

Does Guilford Need a Sales-Tax Increase?

County already has \$83 million in available funds

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EXECUTIVE SUMMARY

- The Guilford County commissioners are asking county residents to approve a sales-tax increase on May 6. Voters will also be asked to approve four bonds totaling \$671.3 million: \$457 million in K-12 school bonds, \$79.5 million for Guilford Technical Community College, \$114.6 million for the Greensboro Jail, and \$20.2 million for parks and recreation.
- While these measures are not formally tied together, proponents of the bonds have suggested that the sales-tax increase could be used to pay a portion of the debt service on the bonds.
- Unfortunately, the estimated \$21 million per year (the average over 10 years) that would be raised by the sales-tax increase would pay only a small part of the estimated debt service on these bonds.
- To cover this debt, the current property tax of \$1,383 on a \$200,000 home could increase by \$253 for a total of \$1,636 by 2012, an 18.3 percent increase.
- The commissioners have already increased the property tax rate by 2.99 cents per \$100 in value this year (Fiscal Year 2008). If passed, the debt service on the four bonds would require an additional property tax increase of 12.66 cents by FY 2012.¹ On the other

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hand, the estimated \$16 million a year from the sales-tax increase would equate to only 3.74 cents in property taxes.

- ✦ Furthermore, the Guilford County school system has a history of overspending on new school construction projects. One report concluded that the Guilford schools built between 2000 and 2006 had the highest per-student cost for middle- and high-school construction costs among eight comparable school districts. In other words, the adjusted per-student cost for schools built in Guilford County was 70 percent higher for middle schools and 57 percent higher for high schools than the comparable districts' averages.²
- ✦ Overall, the K-12 bond would add seats at an average cost of nearly \$67,000 per seat, with one school project costing almost \$300,000 per seat added.³ Schools need not cost this much.
- ✦ Under the proposed K-12 bond, \$43 million would be spent on five school renovation projects that would add no seats to existing buildings.⁴
- ✦ This *Regional Brief* finds that Guilford County's problems are not created by a lack of funding. The nearly \$83.4 million in sav-

ings and revenues identified in this report total more than five times the amount that the proposed sales-tax increase is estimated to produce (see Figure 1). If the county used this money instead, it could delay a sales-tax increase for over five years.

- ✦ County revenues have grown 16 percent faster than population and inflation since FY 2001 (see Figure 3). The total amount of revenue for FY 2006 was \$54 million more than in FY 2001. By FY 2006, the average family of four was paying \$488 more in taxes than in FY 2001. It would take a 31 percent increase in family income (current dollars) to match the increase in revenues that the county has received over the last five years.⁵
- ✦ If Guilford County were to adjust its revenue stream for only population and inflation increases, the county's revenues would increase 42.5 percent over the next ten years.⁶
- ✦ Guilford County's cash reserves are almost 10 percent of its annual budget. The state requires all counties to have eight percent of their budgets held in cash for emergencies, but Guilford County has two percent more than that minimum. This means that

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Figure 1. Guilford County Projected Revenue and Savings

Revenue Gains	1 year	10 years
Gain from Medicaid swap (FY 2008-09)	\$5,128,990	\$65,234,371
Estimated school capital (Avg based on projections)	\$13,200,447	\$133,687,187
Potential Savings		
Eliminate economic incentive giveaways (2004-2006 Avg)	\$2,101,327	\$21,013,270
Revenue Growth		
Revenue in excess of population and inflation (FY2006)	\$54,013,099	\$540,130,992
TOTAL	\$74,443,863	\$760,065,820
Fund balance in excess of state requirement (FY 2007)	\$8,937,557	\$8,937,557
Potential extra availability	\$83,381,420	\$769,003,377
Revenue from Sales Tax Increase	\$16,018,679	\$215,351,508

the county has almost \$9 million in cash that it can spend on pressing needs.

- From FY 2004 to FY 2006, Guilford County gave \$6.3 million in incentives to a few selected private businesses.⁷ This practice is unfair to the hundreds of businesses in the county who are, at times, forced to compete with tax-subsidized businesses.
- Guilford County benefited from the Medicaid swap more than many North Carolina counties. While 23 counties are receiving only the state's promised "hold harmless" amount of \$500,000 a year for ten years, Guilford County receives \$5.1 million the first full year and a total of \$65.2 million over ten years (see Figure 1).

BACKGROUND

In its 2007 session, the North Carolina General Assembly relieved all counties of paying the portion of Medicaid expenses that had been forced on counties, in exchange for the half-cent sales tax that the counties levied to help pay those expenses.⁸ In addition, the legislature voted to give counties the option to ask voters to approve new tax increases. Options include increasing the sales tax by one-quarter cent, tripling the land-transfer tax rate from 0.2 to 0.6 percent, or not hiking taxes at all. The legislature also required counties to put those tax increases to an advisory vote of the people. If voters approved, county commissioners were allowed but not required to increase taxes. If both tax increases were on the same ballot and both were approved, commissioners could impose only one tax increase, not both.

In November 2007, there were 27 counties that put sales-tax or land-transfer tax increases on the ballots for voter approval, and five of those counties put both tax increases on the ballots. Alexander County passed a sales-tax increase in January 2008. All told, there have already been 33 separate votes (16 over land-transfer tax increases and 17 over sales-tax increases). Voters defeated 27 of the 33 requests for tax increases. Voters rejected all 16 of the land-transfer tax

increases and 11 of the sales-tax increases.

In the May 6 election, 24 counties have put tax increases on the ballot, 20 proposing sales-tax increases and four proposing land-transfer tax increases. Six of the counties that saw tax increases voted down in November are asking voters to vote again for a tax increase in May (Cumberland, Gates, Greene, Henderson, Hertford, and Moore). There is no limit to the number of times that county commissioners can place a proposed tax increase on the ballot, or how much tax money commissions can spend on public "education" campaigns requesting that voters approve the tax increase.

PER-CAPITA REVENUE INCREASES

Between FY 2001 and FY 2006, Guilford County's per-capita revenues have increased by 16 percent after adjusting for inflation⁹ (see Figure 2). This means that new county residents are contributing more than their fair share of county revenues. In other words, population growth has been "paying for itself" because county revenues are growing at a faster rate than population. In addition, if the county had lived within its means — that is, if its budget increases had been in line with population and inflation increases, rather than exceeded them — over the last five years, the county's FY 2006 revenues could have been almost \$54 million lower. That surplus amount could and should be returned to the taxpayers in the form of tax cuts.

If the county started living within the means of its citizens and held revenue increases in line with increases in population and inflation, county revenues would increase 42.5 percent over the next ten years.

MEDICAID SWAP

The state is taking over the county portion of Medicaid over three years, but it is also taking a portion of revenues from counties, too. The legislature included a "hold harmless" provision to guarantee that each county ends up with at least \$500,000 more available in its budget each year for ten years.¹⁰ Because

Guilford County's net Medicaid savings were more than the \$500,000 "hold harmless" amount, the county gains over \$5.1 million in additional funds to spend the first full year and more than \$65.2 million over the next ten years (see Figure 1).

ECONOMIC INCENTIVE GIVEAWAYS

Guilford County has given \$6.3 million in economic incentives to businesses and corporations from FY 2004 to FY 2006. Giving large corporations economic incentives, also known as corporate welfare or corporate socialism, is taking much needed money from county taxpayers and local small businesses and giving it to large corporations in exchange for promises of creating new jobs. Often the promised jobs go to outsiders. The long-term impact of these incentives on economic growth is questionable, to say the least. It is unfair to force existing businesses to pay taxes that, at times, go to a competing subsidized business.

AVAILABLE CASH RESERVES

Guilford County's cash reserves are almost 10 percent of its annual budget.¹¹ The State

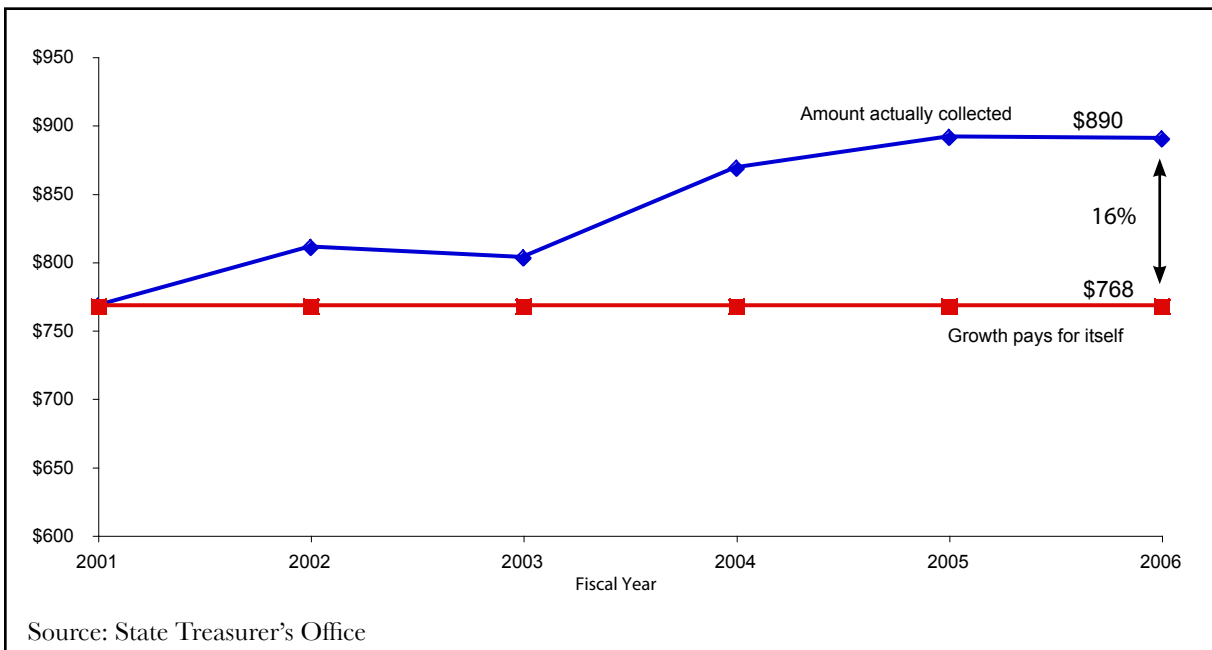
Treasurer's policy manual states that county undesignated fund balances should not drop below eight percent of total expenditures. Guilford County, however, holds about \$9 million more than the state-mandated eight percent. In other words, the county has collected about \$9 million in taxes above the eight percent strongly recommended by the Treasurer — cash that is currently available to help with existing needs, provide much-needed tax cuts, or both.

GUILFORD COUNTY K-12 SCHOOLS AND SCHOOL BONDS

The Guilford County Commissioners are asking voters to approve two bonds totaling \$457 million for K-12 schools (\$45 million for Eastern High School and \$412 million for other GCS projects). This section provides a detailed discussion of the county tax burden, past school construction costs, and what the \$457 million in bonds will buy.

Guilford County already imposes a high tax burden on county residents. A successful vote would force county taxpayers to shoulder large tax increases associated with these bonds, intensifying a tax burden that is

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Figure 2. Guilford County Locally Generated Revenue Per Person, FY 2001–FY 2006 (adjusted for inflation, FY 2006 dollars)



quickly becoming unbearable for low- and middle-income homeowners. If passed, the bonds will require a property tax increase of 12.66 cents per \$100 in value by 2012, far more than the proposed sales tax will raise.

School construction is the responsibility of the Guilford County Commission, and enrollment growth is a constant challenge. Nevertheless, the county commission and school board have failed to implement the full range of alternatives and strategies that could accommodate enrollment growth without imposing additional taxes and long-term debt on taxpayers. In particular, a long-term capital plan that provides for needed facilities and protects the taxpayer from unnecessary tax increases should consist of innovative strategies. Unfortunately, Guilford County has not implemented any of these strategies:

1. Redirect funds away from low priority county initiatives and school programs to pay for critical construction and renovation projects;
2. Fund only those projects that directly increase capacity in high growth areas;
3. Reduce the size of the county and school bureaucracy and redirect savings to pay for school facilities;
4. Employ strategies that reduce construction and renovation costs;
5. Use existing revenue streams, rather than debt, to pay for capital expenditures; and
6. Exhaust all possible school facilities alternatives.¹²

Implementing these strategies would allow the county to successfully meet the challenges of growth for years to come without incurring excessive public debt or further straining weary taxpayers.

GUILFORD’S UNBEARABLE TAX BURDEN

Taxpayers in Guilford County suffer from high tax rates and an even higher tax burden than most counties in North Carolina. The tax rate is only meaningful as it relates to the burden it places on taxpayers; that is, residents’ ability to pay their taxes. Given the rising cost of gasoline, food, and other basic necessities, the high tax burden on Guilford County residents is something they, particularly homeowners, cannot afford.

Guilford County’s combined local tax and fee burden ranks 11th highest in the state at \$1,875.76 per person, which is nearly \$640 higher than the state median burden. Moreover, Guilford County is in the top 25 percent of counties in terms of property tax burden. The county had the 24th highest per-capita property tax, \$605.77.¹³ If the school bonds are approved by voters, the projected 12 percent increase in property tax rates over the next five years would significantly increase the property tax burden on the county’s already over-taxed residents (see Table 1).¹⁴

What does this mean for homeowners in Guilford County? If the school bonds are approved, property tax bills would increase 38 percent in the next five years. The per-year cost of the school bond would increase 255 percent. A typical homeowner would

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Table 1. Guilford County Property Tax Rate Increases, FYs 2007-13

	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>FY 09-10</i>	<i>FY 10-11</i>	<i>FY 11-12</i>	<i>FY 12-13</i>
County tax rate with education bonds	69.14	71.41	74.32	75.10	77.31	77.19
Yearly tax impact of education bonds	N/A	2.27	5.18	5.96	8.17	8.05
Year-to-year percentage change	N/A	3.3%	4.1%	1.0%	2.9%	-0.2%
Cumulative percentage change	N/A	3.3%	7.5%	8.6%	11.8%	11.6%

Table 2. Potential Property Tax Increases for Guilford Education Bond Issues¹⁵

<i>Assessed value of home (FY 2005)</i>	<i>FY 08-09</i>	<i>FY 09-10</i>	<i>FY10-11</i>	<i>FY11-12</i>	<i>FY12-13</i>	<i>Percentage Increase</i>
\$100,000	\$22.69	\$51.83	\$59.58	\$81.70	\$80.54	255%
Total property tax bill	\$714.09	\$765.92	\$825.50	\$907.20	\$987.74	38%
\$140,000 (county median)	\$31.77	\$72.56	\$83.41	\$114.38	\$112.76	255%
Total property tax bill	\$999.73	\$1,072.29	\$1,155.70	\$1,270.08	\$1,382.84	38%
\$200,000	\$45.38	\$103.66	\$119.16	\$163.40	\$161.08	255%
Total property tax bill	\$1,428.18	\$1,531.84	\$1,651.00	\$1,814.40	\$1,975.48	38%

eventually pay over \$110 in additional taxes each year to pay for the debt on the school bonds, not including other tax increases that the county would likely pass in subsequent years. By the end of year five, the typical homeowner would have paid nearly \$415 toward the debt on the bond (see Table 2).¹⁶

GUILFORD COUNTY SCHOOL CONSTRUCTION COSTS: THE CFAC REPORT

In 2006, Guilford County school officials volunteered for a study of new school construction costs commissioned by the Wake County Citizens Facilities Advisory Committee (CFAC). The CFAC was unequivocal about the need to ground its work in “apples to apples” construction cost data from a number of growing school systems in North Carolina and beyond. As a result, the Wake

County Board of Commissioners paid two independent consultants, DeJong and Summit Consulting, \$113,165 to conduct research on new school construction costs – adjusted for bid date and local construction costs – in eight fast-growing school systems from across the nation.¹⁷ The final report was submitted to the Wake County CFAC on April 23, 2007.¹⁸

The study found that Guilford County Schools build new schools that are much more expensive than comparable districts. Guilford County’s adjusted per-student cost for a new elementary school was 32 percent higher than the average of the comparable districts in the study and was second to Wake County for the highest average elementary-school cost. Likewise, the adjusted per-student cost of middle and high schools in

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Table 3. CFAC Report on Average School Construction Costs — Per Student

<i>District</i>	<i>Elementary School</i>	<i>Rank</i>	<i>Middle School</i>	<i>Rank</i>	<i>High School</i>	<i>Rank</i>
Charlotte/Mecklenburg Schools	\$15,288.27	4	\$17,205.67	4	\$25,548.25	3
Clark Co. School District	\$16,125.29	3	\$12,551.62	6	\$15,756.27	6
Fairfax Co. Public Schools	\$13,273.14	7	N/A	N/A	N/A	N/A
Guilford Co. Schools	\$19,514.29	2	\$26,104.83	1	\$31,400.55	1
Gwinnett Co. Public Schools	\$9,338.39	8	\$8,890.02	7	\$9,685.88	7
Orange Co. Public Schools	\$14,011.84	5	\$17,575.67	3	\$17,805.73	5
Wake Co. Public Schools	\$22,326.38	1	\$21,655.25	2	\$26,265.41	2
Winston-Salem/Forsyth Co. Sch.	\$13,389.23	6	\$14,441.00	5	\$25,145.43	4
<i>High [Excluding GCS]</i>	\$22,326.38		\$21,655.25		\$26,265.41	
<i>Low [Excluding GCS]</i>	\$9,338.39		\$8,890.02		\$9,685.88	
<i>Direct Average [Excluding GCS]</i>	\$14,821.79		\$15,386.54		\$20,034.50	
Guilford County Schools	\$19,514.29		\$26,104.83		\$31,400.55	

Guilford County was 70 percent and 57 percent higher than average, respectively. By far, Guilford County had the highest middle- and high-school costs in the study (see Table 3).¹⁹

The adjusted per-square-foot figures also reflect higher than average school construction costs in Guilford County. Average per-square-foot school costs for an elementary school were eight percent higher in Guilford County than the comparable districts' average. In Guilford County, middle schools cost 25 percent more and high schools cost 18 percent more than the per-square-foot average for comparable school systems. While Guilford's per-square-foot costs were not the highest in the study, the school system had the highest middle- and high-school costs among the comparable districts in North Carolina (see Table 4).²⁰

IGNORING THE CFAC REPORT

In a November 25, 2007 PowerPoint presentation posted on the GCS website, the Facilities Planning and Construction department of the Guilford County Schools ignored the findings of the CFAC and simply compared GCS costs with unadjusted average costs of schools built in North Carolina over the last three years. This flawed comparison makes it appear that GCS builds schools at the

state average cost for new school buildings. These comparisons fail, however, to take into account differences in regional construction cost differences and important differences in bid dates, both features of the CFAC report. The comparison also fails to take into account per-student cost, an extremely useful cost indicator that is also included in the final CFAC report.²¹

Likewise, the *Greensboro News and Record* has overlooked the cost comparisons found in the CFAC report and, in a September 2007 article, devised its own method for comparing school construction costs. The *News and Record* article, quoted in the above-mentioned PowerPoint presentation, concluded, "Critics say that Guilford County overspends on schools, but a comparison suggests that may not be the case."²²

The *News and Record* compared the cost of Ronald Reagan High School in Forsyth County and Northern Guilford High School. Although the article correctly identified problems in comparing school construction projects bid in different years, the article lacked a discernable methodology for comparing the two schools. Specifically, it failed to specify how inflation and building features made the cost difference a supposed "\$5 a square foot."²³

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Table 4. CFAC Report on Average School Construction Costs — Per Square Foot

<i>District</i>	<i>Elementary School</i>	<i>Rank</i>	<i>Middle School</i>	<i>Rank</i>	<i>High School</i>	<i>Rank</i>
Charlotte/Mecklenburg Schools	\$134.19	5	\$137.35	4	\$170.89	1
Clark Co. School District	\$180.23	1	\$143.62	3	\$147.24	5
Fairfax Co. Public Schools	\$128.04	6	N/A	N/A	N/A	N/A
<i>Guilford Co. Schools</i>	<i>\$146.66</i>	<i>3</i>	<i>\$160.09</i>	<i>2</i>	<i>\$164.79</i>	<i>2</i>
Gwinnett Co. Public Schools	\$80.00	8	\$74.10	7	\$76.84	7
Orange Co. Public Schools	\$143.31	4	\$173.95	1	\$154.31	4
Wake Co. Public Schools	\$161.33	2	\$128.97	5	\$161.93	3
Winston-Salem/Forsyth Co. Schools	\$123.01	7	\$107.96	6	\$127.97	6
<i>High [Excluding GCS]</i>	\$161.33		\$173.95		\$170.89	
<i>Low [Excluding GCS]</i>	\$80.00		\$74.10		\$76.84	
<i>Direct Average [Excluding GCS]</i>	\$135.73		\$127.66		\$139.86	
Guilford Co. Schools	\$146.66		\$160.09		\$164.79	

Fortunately, the CFAC report provides a truly apples-to-apples comparison of Ronald Reagan High School and Northern Guilford High School. After accounting for time and regional variations in construction costs, the CFAC report found that the adjusted cost of Reagan High School was \$24,893,365, or \$128.32 per square foot, compared with \$49,686,936, or \$162.97 per square foot for Northern Guilford High School. Furthermore, Reagan High School cost nearly \$17,800 per student, whereas Northern Guilford High School cost over \$31,000 per student.²⁴

The Facilities Planning and Construction department has called its construction program “practical and forward thinking,” a statement taken from a *News and Record* article about “green” construction methods used in various buildings in Guilford County.²⁵ Unfortunately, there is nothing practical and forward thinking about outspending comparable school districts for school construction projects.

SCHOOL BOND: ATHLETICS WINS, PREPARING FOR GROWTH DOESN'T

In an attempt to gain more support for the bonds, Guilford County school officials included a number of bond projects that would improve the system’s athletics facilities. The millions of dollars that would be poured into athletics facilities would be better spent on increasing the school capacity; that is, the number of students that can be accommodated in the system’s school buildings.

Indeed, every dollar that the school system would spend on gyms, stadiums, tennis courts, and tracks is a dollar that could be used to prepare for future growth. In all, 14 of the 27 projects in the proposed bonds include improvements to athletics facilities. Remarkably, the school system would make the same number of improvements to classrooms. Only six projects would improve media centers, and three would address needs related to cafeteria or dining (see Table 5). Outside the glut of money that would

be used for athletics and other non-essential projects, the bond package would have more relevant expenditures, such as funds for special education facilities, HVAC, and land.²⁶

If accommodating growth is a priority, then adding seats should be the primary goal of a school construction plan. School systems can accomplish this goal by building new schools, renovating existing facilities, or both. It is common to think of renovations as a means to correct health and safety problems, enhance the appearance of a facility, or reconfigure space for alternate uses. Nevertheless, renovations and adding seats (capacity) are not mutually exclusive. Renovations can add seats by, at once, increasing the core capacity, performing necessary repairs, and adding classroom seats. When additional seats are needed, school systems should also reconfigure inefficient designs and underutilized spaces to maximize the school building capacity for present or future use.

The North Carolina Department of Public Instruction estimates that Guilford County will add 7,977 students over the next ten years.²⁷ The net gain in seats would be between 6,571 and 7,091, according to various GCS estimates, leaving the school system a deficit of between 886 and 1,406 seats.²⁸ Much of the money that could alleviate this deficit would be spent on projects that add few or no seats to schools. In fact, the current bond plan would spend nearly \$43 million on five renovation projects that could have been set aside to build new schools or add seats to existing buildings. Of those projects, the school system proposes spending over \$20 million for a new Alamance Elementary School that would, in the end, produce a net loss of 126 seats. Only four renovation projects would add more than 200 seats per school (see Table 6).²⁹

In addition, the school system has proposed a very costly building program. Renovations to Summerfield Elementary School, for example, would approach the cost of a new elementary school. Three new middle schools could be built for the cost of renovat-

ing Ragsdale, Southeast, and Southwest high schools. Moreover, the proposed per-seat costs of construction and renovation projects are startling. The average per-seat cost of the projects under the proposed school bonds is nearly \$66,900. Four projects would cost more than \$125,000 per seat, while one project, the new Jamestown Middle School, would cost nearly \$300,000 a seat (see Table

7). The average cost for new school construction in the region is estimated to be between \$20,000 and \$30,000 per seat.³⁰

The state will provide Guilford County Schools with a steady stream of funds for capital projects. The school planning division of DPI projects that the Public School Building Capital Fund will provide Guilford County with \$44 million over the next ten

Table 5. Proposed Bond Projects and Costs (By School and Type)

<i>Priority</i>	<i>School</i>	<i>New School</i>	<i>Class-rooms</i>	<i>Athletics</i>	<i>Media Center</i>	<i>Cafeteria</i>	<i>Other</i>
1	Jamestown Middle School	✓					
2	Ragsdale High School		✓	✓	✓		
	Ragsdale Autism Wing		✓				
3	Special Education Center West	✓					
4	Southeast High School		✓	✓	✓		
5	Alamance Elementary School	✓					
6	Summerfield Elementary School		✓		✓	✓	
7	Southwest High School		✓	✓	✓		
8	Southeast Area Elementary School	✓					
	Southeast Area Autism Wing		✓				
9	Allen Middle School		✓	✓			
10	Southeast Middle School		✓	✓	✓	✓	
11	North Greensboro Elementary	✓					
12	Grimsley High School		✓	✓		✓	
13	Airport Area High School	✓					
	Airport Area HS Autism Wing		✓				
14	Airport Middle School						✓
15	Northwest Middle School		✓	✓			
16	Allen Jay Middle School		✓				✓
17	Dudley High School		✓				
18	Dudley High School (Athletics)			✓			
19	Mobile Classrooms Relocation						✓
20	High Point Central High School			✓			✓
21	McLeansville Elementary		✓		✓		
22	Northwest High School			✓			✓
23	Simeon Stadium			✓			
24	Tracks			✓			
25	Tennis Courts			✓			
26	HVAC						✓
27	Page High School			✓			
*	Eastern High School	✓					
	TOTAL	7	14	14	6	3	6

years. Moreover, lottery funding will add an estimated \$8.6 million in school capital funding for the 2007-08 school year and a comparable amount every year thereafter.³¹

In order to stretch those dollars to handle the expected growth, the school system should redirect funds away from low-priority projects, reduce the size of the school bureaucracy, pursue ways to reduce construction costs, redirect existing revenue streams, and implement sound facilities alternatives. With proper planning and “outside the box”

thinking, the school district can manage enrollment growth using proven, cost-effective construction, renovation, and maintenance solutions that are taxpayer-friendly and enhance educational opportunities for students.

The following recommendations would dramatically increase school capacity at minimal cost:

1. Use renovation projects as opportunities to add seats and address health and safety concerns at the same time.

Table 6. School Building Capacity Gains and Cost for Proposed Bond Projects

<i>School</i>	<i>Projects</i>	<i>Change in Seats</i>	<i>Cost</i>	<i>Cost Per Additional Seat</i>	<i>Rank</i>
Alamance Elem.	New school on old site	-126	\$20,300,161	N/A	N/A
Allen Middle	Classrooms and gym	+166	\$9,099,383	\$54,815.56	10
Allen Jay Middle	Renovation	0	\$12,171,572	N/A	N/A
Dudley High	Renovation and athletics	+100	\$6,730,123	\$67,301.23	6
Eastern High	New school	+1,200	\$45,000,000	\$37,500.00	15
Grimsley High	Classrooms, cafeteria, and athletics	+80	\$11,747,890	\$146,848.63	3
High Point Central High	Lighting, technology, and gym	0	\$5,332,621	N/A	N/A
Jamestown Middle	New school on old site	+114	\$33,540,951	\$294,218.87	1
McLeansville Elem.	Classrooms and media center	+126	\$6,309,892	\$50,078.51	11
Northwest High	Site and athletics	0	\$3,112,500	N/A	N/A
Northwest Middle	Classrooms and gym	+156	\$7,741,712	\$49,626.36	12
Page High	Athletics	0	\$2,074,801	N/A	N/A
Ragsdale High	Renovations and autism facility	+708	\$33,418,829	\$47,201.74	13
Southeast High	Classrooms, media center, and gym	+360	\$33,311,222	\$92,531.17	5
Southeast Middle	Classrooms, gym, media center, and cafeteria	+104	\$13,088,725	\$125,853.13	4
Southwest High	Classrooms, gym, and media center	+560	\$31,089,918	\$55,517.71	9
Summerfield Elem.	Classrooms, media center and cafeteria	+277	\$17,949,768	\$64,800.61	7
Airport Area High	New school and autism facility	+1,248	\$80,494,912	\$64,499.13	8
North Greensboro Elem.	New school	+700	\$25,362,974	\$36,232.82	16
Southeast Area Elem.	New school	+748	\$33,331,875	\$44,561.33	14
Special Education Center West	New school	+50	\$8,373,965	\$167,479.30	2
Totals:		+6,571	\$439,583,794	\$66,897.55	

2. Commit to use every school construction alternative available, including:
 - a. Additional charter schools
 - b. Modular schools
 - c. Offsite ninth grade centers
 - d. Joint-use agreements
 - e. Public/private partnerships
 - f. Year-round schools of choice
 - g. Satellite or non-traditional campuses
 - h. Additional Learn and Earn/Early College sites
 - i. Adapting vacant facilities and office buildings to schools
 - j. Increasing participation in the NC Virtual School
3. Create a pay-as-you go fund that would decrease the interest paid on debt such as bonds or certificates of participation and that would increase funds available for school facilities.
4. Build larger schools on less land, and find alternate uses for surplus land.
5. Work to establish more flexible zoning and environmental regulations for school.

CONCLUSION

This report shows that Guilford County is not in financial difficulty. In fact, most North Carolina counties do not face revenue crises that require tax increases. Nevertheless, 48 county commissions have placed tax increases on the ballots since the legislature authorized county residents to vote on tax increases. Six counties placed tax increases on the ballots in both November 2007 and May 2008.

In all 48 counties, revenues grew faster than population and inflation between FY 2001 and FY 2006. The average increase is almost 22 percent. In addition, state government has grown 38 percent faster than population and inflation between FY 2001 and FY 2008. Obviously, this government growth rate rapidly outstripping population and inflation growth cannot be sustainable.

The May 6 vote provides the opportunity for Guilford County citizens to be heard. The results of the 33 county tax votes last Novem-

ber and January are informative. County voters rejected 27 of the 33 tax increases. Citizens, when given the chance, are rejecting tax increases.

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NOTES

1. Guilford County Government (GCG), "Proposed Bond Issues," February 21, 2008; GCG, "2007 Guilford County Rate Codes," June 27, 2007.
2. Wake County Citizens Facilities Advisory Committee (CFAC), "Construction Cost Analysis Wake County, NC," report prepared by DeJong and Summit Consulting, April 23, 2007.
3. GCG, "Proposed Bond Issues for May 2008 Referenda," February 21, 2008; GCS, "Information about School Bond Projects 2008," March 14, 2008; GCS, "Projects Proposed for May 2008 Bond Referendum," January 14, 2008; and GCS, "Projects Proposed for May 2008 Bond Referendum," April 3, 2008.
4. *Ibid.*
5. Annual Financial Information Reports provided by counties to the State Treasurer's Office, www.nctreasurer.com/DSTHome/StateAndLocalGov/AuditingAndReporting/AFIR.htm.
6. U.S. Department of Agriculture projections of Gross Domestic Product deflator (www.ers.usda.gov/data/macroeconomics/Data/ProjectedGDPDeflatorValues.xls) and N.C. State Demographics Office population projections.
7. "The Incentives Game: North Carolina Local Economic Development Incentives," N.C. Institute for Constitutional Law, June 2007, Appendix: NC Local Incentive Data, ncicl.org/Incentives/NCICLincetiveRpt.pdf.
8. Over the next three years, the state will take over the 15 percent of Medicaid expenses that the counties had previously been required to fund. See State Law 2007-323 (House Bill 1473, Sections 31.16 and 31.17).
9. County Annual Financial Information Report (AFIR) from State Treasurer's web site, www.nctreasurer.com/lgc/units/unitlistjs.htm.
10. North Carolina General Assembly, Fiscal Research Division, "Medicaid 3 Year 500K" projections, 2007.
11. Undesignated fund balances per the office of the N.C. Department of the State Treasurer and telephone calls to individual counties, www.nctreasurer.com/lgc/units/unitlistjs.htm.
12. See Terry Stoops, "The Forsyth Formula: Other School Districts Should Learn These Construction

Principles,” John Locke Foundation *Spotlight*, March 10, 2006, www.johnlocke.org/spotlights/display_story.html?id=129; See also Terry Stoops, “Feng Shui Schools: Wake County’s Unenlightened School Building Program,” John Locke Foundation *Policy Report*, October 2006, www.johnlocke.org/policy_reports/display_story.html?id=76.

13. Michael Lowrey, “By the Numbers: What Government Costs in North Carolina Cities and Counties,” Center for Local Innovation *Policy Report*, February 2007, www.johnlocke.org/policy_reports/display_story.html?id=80.

14. *Op. cit.*, note 1.

15. The “Total Property Tax Bill” includes only the tax increase projected for the bond. It does not take into account likely increases in tax rate (0.69140 for FY 2007) over the next five years. It also does not include additional tax levies for cities, fire districts, or other purposes (historical, sanitary, highway corridor, or downtown improvement).

16. *Op. cit.*, note 1.

17. CFAC, “Construction Cost Analysis Wake County, NC,” report prepared by DeJong and Summit Consulting, April 23, 2007. A summary of the methodology (p. 7) is as follows: “The cost, systems and material specification, site work and programming information was assembled for comparison and analysis. For cost comparison and analysis purposes, the actual, as-bid costs from each district were escalated to a present value [4th Quarter 2006]. The process of escalating all costs to a similar time period is described in detail later in this report. This process eliminates the differences associated with time in the 5-year as-bid cost data period, thereby enabling more efficient analysis. Comparisons were generally made on a district basis, by school type and CSI Division. Averages were developed to identify costs per square foot and percentage of total project cost. District CSI costs were associated with typical material/system specifications. Costs from district to district were then examined, considering location differences and comparative specification requirements.”

18. CFAC, “Construction Cost Analysis.” Guilford County school officials offered school construction data to the consultants that were hired to compile and analyze the data for the CFAC. One of the most important features of the report was the sophisticated methodology used to produce a genuine “apples to apples” comparison of school construction costs. According to the study (p. 5), “This exercise involved looking at specific cost components of site development, building materials and building systems while comparing facility model square footages and programmatic components. The data gathered from the comparison districts was ‘normalized’ through time and location indexes in order to provide the

comparisons from one school district to the next contained in this report.” In the initial stages of development, Wake County school construction personnel supported the methodology used in the report, and, to the knowledge of the committee, none of the participating school systems objected to the methodology used.

19. CFAC, “Construction Cost Analysis,” pp. 71, 77.

20. *Ibid.*

21. GCS Facilities Planning and Construction, “School Construction Costs,” PowerPoint Presentation, November 25, 2007; see also GCS, “Information about School Bond Projects 2008,” March 19, 2008.

22. Morgan Josey Glover, “Sizing up costs,” *Greensboro News & Record*, September 30, 2007, p. A1.

23. *Ibid.*

24. CFAC, “Construction Cost Analysis Wake County, NC,” report prepared by DeJong and Summit Consulting, January 2007, pp. 429, 432.

25. “Built to last ... and last,” *Greensboro News & Record*, November 9, 2007, p. A12: “New buildings with ‘green’ pedigrees are a practical and forward-thinking addition to local development, both in the public and private sectors.”

26. GCG, “Proposed Bond Issues for May 2008 Referenda,” February 21, 2008; see also GCS, “Information about School Bond Projects 2008,” March 14, 2008, and GCS, “Projects Proposed for May 2008 Bond Referendum,” January 14, 2008.

27. North Carolina Department of Public Instruction (NC DPI), School Planning Division, “ADM Growth Analysis, 2007–2017,” September 2007.

28. GCS, “Projects Proposed for May 2008 Bond Referendum,” April 3, 2008. New student seats total 6,571 (including Eastern High School). The school system adds 520 to that total because they will renovate 520 student seats at Allen Jay Middle School that “may potentially become unusable seats in the future if the needs are not addressed.”

28. GCG, “Proposed Bond Issues”; GCS, “Projects Proposed.”

30. Paul Abramson, “The 2008 Annual Construction Report,” *School Planning & Management*, February 2008, p. C-10. The four state region includes North Carolina, South Carolina, Kentucky, and Tennessee.

31. NC DPI, School Planning Division, “Public School Building Capital Fund: 10 Year Planning Projections, 2007–2016,” June 27, 2007; NC DPI, Division of School Business Services, “FY 2007-08 Estimated Lottery Distribution,” August 2007.