

**160-5-4-.02 ENTITLEMENT (REGULAR AND EXCEPTIONAL GROWTH),
FUNDING REQUESTS, AND REQUIRED LOCAL PARTICIPATION.**

(1) DEFINITIONS.

(a) Regular entitlement - a school system's annual share of the state entitlement authorized by the Georgia General Assembly for regular capital outlay purposes. This is computed by multiplying the annual statewide entitlement by the ratio of the local need to the total state need as determined by the local facilities plans.

(b) Exceptional growth entitlement - a school system's annual share of the state entitlement authorized by the Georgia General Assembly for exceptional growth. This is computed by multiplying the annual statewide entitlement by the ratio of the local need to the total state need as determined by an increase in a school system's average full-time equivalent student counts as described in (2)(c) of this rule.

(2) REQUIREMENTS.

(a) A local board of education's entitlement shall accrue from year to year.

(b) A local board of education shall have the required local participation funds available at the time the system submits its capital outlay application.

(c) For the exceptional growth component of the capital outlay program, the facilities need for each local school system shall be determined by the department annually. Eligibility for entitlement earnings as a result of exceptional growth shall be determined by:

1. Computing the average of each school system's average FTE student counts for the three most recently completed school years.

2. Computing the average of each school system's FTE student counts for the three-year period immediately prior to the most recently completed school year.

3. Subtracting the computed average of the student counts for the earlier three-year period from the computed average of the most recent three-year period to identify which school systems shall qualify as exceptional growth systems by showing an increase of at least 65 in the most recent average student count and having a rate of growth of at least 1.5 percent when the amount of average increase is divided by the earlier average count.

4. Dividing the amount of increase for each school system qualifying as an exceptional growth system by the total amount of increase for all exceptional growth systems to establish each school system's ratio of exceptional growth to the total exceptional growth for all school systems in Georgia.

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5. Adjusting the needs in a school system's local facilities plan downward for projects financed with exceptional growth entitlement.

(d) For the regular capital outlay program (regular, regular advance, and incentive advance), local school systems shall have the facility needs of each school determined by the department annually. Facility needs shall be computed by summing the following:

1. Total improvement needs recommended by the most recent comprehensive facility survey team, adjusted downward for projects financed since the completion of the previous survey and adjusted by the most recent FTE data.

2. Total of the eligible portion of the annual debt service payments on bonds to be repaid with local property tax revenues, excluding payments for post-secondary facilities, athletic facilities, auditoriums, site purchases, warehouses, or transportation facilities for the five-year period covered by the system's current approved facilities plan. The eligible portion of the annual debt service payments on these bonds shall be adjusted upward or downward in an annual update for any changes that may occur in the system's annual debt service payments.

(i) General obligation bonds issued or short-term debt incurred that is to be repaid with local sales tax revenues shall be ineligible for bond debt service credit under the Capital Outlay Program.

(ii) Construction activities funded with revenue derived from a special purpose local option sales tax (SPLOST) passed before June 30, 2001, shall continue to remain in the school system's facilities plan as a need for earning entitlement until the construction project has been completed.

3. Beginning July 1, 2001, school systems may qualify for credit to earn entitlement for local funds expended for state-eligible project costs included in the system's current facilities plan or in a state-funded application submitted under the following conditions.

(i) A school system may qualify for credit for the purpose of earning entitlement when additional local funds are expended for eligible activities in a state-funded application. In applications submitted after July 1, 2001, school systems may be eligible to receive credit for additional local funds expended if the total entitlement available from all sources plus the local funds required in the state-funded application are less than the total state-eligible costs shown for the project. Credit awarded for local SPLOST or maintenance and operations (M&O) funds expended for state-eligible activities included in an application shall not exceed the amount of the state-eligible costs in the system's current facilities plan minus the amount of state and *required* local funds shown in the application. The maximum amount of credit for the additional local funds expended in a state-funded project shall be recorded on the Project Cost Certification sent to the school system when

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the project is closed. When the signed Project Cost Certification is returned to the department, the credit for the local funds expended in a project shall be recorded on the system's entitlement sheet. The system shall be eligible to earn entitlement annually on the credit for the period not to exceed five years. If SPLOST funds are used, the credit shall be eligible for earning entitlement for proposed length of the SPLOST collections, or the credit shall be eligible for earning entitlement until the end date of the system's current facilities plan if the funds are derived from maintenance and operations revenue.

(ii) A school system may request credit for the purpose of earning entitlement for projects to be locally funded if the locally-funded projects are included in the system's current facilities plan. The maximum amount of credit awarded may be equal to, but may not be greater than, the state-eligible project costs included in the system's current plan or the amount of local funds planned for expenditure, whichever is less. To request credit for locally funded projects, a school system must submit to the department a request and a detailed budget identifying the fund source(s) and describing the activities and expenditures proposed from each fund source. If the funds to be used are derived from a special purpose local option sales tax (SPLOST), the request for credit and the appropriate documentation must be submitted to the department no later than three months after the SPLOST referendum has been approved by the voters. For other fund sources, e.g. local maintenance and operations (M&O) revenue collected over several years, etc., the request for credit and the appropriate documentation must be submitted before the contract for construction is awarded. Credit shall not be awarded for any locally funded project that has already been completed. As soon as the budget and documentation have been reviewed and approved by the department, the state-eligible project costs shall be removed from the system's facilities plan and the amount of the credit to be awarded shall be recorded on the system's entitlement sheet for the upcoming fiscal year. The system shall earn entitlement on the credit annually for the SPLOST collection period, or to the end date of the system's current plan, whichever is less, but shall not exceed a maximum period five years.

(e) When submitting an application for capital outlay funding, the local school system shall apply the entitlements that have accumulated for the longest period of time.

(f) When submitting an application for a new school or an application that includes new construction at an existing school and no other unfunded new construction needs remain in the system's plan, any available exceptional growth entitlement shall be applied toward the new construction costs included in the application before the system's regular capital outlay program entitlement shall be applied toward the cost of the new construction included in the application.

Authority O.C.G.A. § 20-2-260; 20-2-262.

Adopted: May 18, 2001

Effective: June 10, 2001