



## GEORGIA'S CAPITAL OUTLAY FUNDING CATEGORIES

### Regular Funding

Each year each local school system earns entitlement to State dollars for capital projects identified in their local facilities plan. Entitlement funds are earned by calculating the needs of the local system in relationship to total state facility needs. The following formula is used to calculate the local system's earnings:

$$\frac{\text{Local System Facilities Needs}}{\text{Total Statewide Facilities Needs}} \times \begin{array}{l} \text{The Annual Authorization Level} \\ \text{Set by the General Assembly} \\ (\$100, \$80, \$60, \$40 \text{ million or } \$0) \end{array} = \text{Local System's Yearly Entitlement}$$

A local school system's total facilities needs are based on the sum of:

- (1) The eligible construction needs included in their current local facilities plan.
- (2) The eligible principal and interest payments on local bonds for the five-year period corresponding to the system's plan.

### Regular Advance Funding

The regular advance funding program works much like a long term, no interest loan. This funding category was specifically designed to assist smaller school systems. A school system is eligible to apply under this category only if the amount of state funding requested (after any accumulated entitlement has been deducted) exceeds their system's expected entitlement earnings for at least three more years at the \$100 million authorization level. Once a project has been funded under this category, the school system becomes ineligible to submit another application under the regular program until the state funds advanced have been repaid from the entitlement earned by the system in subsequent years. Project costs are not deleted from the system's plan until the advance funding has been repaid. Required local participation under this funding category is the same as under the regular funding category.

## **Merger Funding**

Funding is provided under this category for the construction of facilities needed when two or more adjoining school systems agree to:

- Merge the total operations of the school systems involved--e.g. a city system with a county system; or
- Consolidate two or more elementary, middle, or high schools into a single school which meets or exceeds the minimum school sizes or represents 100 percent of the student population for those grade levels in all systems party to the consolidation.

Funding under this category is provided in much the same way as regular advance funding except:

- (1) No local matching funds are required under this funding category.
- (2) No more than three years' of combined future entitlements from the participating systems are required to offset the funding advanced for the merger projects.

## **Application for State Funds**

At the beginning of each fiscal year, each system must decide if:

- (1) They will submit an application to use the entitlement earned to complete the next priority in their facilities plan; or
- (2) They will allow their entitlement earnings to accumulate until sufficient entitlement and required local matching funds are available to complete the next priority in their facilities plan.

Each system's required local participation in an application is based on the system's wealth per full-time-equivalent (FTE) students. No school system's required local participation will be more than 25% nor less than 10% of the state approved construction costs. A school system may decrease their required local participation in an application by using their eligible, annual bond debt service payments (principal and interest) to reduce their required local down to but not below 10% of the state approved construction costs.