state records or research concerning capital outlay.
3) By answering relevant questions, help the researcher to understand the process by which school systems acquire funds for school construction. The initial time should be about 30 minutes, which may be divided into shorter segments if needed, and the location shall be at my office or other agreed upon location.
4) Be available for follow-up calls to clarify information for the duration of the study, which should be four to six months.
5) During or near the end of the study, respond to the researcher's interpretation of the data and inform the researcher of any inaccuracies or misinterpretations.
6) Provide referrals to any other sources of information, whether documents or interviews.
7) No discomforts or stresses are expected.

A benefit to me is that from the data collected the researcher will attempt to inform policy makers and legislators as to how policies and processes affect timely construction of school facilities.

Participation in this project is confidential. The researcher agrees to keep the source of information confidential and disclose the source only by my permission or as required by law. I will not be identified as the source of information used in the research without my written consent. I will be assigned an identifying number and this number will be used on the researcher's interview documents. The only people who will know that I am a research subject are members of the research team. If information about me is published, it will be written in a way that I cannot be recognized. However, research records may be obtained by court order. Tapes of interviews will be filed by the identifying number and accessed only by the researcher or the researcher's supervisors. I may review the tapes should I wish. Tapes will be destroyed

after the research document is completed. I understand that for any exchange of information by Internet a guarantee of confidentiality is limited by the nature of the technology itself.

The researcher will answer any questions about the research, now or during the course of the project, and may be reached at 678-432-6017.

I understand that I am agreeing by my signature on this form to take part in this research project and understand that I will receive a signed copy of this consent form for my records.

_____	_____	_____
Name of Researcher	Signature	Date

Telephone 678-432-6017
e-mail donann@bellsouth.net

_____	_____	_____
Name of Participant	Signature	Date

Please sign both copies and return one to the researcher.

Additional questions or problems regarding your rights as a research participant should be addressed to Chris A. Joseph, Ph.D., Human Rights Office, University of Georgia, 606A Boyd Graduate Studies Research Center, Athens, Georgia 30602-7411;
Telephone 706-542-3199; e-mail address IRB@uga.edu

Appendix G

State Regional Consultants, Department of Education Facilities Services Unit

Dr. W. Jerry Rochelle, Director

Secretary: Mrs. Linda Brooks
Staff Specialist: Ms. Pat Counts

Architectural Staff: Mr. Ron Nance
Ed. Resc. Eval: Ms. Lynn Jackson
Grants Management: Vacant

West Central GA — Facilities Consultant: John Ramage — Telephone (770) 460-0225
135 Heritage Way, Fayetteville, GA 30214 — Cell (404) 226-73940

Butts County	Fayette County	Marion County	Pike County	Thomaston-Upson County
Carroll County	Harris County	Meriwether County	Rockdale County	Troup County
Chattahoochee County	Heard County	Monroe County	Schley County	Webster County
Coweta County	Henry County	Muscogee County	Spalding County	Carrollton City
Crawford County	Lamar County	Newton County	Talbot County	
Dooly County	Macon County	Peach County	Taylor County	

Northwest GA — Facilities Consultant: Jack Mullis — Telephone (678) 574-4401
2687 Kellogg Creek Road, Acworth, GA 30102 — Cell (678) 617-9558

Bartow County	DeKalb County	Haralson County	Bremen City	Rome City
Catoosa County	Douglas County	Murray County	Calhoun City	Trion city
Chattooga County	Fannin County	Paulding County	Cartersville City	
Cherokee County	Floyd County	Pickens County	Chickamauga City	
Clayton County	Fulton County	Polk County	Dalton City	
Cobb County	Gilmer County	Walker County	Decatur City	
Dade County	Gordan County	Whitfield County	Marietta City	

East Central GA — Facilities Consultant: Bill Loudermilk — Telephone (478) 987-4267
510 Riley Avenue, Fort Valley, GA 31030 — Cell (478) 319-1412

Baldwin County	Greene County	Jones County	Taliaferro County	Wilkerson County
Bibb County	Hancock County	Lincoln county	Treutlen County	Dublin City
Blekley County	Houston County	McDuffie County	Twiggs County	
Burke County	Jasper County	Morgan County	Warren County	
Columbia County	Jefferson County	Putnam County	Washington County	
Emanuel County	Jenkins County	Richmond County	Wilkes County	
Glascock County	Johnson county	Screven County		

Southwest GA — Facilities Consultant: Vacant
1416 D south Pecan Street, Cordele, GA 31015

Baker County	Crisp County	Lanier County	Seminole County	Worth County
Ben Hill County	Decatur County	Lee County	Stewart County	Pelham City
Berrien County	Dooley County	Lowndes County	Sumter County	Thomasville City
Brooks County	Dougherty County	Miller County	Terrell County	Valdosta City
Calhoun County	Early County	Mitchell County	Thomas County	
Clay County	Echols County	Pulaski County	Tift County	
Colquitt County	Grady County	Quitman County	Turner County	
Cook County	Irwin County	Randolph County	Wilcox County	

Southeast GA — Facilities consultant: Mickey Schuber — Telephone (478) 272-4767
467 Firetower Road, Dulbin, GA 31021 — Cell (478) 278-8176

Appling County	Camden County	Dodge County	Liberty County	Telfair County
Atkinson County	Candler County	Effingham County	Long County	Toombs County
Bacon County	Charlton County	Evans County	McIntosh County	Ware County
Brantley County	Chatham County	Glynn County	Montgomery County	Wayne County
Bryan County	Clinch County	Jeff Davis County	Pierce County	Wheeler County
Bulloch County	Coffee County	Laurens County	Tattnall County	Vidalia County

Northeast GA — Facilities Consultant: Richard Beard — Telephone (770) 535-5460
332 Washington Street, Suite 104, Gainsville, GA 30501 — Cell (770) 366-3046

Banks County	Franklin County	Lumpkin County	Towns County	Commerce City
Barrow County	Gwinnett County	Madison County	Union County	Gainsville City
Clarke County	Habersham County	Oconee County	Walton County	Jefferson City
Dawson County	Hall County	Oglethorpe County	White County	Social Circle City
Elbert County	Hart County	Rabun County	Atlanta City	
Forsyth County	Jackson County	Stephens County	Buford City	

Note. Retrieved from http://www.doe.k12.ga.us, June 20, 2004

Appendix H

Formula to Calculate Annual Entitlement Earnings under Regular Capital Outlay Program

Eligible Construction Needs Identified in Each System's Long-Range Educ. Facilities Plan	+	Debt Service for 5-Yr Period Corresponding to the Dates of the School System's Facilities Plan	=	Each system's Capital Outlay Needs / Aggregate Total of All Capital Outlay Needs	=	Each System Ratio to Statewide Needs

System's Ratio of Capital Outlay Needs	X	Annual Program Authorization Level	=	System's Annual Regular Entitlement Earnings

System's Annual Regular Entitlement Earnings Applied to a Project	X	Local Participation Ratio	=	Required Local Funds for the Project

System's Annual Regular Entitlement Applied to a Project	–	Required Local Funds for the Project	=	State Funds

Note. Debt service is principal and interest payments on local bonds.

Appendix I

Formula to Calculate Exceptional Growth Entitlement Earnings

1.				
Average Annual FTE For the most recent 3 years	-	Average annual FTE for the last three years prior to the last completed school Year	=	Average Annual FTE Growth for Each System

2.

Average Annual FTE for most recent Three years for each school system		Each School System's
Average Annual FTE for the last three Years prior to the last completed school year For each school system	=	Rate of Growth

3. Only those school systems with an average annual FTE growth that equals or exceeds 65 (as calculated in 1.) *and* a rate of growth that equals or exceeds 1.5% (as calculated in 2.) qualify to earn entitlement under the exceptional growth program.

4.

Each Eligible School System's Average Annual FTE growth (divided by) Total Statewide Eligible Exceptional Growth	=	Each eligible system's Ratio of Growth

5.

Eligible School System's Ratio of Growth	X	Annual Program Authorization Level	= Each Eligible School System's Annual Entitlement Earnings