



Frequently Asked Questions

The Impact of the Fulton County and DeKalb County Tax Digests on Atlanta Public Schools' Budget

1) How does the Tax Digest affect Atlanta Public Schools' budget?

Almost 73% of this year's General Fund revenue used to operate Atlanta Public Schools is calculated using this simple formula: the value of the tax digest multiplied by the millage rate. The Atlanta Board of Education has kept the millage rate constant at 21.740 since 2012. As a result, normal growth in the digest is needed to cover inflationary factors facing Atlanta Public Schools annually, such as pension and healthcare costs, pay raises for teachers, and other expenditures. **Note:** *Atlanta Public Schools receives the vast majority of its tax revenues from Fulton County (90%), as opposed to DeKalb County (10%).*

2) What happens in a typical year with the tax digest?

Typically, the tax assessors in Fulton and DeKalb County determine the fair market value of all real and personal property in the county then delivers property assessment notices to homeowners. Homeowners have 45 days to appeal the assessment if they believe it does not reflect the fair market value of their property. In May, allowing time for appeals and hearings, the tax assessor also provides the total property values to the various city and county governments and Atlanta Public Schools.

3) How did the 2017 tax digest freeze in Fulton County, and the reduction in DeKalb County, affect the District's budget?

In 2017, residential property assessments were frozen in Fulton County to 2016 numbers, resulting in a permanent revenue loss to APS of \$56 million. Subsequently, cash flow issues resulted in immediate budget cuts last year, including furloughing employees. DeKalb County reduced residential values in 2017 to match Fulton's action.

4) What is the difference between the 2017 Tax Digest and the 2018 Tax Digest in Fulton County?

The 2017 tax digest was never officially approved by the Georgia Department of Revenue. This means that the 2018 tax digest must take into account the 2017 property assessments as well as a decade of failing to keep up with rising property values in Fulton County.

5) Is the growth rate in property assessment values abnormally high this year?

Yes. The unusual growth rate in property assessment values is more a function of a decade of failing to keep up with rising property values in Fulton County than this year's property values being overstated in most cases. It is our hope that



this will not be a reoccurring event. Note: *DeKalb County reduced their values in 2017 for Atlanta Public Schools, to keep them in line with Fulton County.*

6) **Doesn't all the new construction and high-density development count toward the growth rate?**

It does, but if that growth occurs in places where property taxes have been reduced -- using tax exemptions or similar vehicles or where a tax allocation district (TAD) exists, which redirects tax assessment revenues to other projects -- then Atlanta Public Schools won't see any of that revenue. However, growth in four of the five TADs exceeded this amount.

- Bolton 46.5%
- Eastside 46.4%
- Westside 47.0%
- Beltline 53.0%,
- With Atlantic Station coming in lower at 28.4%.

This reference is important because the District does not see any additional revenue from that growth in the TADs, yet any potential rollback calculation is still based on it. In aggregate for Fulton County, real residential property values increased 32.6% in areas not included in a TAD and 45.4% for areas within a TAD. Those TADs are spurring development, but for now the District does not receive that additional revenue.

7) **What can the district do to help homeowners experiencing large increases in their taxes?**

The district worked diligently throughout this past session of the Georgia General Assembly to identify solutions to help offset potential tax increases for homeowners.

So far, here is what we have done:

- **Supported Senate Bill 485** – SB485 would increase the homestead exemption from \$30,000 to \$50,000, but requires voter approval in November and isn't scheduled to go into effect until the following year. If it is passed by referendum, SB485 would remove \$25 million from the APS digest each year for 2020, 2021, and 2022, totaling approximately \$75 million in reduced available funding for APS. Homeowners will get an increase in their homestead deduction.

The District could also:

- **Provide millage rate rollback** – APS can continue to honor its commitment to helping homeowners with tax relief in the form of a reduction in the millage rate.

8) **Will the public have input on the millage rate?**



Yes. Atlanta Public Schools will host multiple public hearings before setting the millage rate.

9) Will Atlanta Public Schools' budget experience a financial windfall as a result of an increase in the Fulton County Tax Digest values this year?

No. The administration will bring forward a strategy and recommendation (that could impact the millage rate) that offers relief to homeowners. The current budget assumes only \$2 million more in revenue than is needed to cover the budgeted obligations for FY2019. The administration is also considering the following:

- Restoring the District's fund balance, bringing it closer to the average fund balance for a District of its size as recommended by rating agencies;
- Restoring previous service level cuts for District and classroom initiatives;
- Planning for future stability; or
- A combination of all of the above.

Since local projections came in higher than this amount, the Atlanta Board of Education will have a few options:

- Restoring the District's fund balance, bringing it closer to the average fund balance for a district of its size, as recommended by rating agencies
- Restoring previous service level cuts for district and classroom initiatives
- Planning for future stability
- Some combination of all of the above

About Atlanta Public Schools

Atlanta Public Schools is one of the largest school districts in the state of Georgia, serving approximately 52,000 students across 88 schools. The district is organized into nine K-12 clusters with 67 traditional schools, 17 charter schools, two citywide single-gender academies and two alternative programs. For more information, visit www.atlantapublicschools.us, follow us on Facebook at <https://www.facebook.com/AtlantaPublicSchools/> and on Twitter @apsupdate.