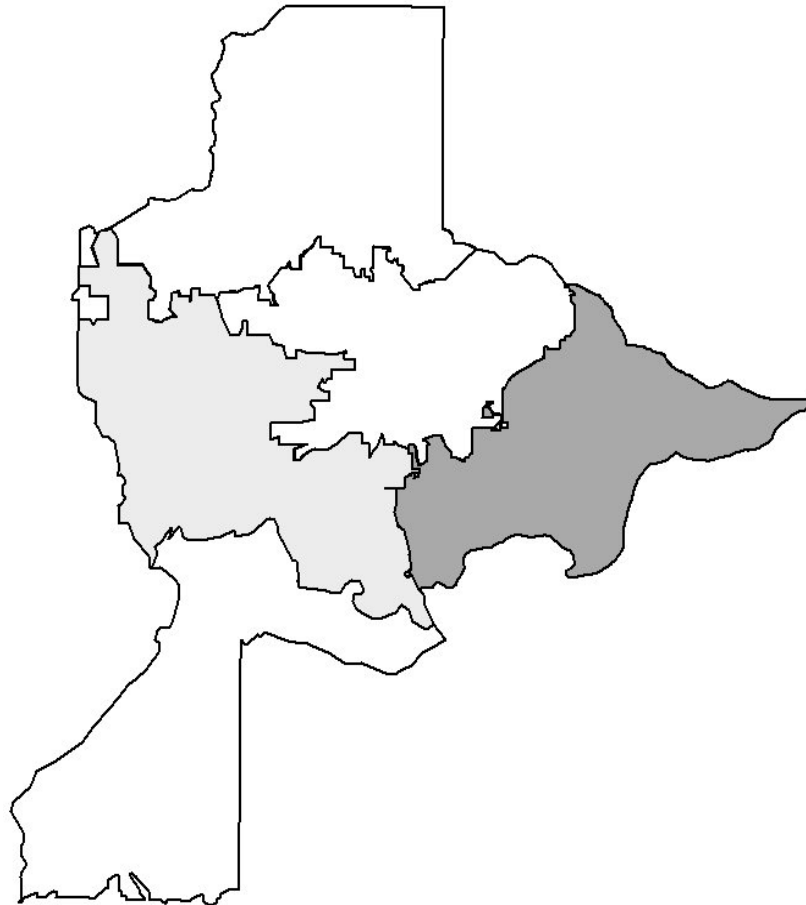


CREATING A NEW MILTON COUNTY

Executive Summaries



Carl Vinson **Institute of Government**
The University of Georgia



ANDREW YOUNG SCHOOL
FISCAL RESEARCH CENTER

**STUDY REPORTS PREPARED FOR THE
CREATING A NEW MILTON COUNTY
PROJECT**

Number	Title	Author
	<i>Executive Summaries</i>	Governmental Services and Research Division, Carl Vinson Institute of Government, University of Georgia and Fiscal Research Center, Andrew Young School of Policy Studies, Georgia State University
1.	<i>Estimated Costs and Revenues for the Proposed Milton County</i>	Fiscal Research Center, Andrew Young School of Policy Studies, Georgia State University
2.	<i>The Fiscal Viability of a Milton County School System</i>	Governmental Services and Research Division, Carl Vinson Institute of Government, University of Georgia
3.	<i>The Impact of Creating Milton County on State Agencies</i>	Governmental Services and Research Division, Carl Vinson Institute of Government, University of Georgia
4.	<i>The Legal Impacts of Creating Milton County</i>	Governmental Services and Research Division, Carl Vinson Institute of Government, University of Georgia
5.	<i>New Governance Options for Milton County</i>	Governmental Services and Research Division, Carl Vinson Institute of Government, University of Georgia
6.	<i>A Comparison of County Services Provided by the Counties of Cobb, DeKalb, Fulton, and Gwinnett</i>	Fiscal Research Center, Andrew Young School of Policy Studies, Georgia State University

An electronic copy of all reports can be found at <http://vinsoninstitute.org/miltoncounty> and at <http://frc.gsu.edu/miltoncounty.html>.

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Executive Summaries

**Fiscal Research Center
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University of Georgia**

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Comparison of County Services

1. Estimated Costs and Revenues: Executive Summary

This analysis presents the estimated costs of providing services to the proposed area of Milton County. Milton County would consist of the municipalities of Roswell, Alpharetta, Sandy Springs, Mountain Park, John's Creek, and Milton. 100 percent of the county would lie within one of these municipalities. Because of this unique characteristic, the role of a county government would be greatly reduced. Additional services, not considered mandatory county services, would be provided, if desired, by the municipal governments.

This analysis assumes that the county will provide the following list of services: judicial services including superior, state, magistrate, probate, and juvenile courts; limited health and human services such as public health, emergency shelter, and senior services; libraries; emergency management services; animal control services; election and voter registration services; and general government administrative and tax administrative services. This analysis assumes that the county will not provide fire and general police services, public works or transportation services, or water. If desired by the residents, these services would be provided by the respective municipal government.

The expenditure estimates provided in this report are based on per unit costs of the surrounding metro counties of Cobb, DeKalb, Fulton, and Gwinnett. These per unit costs are presented in the companion report, "A Comparison of County Services Provided by the Counties of Cobb, DeKalb, Fulton, and Gwinnett", referred to hereafter as Milton 6. The Milton 6 report presents a description of each of the county-wide or mandatory services, a summary of the level of activity associated with the service, as well as the employment and costs. We use two alternative measures of cost per unit, one based on average costs experienced by Cobb and Gwinnett and one based on average costs experienced by DeKalb and Fulton. Per unit or per capita costs computed in Milton 6 are applied to the estimated units of activity or population of the proposed Milton County. For instance, based on data provided in Milton 6 we are able to compute per precinct costs for election and voter registration services. These per precinct costs are then applied to the estimated number of precincts in Milton County to yield an estimate of costs associated with elections and voter registration services.

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The report also presents revenue estimates from property, sales, and other taxes and fees. One notable assumption employed in estimating the sales tax revenues to the county is that the Milton municipalities will receive the same amount of LOST revenues as they currently receive from Fulton County.

The combined estimated cost of expenditures is shown in Table A. The expenditure estimate based on the average costs incurred by the Cobb and Gwinnett governments is \$133.1 million, while the expenditure estimate based on the average government expenses of Fulton and DeKalb counties is \$148.0 million. These figures are based on the cost figures experience in 2006 and are assuming an estimated population for Milton County of 311,112. As a percentage of total county wide provided services, the percent of estimated expenditures for Milton County is distributed in the same pattern as are the expenditures for the comparison counties of Cobb, Gwinnett, Fulton, and DeKalb. Revenues are estimated to be \$209.6 million for 2006 with \$160.2 million in property tax revenues, \$6.4 million in sales tax revenue, and \$43.1 million in other taxes and fees. These are shown in Table B. The revenue estimate assumes that the existing dollar distribution of LOST revenue to the municipalities of Milton County remain at the current level. It is also assumed that a 1 percent MARTA sales tax will be imposed in Milton County; however, this would not affect the operating costs or revenues of Milton County. Lastly, it is assumed that Milton County would continue to support the operations of Grady Hospital on a pro-rata basis.

While anticipated revenues exceed expenses, these expenses include only the minimum level of required county services and do not incorporate capital expenditures which are expected to be significant. Nor do the estimates incorporate growth in population or prices which are expected to cause costs to increase at a faster rate than revenues. Finally, county governments experience significant economies of scale in their operations. This allows larger counties to operate at lower unit costs than smaller ones. Each of our four comparison counties enjoy these returns to scale to varying degrees. Because we have based our estimates on various per unit costs of county services, such as per precinct costs and billing units, we have captured these economies of scale in our estimates. The government of Milton County will be smaller than any of our comparison

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counties due to a smaller population and a lack of unincorporated area. It is not clear the Milton County government will experience the same level of economies of scale because of its reduced level of activity. If this is in fact the case, the estimates included in this report will understate the true per unit costs and absolute costs experienced by Milton County.

There are other financial obligations that the proposed Milton County would confront that are not reflected in Table A. These include inherited share of long-term debt and unfunded pension obligations and acquisition of space and equipment. Table D lists these items.

Table A. Summary of Total Estimated Expenditures for Milton County

Government Activity	Cobb-Gwinnett Average	DeKalb-Fulton Average
Administrative Services	\$29,493,254	\$34,418,398
Judicial Services	\$52,327,906	\$55,582,908
Health and Human Services	\$1,897,204	\$6,482,735
Libraries	\$5,085,843	\$3,495,189
Tax Administration	\$4,684,411	\$7,377,637
Election and Voter Registration	\$1,327,889	\$2,240,932
Emergency Management Services	\$4,202,284	\$4,263,078
Animal Control	\$956,785	\$919,648
Grady Hospital	\$33,171,773	\$33,171,773
Expenditure Total	\$133,147,350	\$147,952,299

Table B. Total Estimated Revenues for Milton County

Source of Revenue	Estimated Revenue
Sales Tax	\$6,362,572
Property Tax	\$160,180,415
Other Taxes and Fees	\$43,078,403
Revenue Total	\$209,621,390

Table C. Total Estimated Revenues and Expenditures Per Capita for Milton County

	Cobb-Gwinnett Average	DeKalb-Fulton Average
Expenditures Per Capita	\$427.96	\$475.55
Revenues Per Capita	\$673.76	\$673.76
Revenues - Expenditures	\$76,474,040	\$61,669,091

Comparison of County Services

Table D. Other County Government Obligations

OBLIGATION	COST TO MILTON COUNTY
Long-term debt	\$303 million in outstanding debt
Unfunded Pension Obligations	\$75 million in outstanding pension obligations
Retiree Health and Life Insurance	Annual servicing cost = \$6,383,000
Existing Fulton County Long-term leases	\$1.6 million (cumulative total cost through 2011)
Administrative Capital Investments (ie. Office furniture, computers, faxes, copiers, printers, software)	\$4.3 million in one-time investment
Annual lease payment for administrative space	\$4 million annually
Capital Expenses for GIS and Communication Equipment	unknown
Reimbursement for Fulton County facilities	unknown
County Courthouse and Jail Facility	unknown

These costs are not included in the summary of expenses presented in Table A.

Comparison of County Services

2. School System Viability Report: Executive Summary

This report is designed to assess the degree to which a proposed Milton County School System would have sufficient revenue streams to operate in a satisfactory manner.

There is no way to predict in advance how changes in economic or demographic conditions or state or local policies will ultimately impact the per student funding of education in the areas of the new proposed school systems. For this reason, in this report we are limited to examining the potential impacts of the creation of a Milton County School System as a one-time or snapshot event, whose impacts are estimated using the set of conditions, rules, and funding formulas that exist at this moment in time. The focus of this report is on the viability of a Milton County School System with regard to both operational Impacts and Capital Assets and Liabilities.

Operational Impacts relate to the impacts that school enrollment, system eligibility for funding, and the relative property tax bases have on the expected revenue stream for the new school systems. Revenue and other data were collected from the Georgia Department of Education for the most recent year for which a complete set of data was available at the time of the analysis (FY2006).

Table E1 outlines the expected allocation of local, state and federal revenues in the study period to the new Milton County School System.¹

Table E1a: Total Estimated Operational Revenues for Milton and Existing Fulton School Systems		
Source	Amount Allocated to Milton School System	Total Fulton System
Local Revenues	\$337,012,026	\$444,295,962
QBE Basic & T&E	\$111,133,345	\$191,820,499
Title I	\$1,094,647	\$5,443,896
Title II	\$1,447,966	\$2,719,964

¹ The revenue data used in the analysis excludes certain types of revenues (e.g., School Club funds) that can vary by year and individual school as well as certain transportation and capital-related revenue categories.

Comparison of County Services

Title III	\$694,132	\$870,933
Title IV (Title I component)	\$43,699	\$217,323
Title IV (Enrollment component)	\$96,129	\$144,882
Title V (Enrollment component)	\$112,128	\$168,995
Title V Poverty component)	\$53,209	\$168,995
Special Education Funding (Historical Component)	\$2,360,076	\$3,628,673
Special Education Funding (Enrollment Component)	\$6,012,636	\$9,061,998
Special Education Funding (Poverty Component)	\$335,185	\$1,064,565
Vocational Education Funding (Enrollment Component)	\$127,600	\$192,314
Vocational Education Funding(Poverty Component)	\$141,286	\$448,733
School Nutrition Lunch Program Funding	\$4,976,882	14,956,722
School Nutrition Commodity Funding	\$592,728	\$1,120,332
Other Federal funds	\$726,917	\$1,117,652
TOTAL	\$466,960,591	\$677,442,438

Note: FTEs stands for Full-Time Equivalent Students.

Comparison of County Services

Table E1b: Summary Impact		
	Milton School System	Existing Fulton System
Full-Time Equivalent Students (FTEs)	52,433	80,617
Percent of Total Revenues	68.9%	100.0%
Per FTE Revenue	\$8,906	\$8,403
Change from Current Per FTE Revenue	\$503	\$0
Percent Change	5.98%	0.00%

An additional analysis was conducted to identify the allocation to the hypothesized two new districts based on the inclusion of solely academic-related revenue sources (i.e., excluding nutrition-related programs). This analysis resulted in the Milton school district receiving a higher percentage increase in per FTE revenue.

The analysis in the Operational Impacts section of the report also tested for the potential for one or both of the new districts to be eligible for equalization grants for which the current Fulton System is not eligible. The results indicate that both of the hypothesized new school systems would be ineligible for these grants.

Finally, as a test of viability we compared the expected revenues of the new school system with existing schools systems in the Metro area and with state averages. These comparisons are presented in tables E2 and E3. **Data Note:** the Milton County School System per FTE revenue for the Metro and state comparison tables below differs from the per FTE figure presented above because a more inclusive set of revenue sources is used in these tables so as to enable a comparison among school districts.

Comparison of County Services

School System	Per FTE Totals
Clayton County	\$7,543
Gwinnett County	\$7,370
DeKalb County	\$9,047
Cobb County	\$7,874
Atlanta Public Schools	\$11,896
<i>Average of Comparisons</i>	\$8,746
Milton	\$9,582
Existing Fulton	\$9,058
Difference between Milton and Average	\$836

Estimated Milton County School System per FTE	\$9,582
State Average Per FTE	\$8,075
Difference between Milton and State Average	\$1,507

Capital Assets Liabilities

Table E4 presents an allocation of the major capital assets based on the location of the real property in relation to the expected new school system boundaries.

	North Fulton	South Fulton
Total Number of Parcels	135 ¹	160 ²
Total Acres	1,519.0	1,016.3
Total Number of Students	57,099	33,298
Acres per 1,000 Students	26.6	30.5

² Data Source: Georgia DOE, 2006 Revenue. Found at: http://app.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form.

³ Data Source: Georgia DOE, 2006 Revenue. Found at: http://app.doe.k12.ga.us/ows-bin/owa/fin_pack_revenue.entry_form

Comparison of County Services

Total Appraised Value	\$276,647,500	\$126,569,400
Average Appraised Value per Acre	\$182,121	\$124,535
Average Appraised Value per Student	\$4,845	\$3,801
Percent of Appraised Value to Total Appraised Value of Real Property	68.6%	31.4%
Total Assessed Value (AV) (40% of appraised value)	\$110,659,000	\$50,627,760
Total AV of Land	\$47,440,360	\$7,227,400
Average AV of Land per Acre	\$31,231	\$7,111
Average AV of Land per Student	\$831	\$217
Total AV of Improvements	\$63,218,640	\$43,390,320
Average AV of Improvements per Acre	\$31,830	\$42,693
Average AV of Improvements per Student	\$1,107	\$1,303

In addition to distributing capital assets if Milton County is recreated, there are several other financial issues that need to be considered.

- Distribution of the System's fund balances. The General Fund's unreserved, undesignated (i.e., not designated for debt service) balance equaled \$107,634,790 at the close of FY 2006 (June 30, 2006).
- The System was scheduled to pay \$12.4 million for general obligations bond (G.O.) debt in 2007,⁴ leaving a total liability for G.O. bonds near \$200 million dollars. If Fulton System's Board chooses to further reduce this debt in the next couple of years so as to potentially eliminate it, the issue of the debt allocation becomes moot. However, if the debt is not eliminated and a Milton County School System is created, it is posited that the remaining G.O. debt would be assumed by the respective systems in a based on their proportion of the System's consolidated property digest. The creation of Milton County School System could affect the Fulton County Board of Education's bond rating (currently at AA for Standard and Poor's) if an agreement over debt payments between the two systems is not reached.
- Payment of liabilities associated with Teachers Retirement System (TRS). The System's pension was funded at only 43.2 percent of the total accrued actuarial liability (June 30, 2005), resulting in an accrued pension liability at the end of FY 2006 to TRS equaling \$41,127,000. Fulton County Board of Education funded its annually required

⁴ Fulton County Board of Education Annual Financial Report, Fiscal Year 2006, pg. 11.

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contribution for its pension at 98.6 percent for 2006. The annually required contribution is based on an amortized payment schedule.

- Allocation of liabilities associated with a new ruling from the Governmental Accounting Standards Board, *Statement 45*. The new accounting statement establishes uniform financial reporting and accounting standards for non-federal government entities. More specifically, the statement requires public entities to account for non-pension retiree benefits (e.g., health care) using accrual accounting. To conform with Generally Accepted Accounting Principles (GAAP), Fulton County will need to include this liability on their balance sheet for FY 2008.
- Allocation of long-term liabilities associated with uncompensated absences. If a teacher takes sick leave, the School System needs to hire a substitute, resulting in cash outlays. Additional research would need to be taken to learn if staff can “cash out” a portion of their unused vacation days. Total liabilities in FY 2006 for compensated absences equaled \$29,516,000.
- Allocation of Remaining SPLOST Funds (1997 SPLOST and 2002 SPLOST). This is an issue to the extent any of the funds are dedicated to schools located within the proposed Milton County. More specifically, would Fulton County School District be obligated to transfer those revenues to the Milton County?

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3. Impact on State Agencies: Executive Summary

The Carl Vinson Institute of Government analyzed the potential impacts of re-creating the County of Milton on state agencies. In order to accomplish this task Institute faculty:

- Identified all state agencies
- Applied their knowledge of state and local government to select the set of agencies that could potentially be impacted in more than an insignificant fashion.
- Identified a range of ways in which the creation of a new county might impact the operations of a state agency and developed a survey instrument that agencies could use to assess these impacts (See Appendix for complete survey).
- Contacted the commissioners and directors of state agencies identified as potentially being impacted by the creation of a new county and requested that they respond to the survey.

The following table presents a summary of the estimated one-time and annual expenses related to the creation of a new county out of the North Fulton area. The one-time state agency expenditures are estimated at approximately \$3.1 million and the new annual state agency expenditures are estimated at approximately \$3.2 million.

Agency	One-Time Expense	Annual Expense
Department of Administrative Services	\$ -	\$ -
Atlanta Regional Commission	\$ -	\$ -
Department of Community Affairs (DCA)	\$ -	\$ -
Department of Community Health	\$ 90,000.00	\$ -
Georgia Department of Education	\$ 1,851,100.00	\$ -
Georgia Bureau of Investigation	\$ 42,500.00	\$ 5,000.00
Georgia Regional Transportation Authority		\$ -
Department of Human Resources	\$ 878,000.00	\$ 3,241,330.00
Department of Labor	\$ -	\$ -
State Board of Pardons and Parole	\$ 10,000.00	\$ -
Department of Revenue	\$ 69,680	
Department of Transportation	\$ 117,495.00	\$ 1,500.00
Secretary of State	\$ 10,000.00	\$ -
Total	\$ 3,068,775.00	\$ 3,247,830.00

Comparison of County Services

4. Legal Analysis: Executive Summary

The report presents the finding of an exploration and analysis of two sets of laws: Population Acts and Local Laws and Constitutional Amendments and the intergovernmental agreements to which Fulton County is a signatory.

Population Acts

The analysis of the population acts raises the following issues:

1. How will the populations of Milton and Fulton Counties be counted to determine the application of existing population acts, given that there is no official census data for a new Milton County and that the census data for Fulton County will not be revised until 2010?
2. Will Milton County be subject to the population acts that apply to the current Fulton County solely because the area of Milton County was a part of Fulton County when the acts were passed, even though the population of Milton County will be less than that specified in the population act?

The creation of Milton County will have two significant results. Because of its loss of population, a number of population acts will no longer be applicable to Fulton County, and Milton County will fall under the provisions of a variety of existing population acts.

Currently, there is no legal means that will allow amendments of existing population acts so that they apply only to the new Fulton County but no other counties with the same population or only to Fulton (524,000) and Milton (278,000) Counties. However, even though there is no legal precedence, the language in House Resolution 21 (2009) amending Article III, Section VI, Paragraph IV(b) of the State Constitution potentially offers a solution to the issue regarding the application of existing population acts when a previously existing county is re-created.

The creation of Milton County could potentially impact a wide variety of issues that are currently specified in state law including: Fulton County's participation in the Metropolitan River Protection Act, the compensation of Fulton County commissioners, the sale of park land in Fulton County, public works contracts, zoning procedures.

Local Laws and Local Constitutional Amendments

A critical issue with the local laws and local constitutional amendments that specifically govern Fulton County is whether or not Fulton County's local laws and local constitutional amendments are solely applicable to the new Fulton County, or will they continue to be applicable to the area (Milton County) that was part of Fulton County when they were passed? If Milton County is created, will existing local laws and local constitutional amendments that currently apply to Fulton County govern the new Milton County?

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The creation of Milton County could potentially impact a wide variety of issues and entities that are currently specified in local law or local constitutional amendments including: Airports, City of Atlanta and Fulton County Recreation Authority, Bonds, Community Improvement Districts, Detention Facilities, Education/Employee Pensions, Hospitalization Services, Industrial District, Metropolitan Atlanta Transit Authority, Ordinances and Regulations, Parks and Recreation, Retirement System, Service Districts, Taxation of Property and other taxation provisions, and other, matters.

Intergovernmental Agreements

Since 1990 Fulton County has been a party to over 148 intergovernmental agreements (IGAs). However, because of the dates of their establishment, the manner in which the IGAs were created, and the use of multiple mediums of record retention, an exact number of such agreements is not readily available. This report lists County's intergovernmental agreements that CVIOG received as a result of an information request.

If there are specific issues/problems associated with Fulton County's IGAs and the creation of Milton County, they are not known since this is an area of the law for which there is no precedent. Listed below are some potential issues/problems.

What will Milton County's responsibilities be under existing Fulton County's IGAs? Will there be any responsibility for Milton County because when the agreements were first negotiated and executed the area that will become Milton County was part of Fulton County? Other potential issues include:

- (1) Is Milton County responsible for Fulton County's IGAs that concern property that falls within the boundaries of Milton County?
- (2) What are the consequences if new Fulton County is unable fiscally or otherwise to carry out its responsibilities provided for in the agreement?
- (3) What happens to those IGAs between Fulton County and other counties that were adjacent to Fulton County (examples include agreements with Forsyth, Cherokee, and Gwinnett Counties) and were based primarily on issues related to the fact that the two counties were then adjacent but will not be when Milton County is created.? Does Milton County, which becomes the adjacent county become liable for the responsibilities provided for in the agreement?
- (4)What happens if an IGA concerns property or facilities that are no longer in Fulton County?
- (5) What is the status of responsibilities between Fulton County, Milton County, and state departments (Departments of Revenue, Transportation, Community Affairs, Human Resources, and others) when the IGAs were adopted to address needs for specific areas in Fulton County that become part of Milton County? This is the same for IGAs with federal agencies.

5. New Governance Options: Executive Summary

The New County Study Team was tasked with examining new governance options that could be considered in establishing a new county in Georgia. In this regard, the study team was encouraged to think expansively about such options and possibilities without regard to traditional notions of political feasibility and not constrained by current state law. Consequently, the results of our efforts represent a broad spectrum of possibilities for which the study team has tried to identify advantages and disadvantages. However, it should be recognized that the inclusion of a new governance option does not represent an endorsement of that option by the study team.

New Governance Options

State operation of “arm of the state” functions currently provided by county government.

A case could be made for state government control of the “arm of the state” services. Rationales for such a governance structure include:

- The potential benefits of having the state agencies providing a model local delivery system.
- State agencies gaining a better understanding of local issues and conditions that would in turn help these agencies to work better with localities around the state.
- The ability of new computing and communication systems to allow for better management from a distance.
- The new county taxpayers could potentially be relieved of liability stemming from decisions made by state-appointed officials.

Adoption of a Charter/enabling legislation that provides for an elected executive form of government.

More large, urban-area local governments are adopting the elected executive form of government. Many communities, particularly larger ones, believe that this form increases the potential for active leadership by giving the executive a community-wide popular support base. However, the case for a more activist form of government may not be as strong as it would be were the county to be a potential provider of urban-type services. That is, all urban-type services in the proposed Milton County would be provided by the existing cities that comprise the total of the proposed Milton County’s jurisdiction.

Adoption of non-standard election districts and procedures.

At-Large versus Districts: There are advantages and disadvantages to both at-large and district-based elections. Most communities in Georgia are required to use district elections based on a need to follow the Voting Rights Act. However, some communities have created a system of mixed district and at-large elections (or districts of different sizes).

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Adoption of non-traditional election procedures.

The following election procedures are reported to have some unique advantages in terms of improving representation of citizen wishes.

- *Choice Voting*
- *Cumulative Voting*
- *Limited Voting*
- *Proportional Representation*

Partisan versus Nonpartisan

While the Georgia Constitution currently requires partisan elections for counties, nonpartisan elections represent an alternative.

Term Limits

The new county could enact term limits for its elected (or appointed) officials.

Governance by Representation of Municipal Governments

In states that have established townships as the lowest level of government it is sometimes the case that the county government is comprised of representatives of the towns. These representatives are typically supervisors of the town. A supervisor is the town equivalent of a city mayor. In these cases, the county legislative body is called a Board of Supervisors. The report provides a summary of interviews conducted with local government experts in a state that uses the Board of Supervisors form of government.

Length of the Ballot

While the center of county government tends to lie in a legislative body such as a board of commissioners, county governments in Georgia and in most of the United States also include a variety of independent or row or constitutionally independent offices.

In Georgia, the constitutionally defined independent offices include:

- Sheriff
- Superior Court Judge
- Probate Court Judge
- Clerk of the Court
- Tax Commissioner
- Coroner
- District Attorney
- Superior Court Judge
- School board members

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It has long been argued by local government reformers that the length of the ballot should be made much shorter so as to better centralize the accountability for the condition of the local government. A shorter ballot would mean that either the functions performed by the current independent offices would be assumed by the county government or that the officials in these offices would be appointed by the county government.

Service Limits

The proposed new county is one that would exist without there being any unincorporated areas. As a consequence, there would be only a limited, if any, need for the new county to use the powers counties are given with regard to providing urban-type services. Limiting the power of the county to provide such services through the county enabling legislation could help to better define the roles and responsibilities of the county vis a vis the municipal government.

New Administrative Structures

When governments produce their own services: The report outlines the potential advantages and disadvantages of administrative structures for local governments that produce the majority of their own services. Structures that represent alternative options to traditional local government administrative structures include:

- Separation of Direct and Support Services
- Strategic Business Operations
- Corporate Business Model
- Streamlined Local Government Model Streamlined Local Government-Corporate Model Mix

In addition, the report discusses the potential advantages of a general staff version of these structures. In a general staff function a clear distinction is drawn between the nominal right of direct access to the executive manager and the frequent use of that right. Normally, department heads are expected to take up all routine business through the appropriate general staff officer in the first instance. Only if they regard the matter as one of outstanding importance which justified them in approaching the executive manager -- and only after they had failed to secure a satisfactory settlement with one of his general staff officers -- would the executive manager accept a direct discussion. A general staff operation can help to strengthen the ability of the leadership to increase the span of control of the management teams as well as improve the social functions of leadership.

When local governments produce their own services, their ability to do so efficiently is strongly related to the operation of the staffing of these services with managers whose span of control is appropriate to the specific function being performed. Generally, the span of

Comparison of County Services

control of managers in local governments is narrower than is the case in parallel functions in the private sector. While it is not always reasonable to expand span of control in local governments (e.g., for reasons of scale and scope of work), attention to span of control measures can typically lead to overall productivity improvements. In addition to managing span of control, local governments can benefit from taking action to:

- create career tracks for specialists.
- review the workload of working supervisors.
- communicate clearly with employees.
- manage for performance.
- manage within the structure of the personnel system (e.g., merit versus non-merit system).

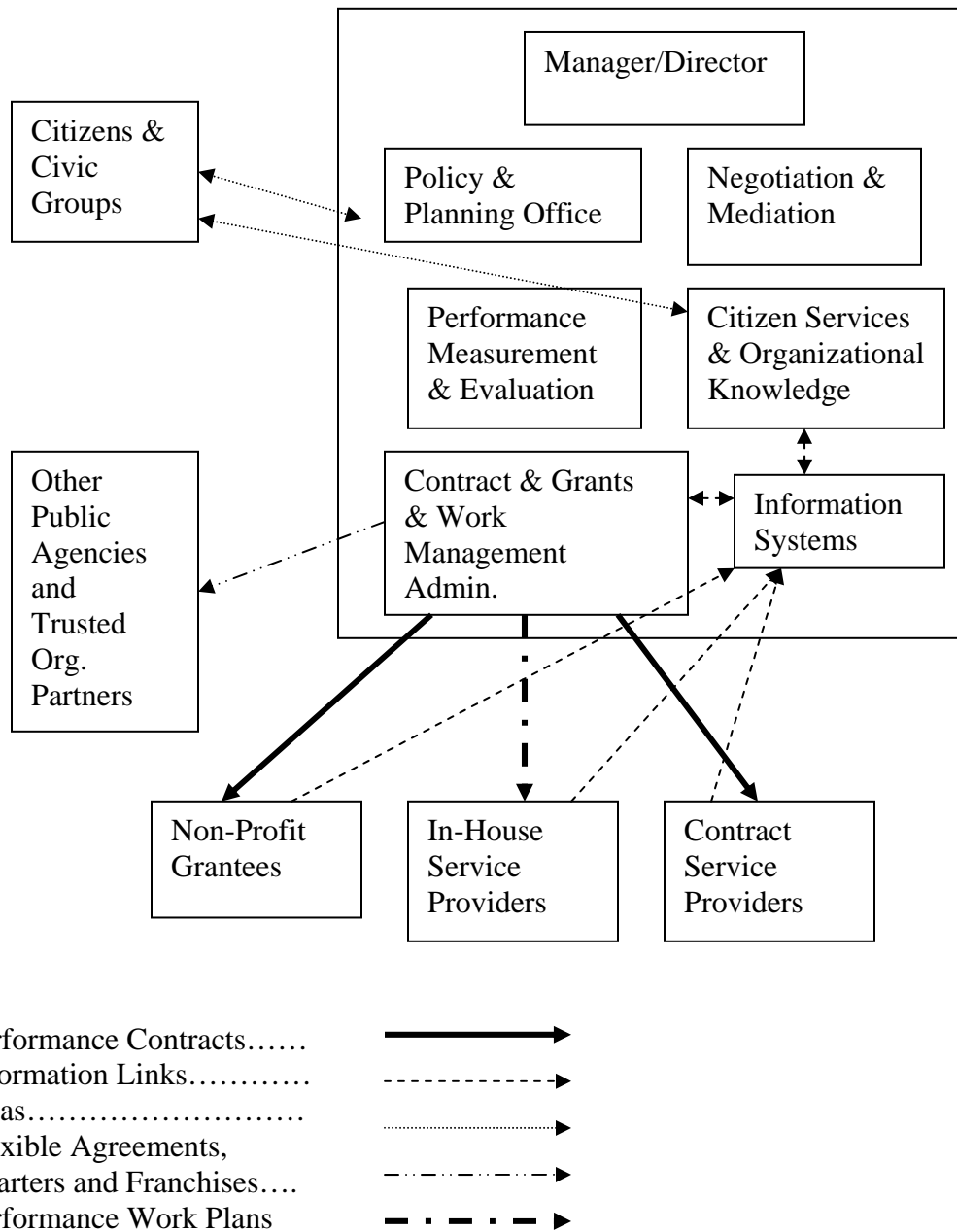
When governments outsource the production of their services: The report outlines the potential advantages and disadvantages of administrative structures for local governments that outsource the majority of their own services. In this regard, the literature on the new public management provides some guidance to local government officials working to build a structure for a government that will do “more steering than rowing.” In this regard, the chart below outlines how strategy, technology, accountability, and human capital management function differently in a new public management structure versus a traditional structure.

	Traditional	New Public Management NPM
Strategy	Manager helps to define the strategy with controlled input from staff	Manager works with networks of service providers and citizens to help define strategy.
Technology	Technology is used primarily to support direct service provision activities	Technology is used both to support direct service provision activities and to allow networked partners to share knowledge, business processes, decision making, client information, workflow, and other data.
Ensuring accountability	Manager is restricted to the use of civil service (job classification and compensation) and individual job performance assessments	Manager can use a wider variety of incentives and measurements (e.g., of group performance) and must be able to make better and more nuanced assessments of trust and risk in order to achieve the possible levels of effectiveness and efficiency.
Human Capital management	Manager works within personnel classification schemes and hiring and firing guidelines	Manager continually negotiates work/employment/contract specifications and mediates among the different providers of services.

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As the role of management changes within a New Public Management organization, the structure of the organization should also reflect these changes. The following model represents an organizational structure based on NPM principles.

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NPM Organization of Local Government

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6. Comparison of County Services: Executive Summary

This report examines current county operations in the four core metro counties of Cobb, DeKalb, Fulton, and Gwinnett. The report covers all mandated county services and also those nonmandated services that are provided to all county residents, irrespective of their municipal status in the county. The primary purpose of this analysis is to give policy-makers:

- a general overview of the demographics of each county, such as statistics on income, population, and home ownership;
- an understanding of the organizational structure of county administration;
- descriptions of the services provided, including service expenditures and employment levels.

Originally designed to be an administrative arm of the state, the role of county government is one that is subject to variation. Its relationship to the state and to the municipalities within its borders differs from county to county and is a function of many factors, such as population size, population demographics, economic activities, and the demand for services.

Services provided at the county level are a mix of mandated and nonmandated services. Mandated services are those services required by state constitution to be offered to all county residents, regardless of whether they reside within or outside of municipal boundaries. It is in the provision of these services that the county carries out its responsibility as the local administrative arm of the state. Because these are mandated services, there is limited discretion in how they are offered. Although these services are mandated, expenditures for these services come largely from county taxes. Mandated services provided by the county consist of the provision of courts, public and mental health, sheriff, jails, emergency management, property tax administration services, and elections.

In addition to mandated services, counties often provide an array of nonmandated services, such as police, fire, water, sewer, and human or social services. The provision of these services is often associated with municipalities but are many times provided by counties. This is especially true when large numbers of county residents live in unincorporated parts of the county. But, the provision of these nonmandated municipal-type services by a county may lead to confusion on

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the part of the citizen as to the role of the county versus the municipality in the provision of certain types of services.

The level of nonmandated service provision in a county is largely a reflection of the personalities, history, and preferences of the county population. No two counties are the same in regards to the level of services provided and each differs based on the needs and preferences of their population. Unlike mandated services, the county has much greater discretion in the provision of nonmandated services. For example, Fulton and DeKalb offer a wider and more extensive array of human and social services, especially in the area of workforce development and poverty-related programs. In Cobb and Gwinnett, the scale of these services is smaller and has a greater emphasis on quality-of-life and senior services. Even in the case where counties provide similar types of nonmandated services, it is misleading to compare the levels of such service between counties. Because by definition these services are nonmandated, there is no standard level of service provision across counties. Instead, the level of nonmandated service provision is dictated by the demographics of the county population, which is reflected, albeit sometimes only indirectly, in the voting patterns of the county population. Thus, comparing the expenditures of nonmandated county services across counties provides only one side of the discussion and must be done in the larger context of county preferences.

It cannot be overemphasized that this analysis does not attempt, nor is equipped, to provide a judgment in terms of efficiency or “good stewardship” of taxpayer resources. By efficiency, one usually means providing services at the least cost. But, such a determination requires a consistent measure of service quantity across counties while controlling for the level of service quality. No data presented in this report supports that type of analysis. While we provide information on expenditures and employment per capita, these are not sufficient indicators of quality or quantity of service provided. For example, two counties may spend equal amounts on fire services but due to traffic congestion and geography, have different response times to an emergency. Furthermore, citizens residing in a county with low housing density may be equally satisfied with longer response times than residents of a higher density county. Thus, while we report county service expenditure data, such information is insufficient to provide a complete assessment of service quantity and quality on which to base a claim of efficiency. In addition,

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such a determination requires a much greater focus on the organizational structure of a county government than is provided here. For instance, no attempt was made to consider the implications in terms of level of county expenditures of having a county manager or a county chief executive officer who is an elected official and no information in this report supports any conclusions concerning that issue. Thus, the focus of this report is strictly a comparison of operations between counties as they exist and is not designed to create a ranking between these four counties.

The choice of these four counties as the basis of a comparison in some important ways is an unfair match since these counties have much that differentiate them. Instead, these four counties were chosen solely on the basis of their geographic location and their prominence in the Atlanta area. Cobb and Gwinnett are suburban counties while Fulton and DeKalb have large urban populations. Furthermore, Fulton County is the home of the state capitol. As such, Fulton County in many ways has more demands on its service provision than other counties in the area. For instance, corporations operating in Georgia are more likely to have their legal issues attended to in the Superior Court of Fulton County even though these firms may operate in other parts of the state. The demands on the court system are expected to be higher in Fulton County relative to other counties and thus be reflected in higher costs. In addition, there is a higher concentration of state, federal, and nonprofit property in Fulton County for which some county services are provided but which no property tax revenue is collected. As shown throughout this report, many of the issues associated with urban populations and diverse populations are adversely associated with the cost of service provision at the county level.

The information presented in this report comes from several sources. The primary source was the budget books for each county and the county Comprehensive Annual Financial Reports(CAFR). These data were supplemented with county demographic data and employment data from the U.S. Census Bureau. Additional information on county employment was provided by each of the counties, along with detailed cost center data. Where additional explanation was required, written and personal interviews with county officials were conducted. In general, the data for this report are for fiscal year 2006 for two reasons. First, that was the most recent data available when the project began. Second, 2006 was the last year in which Fulton County

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included unincorporated areas in the northside of the county. With the incorporation of most of Fulton County, the county ceased to offer a number of services. Therefore, considering Fulton County after 2006 would provide an even more complex comparison than the one presented in this report.

The expenditures presented in this report are based only on the operating costs incurred by the counties for the associated services. The inclusion of capital expenditures has the potential to skew the analysis due to large one-time costs. Because this report is based on the expenditure patterns of a single point in time, we limit our discussion to operating costs. Furthermore, these numbers represent the county's own cost of services, exclusive of any federal and state funding. Therefore, these figures represent the cost to the county taxpayer of the provision of these services.

The preferred approach to constructing a report such as this is to align county employment and expenditures associated with the provision of each county service across all four counties. This requires a narrow definition of each county service included in the analysis. For instance, the superior courts in each county are responsible for the same services in each county. This is also true for voter registration services and tax administration services.

In some cases such alignment of services was not possible based on the available data. In general, county budget information is divided into larger departments and divisions within departments. These departments may not correspond to the delivery of a single service, or a service may be provided through several departments or divisions. In addition, expenditures for some services or departments may be associated with budget funds other than the General Fund. Lastly, service provision arrangements vary between counties. For example, the duties of the clerk to the commissioners are handled as a separate position in all counties except DeKalb where the finance director partially fills this position. Therefore, some of the expenses of the DeKalb Finance Department are reallocated to the Department of Clerk to the Commission so that there is a more appropriate comparison between the counties. As a second example, the Government Service Centers in Cobb County serve several functions among which are bill collections centers. In other counties, bill collections are handled by the finance departments.

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Therefore, we allocate a portion of the expenses for the Cobb Government Service Centers to the Finance Department in Cobb County. For some services it is not possible to capture 100 percent of service expenditures and in a few instances we are not able to avoid double-counting of expenditures between departments. Where the data permits, every effort was made to carve out and match individual services with their expenditures across the counties in a mutually exclusive manner.

Differences in population size, density and geographic size lead to a distinct pattern of expenditures between counties. Counties that are geographically centered can experience cost savings by having fewer county facilities centrally located. Counties with larger and more dense populations are likely to experience economies of scale in the provision of public goods. Furthermore, differences in age and income distributions tend to influence the type and amount of public services that are offered. For example, more affluent counties tend to spend more of their budget on quality-of-life services such as parks and recreation, and less on workforce development and income support programs. Thus, it is important to measure the service/expenditure package of each county, not necessarily against other counties, but against the backdrop of the county's own demographic composition.

The total expenditures by major category of service are shown in Table A for each county for FY2006. Per capita expenditures by service category are shown in Table B. While the total expenditures are highest for Fulton County, on a per capita basis, they are closest to those of DeKalb County; both of which have per capita costs in excess of either Cobb or Gwinnett. As a percentage of total county expenditures, Cobb and Gwinnett spend a larger share of their expenses on judicial services but have lower expenditures on judicial expenses than either Fulton or DeKalb. The second largest area of spending is for county administration. The counties are surprisingly similar in terms of the share of overall expenditures on this category with the exception of DeKalb County which spends significantly more on administrative expenses. Another area of difference in spending patterns occurs with the expenditures for health and human services. As expected, Fulton County spends over four times as much as DeKalb County which spends more than either Cobb or Gwinnett. The fact that some counties spend more on these services than others is a reflection of both voter preference and population need and in and of itself does not warrant a realignment of budget priorities. The fact that Fulton spends far more

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than the other counties on health and human services is not surprising given the unique demographics of the Fulton County population. Perhaps more surprising is the large expenditures in Gwinnett County for libraries, which are almost double that of Cobb County. Again, this is largely believed to be a reflection of voter preferences.

The survey of county expenditures presented in the report reveals several facts. First, the surrounding counties dedicate a large portion of their budget to the provision of municipal type services. This does not represent an inefficient use of resources but more a matter of voter preference. Incorporation of the population will not in all likelihood represent a reduction in the tax burden, as these services would move from county responsibility to municipal. While the county budget may decline, municipal budgets would increase, perhaps leaving residents with the same overall tax burden as before. Second, in the case of mandated services there is a greater degree of uniformity between the counties in terms of the percentage of the funds dedicated to these services than one might expect. Lastly, we find the difference in expenditures between the counties lies in those services that are more discretionary in nature and that reflect the demographics of a population, such as is found in the case of expenditures on health and human services.

Executive Summaries

Table A. Summary of County Expenditures (percent of total expenditures), 2006

	Cobb	DeKalb	Fulton	Gwinnett
Justice System	\$97,364,136(49.2%)	\$130,006,860(44.4%)	\$196,275,044(46.6%)	\$116,083,596(53.8%)
County Governance and Administration	\$57,098,687(28.9%)	\$107,537,339(36.7%)	\$101,804,997(24.2%)	\$50,599,448(23.4%)
Health & Human Services*	\$6,078,333(3.1%)	\$11,833,114(4.0%)	\$53,167,445(12.6%)	\$4,891,236(2.3%)
Tax Administration	\$10,991,553(5.6%)	\$11,215,192(3.8%)	\$24,375,374(5.8%)	\$12,481,602(5.8%)
Libraries	\$11,154,092(5.6%)	\$12,008,664(4.1%)	\$29,782,629(7.1%)	\$19,295,000(8.9%)
Elections and Voter Registration	\$2,248,346(1.1%)	\$3,985,668(1.4%)	\$6,813,152(1.6%)	\$2,751,243(1.3%)
Emergency Management Services	\$10,622,273(5.4%)	\$14,041,539(4.8%)	\$6,876,584(1.6%)	\$7,767,459(3.6%)
Animal Control	\$2,197,383(1.1%)	\$2,392,715(0.8%)	\$2,289,850(0.5%)	\$2,011,475(0.9%)
Total Expenses	\$197,754,803	\$293,021,091	\$421,385,075	\$215,881,059

*Includes only county contributions for these services.

Executive Summaries

Table B. Summary of Per Capita Expenditures, 2006

	Cobb	DeKalb	Fulton	Gwinnett
Justice System	\$148.67	\$183.01	\$218.03	\$161.32
County Governance and Administration	\$87.19	\$151.38	\$113.09	\$70.32
Health & Human Services*	\$9.28	\$16.66	\$59.06	\$6.80
Tax Administration	\$16.78	\$15.79	\$27.08	\$17.35
Libraries	\$17.03	\$16.90	\$33.08	\$26.81
Elections and Voter Registration	\$3.43	\$5.61	\$7.57	\$3.82
Emergency Management Services	\$16.22	\$19.77	\$7.64	\$10.79
Animal Control	\$3.36	\$3.37	\$2.54	\$2.80
Total per capita	\$301.96	\$412.47	\$468.10	\$300.00

*Includes only county contributions for these services.