

## **Growth in Expenditures and Property Taxes by Level or Type of Government**

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The Fiscal Research Center, the Georgia Budget and Policy Institute, and the Georgia Public Policy Institute jointly prepared this document. We believe it would be desirable for there to be a set of numbers that we agreed reflect the recent growth in expenditures and property taxes by type of government in Georgia. The objective was to produce a set of numbers for each level or type of government that were developed on a consistent basis across governments and over time, and that reflect actual changes and not differences over time or across types of governments in how the data are reported.

Table A presents the growth of nominal general fund expenditures and property taxes, on a per capita or per student (FTE) basis, while Table B presents the same information in inflation adjusted terms. The attached Explanatory Note discusses how the tables were constructed and the data that form the basis of the two tables.

## Georgia's Government General Fund Spending and Property Tax Growth: 1998-2005

**Table A:**  
**Expenditure and Property Tax Growth: 1998-2005**

	<b>General fund Expenditures</b>	<b>Property Tax Revenue*</b>
	<b>Per Capita or Per FTE</b>	<b>Per Capita or Per FTE</b>
<b>Schools</b>	37.49%	51.88%
<b>Counties</b>	46.03%	37.08%
<b>Municipalities</b>	33.17%	39.78%
<b>Consolidated Governments</b>	10.49%	39.54%
<b>State</b>	29.45%	53.06%

**Table B:**  
**Expenditure and Property Tax Growth: 1998-2005**  
**Inflation Adjusted**

	<b>General fund Expenditures</b>	<b>Property Tax Revenue*</b>
	<b>Per Capita or Per FTE</b>	<b>Per Capita or Per FTE</b>
<b>Schools</b>	14.75%	26.76%
<b>Counties</b>	21.88%	14.41%
<b>Municipalities</b>	11.15%	16.66%
<b>Consolidated Governments</b>	-7.78%	16.46%
<b>State</b>	8.04%	27.75%

\* For schools, local revenue was used, which includes some non-property tax revenue

## **Explanatory Note**

### **Georgia's Government Spending and Property Tax Growth: 1998-2005**

This Explanatory Note presents the details of the calculations behind the figures reported in Tables A and B.

We choose the period 1998 to 2005 because of data availability for cities and counties. Data over a longer span is available for schools, but use the same period for comparability. We consider only general fund expenses, which excludes bond retirement, capital expenditures, and enterprise fund expenditures. Inflation is measured by the consumer price index.

#### **Schools**

The state Department of Education website provides financial data for all systems from FY 1996 to FY 2006 at a site called “School System Financial Reports”. Data provided at that site includes only M&O expenses; capital expenses are not included.<sup>1</sup> The number of students, measured by full time equivalent (FTE), for each system is also reported, allowing calculation of expenditures per FTE. The site also reports local revenue, state grants including QBE, and federal funds. We use local revenue, not property tax revenue; the former includes a small amount of non-property tax revenue. These data are the basis for the percentage changes reported in Tables A and B.

#### **County, City, and Consolidated Governments**

We estimated the growth in city, county, and consolidated government per capita expenditures from fiscal year 1998 to 2005. The Department of Community Affairs surveys used for this analysis changed their chart of accounts structure between 1997 and 1998; data is not strictly comparable further back than 1998. The latest data is for fiscal year 2005, published in the 2006 report. The data source is the Georgia Department of Community Affairs annual report titled *Local Government Finance Highlights*. The Department also publishes a second report each year called the *Fiscal Planning Guide*. The *Fiscal Planning Guide* reports average expenditures

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<sup>1</sup> [http://app.doe.k12.ga.us/ows-bin/owa/fin\\_pack\\_revenue.entry\\_form](http://app.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form)

for cities and counties and reports average per capita expenditures for various government activities using population counts only for governments that provide a given service. Thus, if only 19 cities provide airports, total expenditures for airports is divided only by the population of those cities, not by the population of all cities or the state as a whole. This method makes understanding expenditure comparisons difficult, and thus is not usable for our purposes. *Local Government Finance Highlights* reports total expenditures by cities, counties, and consolidated governments as individual classes of government. We can derive per capita expenditures using the total county population or the total population in cities. While expenditure details tend to get lost using this approach, we have opted to use *Local Government Finance Highlights* because it is much easier to understand and work with.

The Department of Community Affairs annually surveys all cities, counties, and consolidated governments in the state, asking them to report their revenue, expenditures, and debt. Cities and counties are not required to participate; from year to year a few do not submit data. The Department uses a detailed form which has not changed in many years. However, there was a change in the chart of accounts between 1997 and 1998, which is why this analysis goes back only to 1998. These surveys provide the data used in *Local Government Finance Highlights*. The most recent report, the 2006 report, contains data for 2005.

In 1998, 155 of the 159 counties submitted data to the Department of Community Affairs and in 2005, 151 counties reported. The population of the counties reporting in 1998 was 7,257,555, and in 2005 it was 8,204,386. These are the population counts we use for per capita calculations. Likewise, in 1998, 500 cities with a total population of 2,577,133 reported and in 2005 it was 491 cities with a population of 2,828,371. The population of reporting cities illustrates a problem with having to rely on reports based on incomplete participation. For the cities that reported, the population increase for 1998 to 2005 was 9.76 percent, but the census estimates that the number of people residing in all Georgia cities increased 18.25 percent. This indicates the data – the best available – is not truly representative. Because of weakness in the data, our summary Tables A and B, at the beginning of this document, report only growth in per capita

expenditures and property tax revenues. Use of per capita tends to “average out” biases introduced by changes in reporting governments.

We use general funds expenditures, which are tax supported local services such as police, fire, and parks in cities and courts, jails, and health centers in counties. Generally, enterprise expenditures are those used in local government operations that charge fees sufficient to cover all costs and do not collect or spend any taxes at all; water and sewer systems are the most common. In some very few cases, local governments may subsidize enterprise operations with tax revenue, or subsidize general operations with enterprise revenue, but this is not captured in DCA data.

### **State**

Data for state expenditures and property taxes are from the Census of Federal, State, and Local Governments: State Government Finance (<http://ftp2.census.gov/govs/state/98stga.txt> and <http://www.census.gov/govs/state/0511gast.html>). Note that the expenditure data includes grants to local governments, and include expenditures financed by grants from the federal government.