SUPERINTENDENT’S REPORT

ANNEXATION

STUDENT ENROLLMENT
AND TAX IMPLICATIONS

MICHAEL L. THURMOND
SUPERINTENDENT
ANNEXATION IMPACT INDEX

- Student Enrollment, School Choice, & Instruction  Slides 3 - 16
- Tax Impacts  Slides 17 - 25
The proposed Druid Hills (DH) annexation plan was developed by “Together in Atlanta” (TIA), a group of DeKalb and City of Atlanta residents. According to media reports, TIA spokespeople have argued that the partial annexation of DeKalb County School District (DCSD) property located in the Druid Hills Cluster would also result in the forced transfer of DCSD school property to Atlanta Public Schools (APS).

The proposed Druid Hills annexation plan would result in the disenfranchisement and displacement of 2,922 students and district-wide loss of instructional opportunities, athletic programs, instructional staff, and funding potential.
IMPACT OF ANNEXATION ON SCHOOL CHOICE

School Choice is a key component of the DCSD educational and instructional philosophy. School Choice offers parents the opportunity to select unique schools and programs that enhance the academic needs of DCSD students. The proposed Druid Hills (DH) annexation plan will disenfranchise and displace students who will no longer have access to DeKalb school choice options.
ANNEXATION IMPACT ON SCHOOL CHOICE OPTIONS

1,626 students (currently enrolled at 37 schools) residing in the proposed DH annexation area will be disenfranchised and displaced because they will no longer have access to DeKalb school choice options.

1. Fernbank ES - 487
2. Briar Vista ES - 366
3. Druid Hills HS - 311
4. Druid Hills MS - 250
5. DeKalb School of the Arts - 30
6. Laurel Heights - 25
7. Coralwood Center - 22
8. GLOBE Academy Charter School - 22
9. East DeKalb Special Facilities - 20
10. Kittredge Magnet - 15
11. Chamblee Charter HS - 12
12. Chamblee MS - 8
13. Oak Grove ES - 6
14. Sagamore Hills ES - 6
15. Hawthorne ES - 4
16. International Community Charter School - 4
17. Museum School - 4
18. Dresden ES - 3
19. Henderson Mill ES - 3
ANNEXATION IMPACT ON SCHOOL CHOICE OPTIONS

1,626 students (currently enrolled at 37 schools) residing in the proposed DH annexation area will be disenfranchised and displaced because they will no longer have access to DeKalb school choice options

<table>
<thead>
<tr>
<th>Number</th>
<th>School Name</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.</td>
<td>Allgood ES</td>
<td>2</td>
</tr>
<tr>
<td>21.</td>
<td>Arabia Mountain HS</td>
<td>2</td>
</tr>
<tr>
<td>22.</td>
<td>Briarlake ES</td>
<td>2</td>
</tr>
<tr>
<td>23.</td>
<td>Dunwoody ES</td>
<td>2</td>
</tr>
<tr>
<td>24.</td>
<td>Laurel Ridge ES</td>
<td>2</td>
</tr>
<tr>
<td>25.</td>
<td>Peachtree Charter MS</td>
<td>2</td>
</tr>
<tr>
<td>26.</td>
<td>Salem MS</td>
<td>2</td>
</tr>
<tr>
<td>27.</td>
<td>Brockett ES</td>
<td>1</td>
</tr>
<tr>
<td>28.</td>
<td>Champion Theme MS</td>
<td>1</td>
</tr>
<tr>
<td>29.</td>
<td>Cross Keys HS</td>
<td>1</td>
</tr>
<tr>
<td>30.</td>
<td>Elizabeth Andrews HS</td>
<td>1</td>
</tr>
<tr>
<td>31.</td>
<td>Evansdale ES</td>
<td>1</td>
</tr>
<tr>
<td>32.</td>
<td>Gateway to College Academy</td>
<td>1</td>
</tr>
<tr>
<td>33.</td>
<td>Henderson MS</td>
<td>1</td>
</tr>
<tr>
<td>34.</td>
<td>Lakeside HS</td>
<td>2</td>
</tr>
<tr>
<td>35.</td>
<td>Margaret Harris</td>
<td>1</td>
</tr>
<tr>
<td>36.</td>
<td>Tapestry Public Charter School</td>
<td>1</td>
</tr>
<tr>
<td>37.</td>
<td>Tucker High School</td>
<td>1</td>
</tr>
</tbody>
</table>
Proposed annexation will sever the Druid Hills Cluster into two parts:

1) Fernbank ES and Briar Vista ES; and

2) Laurel Ridge ES, McLendon ES, and Avondale ES
ANNEXATION IMPACT ON DRUID HILLS HIGH SCHOOL

Druid Hills High School (Current Enrollment – 1,386 students)

Student Impact—

1,075 Disenfranchised and Displaced DeKalb students will no longer be able to attend Druid Hills High School

- 58% Black
- 16% White
- 13% Asian
- 8% Hispanic
- 5% Other

Instructional Impact—

- Loss of approximately 20 teacher positions
- Reassignment of approximately 45 teachers
- Increase utilization of portable classrooms at neighboring high schools
- Loss of Druid Hills HS International Baccalaureate (IB) Program

Funding Impact—

- Loss of Education SPLOST investment of $19M in construction renovations
ANNEXATION IMPACT ON FERNBANK ELEMENTARY SCHOOL

Fernbank Elementary School (Current Enrollment – 605 students)

**Student Impact—**

125 Disenfranchised and Displaced DeKalb students will no longer be able to attend Fernbank Elementary School

- 58% Black
- 28% White
- 5% Hispanic
- 5% Asian
- 4% other

**Instructional Impact—**

- Loss of approximately 25 teacher positions
- Loss of Fernbank ES International Baccalaureate (IB) Program

**Funding Impact—**

- Loss of Education SPLOST investment of $21M for construction of the new Fernbank ES
ANNEXATION IMPACT ON BRIAR VISTA ELEMENTARY SCHOOL

Briar Vista Elementary School (Current Enrollment – 458 students)

**Student Impact**—
96 Disenfranchised and Displaced DeKalb students will no longer be able to attend Briar Vista Elementary School
40% Hispanic
38% Black
15% White
6% Other
1% Asian

**Instructional Impact**—
Loss of approximately 20 teacher positions with many trained in Montessori
Loss of Briar Vista ES Montessori Program

**Funding Impact**—
Loss of Education SPLOST investment of $1.3M for construction renovations
ANNEXATION IMPACT ON DRUID HILLS MIDDLE SCHOOL

Druid Hills Middle School (Current Enrollment – 903 students)

**Student Impact**—

250 Disenfranchised and Displaced DeKalb students from Druid Hills Middle School due to being annexed out of DCSD

- 46% White
- 25% Hispanic
- 17% Black
- 8% Asian
- 4% Other

**Instructional Impact**—

Enrollment would fall to 653 students and make it the smallest middle school in the county with an occupancy of 54%

Loss of approximately 15 teacher positions

**Funding Impact**—

Programs and positions will have to be subsidized or eliminated
Fernbank Science Center (Currently Serving 100,000 DCSD Students)

**Student Impact**—

100,000 students will be denied access to the Planetarium and the specialized science expertise of current staff

**Instructional Impact**—

Loss of Science Tools and Technology (STT) and other special programs, training, and specialized professionals

Loss of Science, Technology, Engineering, and Math (STEM) Training Center for 48+ schools working toward STEM Certification in a district that has 4 out of 11 STEM state recognized schools

**Funding Impact**—

Costs for replacement of facility in the tens of millions
ANNEXATION IMPACT ON LAUREL HEIGHTS

Laurel Heights (Currently Serving – 15 DeKalb special needs students)

Student Impact—

15 special needs students will be denied access to DeKalb service providers and support from experienced DeKalb staff

Instructional Impact—

Loss of access to DeKalb’s high quality special education instruction and service providers

Funding Impact—

Undetermined
ANNEXATION IMPACT ON THE INTERNATIONAL CENTER

International Center (Current Enrollment – 600 English Language Learners/ELL students)

Student Impact—

600 ELL students need to be relocated

Instructional Impact—

Relocation of core Intensive English Program and Lab Program for ELL students

Funding Impact—

Costs for relocation of program
ANNEXATION IMPACT ON ATHLETICS & COMMUNITY SPONSORED EVENTS

Adams Stadium

- Loss of 1 of 5 district stadiums that serve 18 high schools and 18 middle schools
- Loss of venue for 135 varsity and junior varsity activities and middle school football
- Loss/reduction of junior varsity soccer program and lacrosse games
- Loss of venue for 30 community sponsored events (e.g., Relay for Life)
- Loss of Education SPLOST investment of $2M for construction renovations
Together In Atlanta (TIA) claims that annexation would give APS the power to take title to the old Briarcliff HS which would result in the loss of a DCSD long-term fixed asset with received offers in excess of $50 million.
IMPACT OF ANNEXATION ON DRUID HILLS TAX PAYERS

- Loss of the DeKalb senior citizen exemption will result in a significantly larger senior tax burden
- The HOST tax credit would not apply to non-DeKalb County operating services
- Utility rates for sanitation and water/sewer may be substantially increased
- DeKalb bond millage remains on Druid Hills tax bills
- City of Atlanta could add additional millage for its bond indebtedness
General Property Tax Issues:

- Ad Valorem property taxes for DeKalb Bonds (presently at 1.68 mills) would remain on the Druid Hills (DH) tax bill until all bonds are paid off.
- The City of Atlanta could add additional millage for its current (and future) bonded indebtedness.
- The Homestead Option Sales Tax (HOST) credit, presently at 57.7 cents per dollar, would no longer apply to non-DeKalb County provided operating services. The dollar amount lost of this tax credit would increase with the increased value of a home in the annexed area.
SPECIFIC PROPERTY TAX/SERVICE ISSUES

• The City of Atlanta does not have a HOST credit program.
• The present millage charge for DeKalb police services of 6.18 mills (effective rate of 2.61 mills after HOST credit) could be replaced by the full millage charge for Atlanta’s Police Department services.
• The present millage charge for the DeKalb Fire Department of 2.87 mills (effective rate of 1.21 mills after HOST credit) could be replaced by the full millage charge for the Atlanta Fire Department.
• The present millage charge for Public Works/Parks in DeKalb of 1.46 mills (effective rate of .61 mills after HOST credit) could be replaced by the full millage charge for public works/recreational services.

HOST - Homestead Option Sales Tax
GENERAL SALES TAX ISSUES

• Presently the total Sales Tax paid in unincorporated DeKalb is 7%
  4% State
  1% MARTA
  1% ESPLOST
  1% HOST

• Presently the total Sales Tax paid in Atlanta/DeKalb is 8%
  4% State
  1% MARTA
  1% ESPLOST
  1% HOST (Atlanta/DeKalb Only)
  1% MOST (Atlanta W/S tax)

ESPLOST – Education Special Purpose Local Option Sales Tax
HOST - Homestead Option Sales Tax
MOST – Municipal Option Sales Tax
W/S - Water Sewer
OTHER SERVICE ISSUES

• Water/Sewer rates in the City of Atlanta are presently among the highest in the United States. Additionally, the City charges the 1% MOST sales tax in its corporate limits to subsidize the W/S system.

• Sanitation rates in DeKalb are presently $265.00 annually for 3–4 pickups a week. Sanitation rates in Atlanta are approximately $500.00+ annually for once a week service, plus yard waste.

W/S – Water Sewer
TAX IMPLICATIONS FOR SENIOR CITIZENS

• Seniors (age 70+) living in unincorporated DeKalb County are granted an exemption from educational ad valorem taxes under the H9 Exemption. Seniors with household incomes under $82,708 are exempt from all school taxes.

• The Atlanta Public Schools A6F exemption is significantly less generous.

• According to 2014 pro forma calculations compiled by the DeKalb Tax Commissioner’s Office, a qualifying senior with a home valued at $500,000 would owe $1,905.63 in County and BOE taxes.

• If that same home is annexed into Atlanta and the APS A6F exemption is applied, the total tax bill for 2014 would increase to $5,915.64. This would constitute an increase of $4,010.01 or 210%.
$300,000 HOMESTEAD TAX BILLING FOR 2014

**HOST credit lost due to Annexation results in a 60% tax increase of $667.07.**

<table>
<thead>
<tr>
<th>Authority</th>
<th>Assess</th>
<th>Exemption</th>
<th>Standard</th>
<th>Net</th>
<th>Millage</th>
<th>Tax</th>
<th>HTRC</th>
<th>HOST Credit</th>
<th>Due</th>
<th>Net Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Operations</td>
<td>120,000</td>
<td>0.00822</td>
<td>110,000</td>
<td>0.00822</td>
<td>904.20</td>
<td>-</td>
<td>521.72</td>
<td>382.48</td>
<td></td>
<td>382.48</td>
</tr>
<tr>
<td>Hospital</td>
<td>120,000</td>
<td>0.00080</td>
<td>110,000</td>
<td>0.00080</td>
<td>88.00</td>
<td>-</td>
<td>50.78</td>
<td>37.22</td>
<td></td>
<td>37.22</td>
</tr>
<tr>
<td>Fire</td>
<td>120,000</td>
<td>0.00287</td>
<td>110,000</td>
<td>0.00287</td>
<td>315.70</td>
<td>-</td>
<td>182.16</td>
<td>133.54 **</td>
<td></td>
<td>133.54</td>
</tr>
<tr>
<td>Police</td>
<td>120,000</td>
<td>0.00618</td>
<td>110,000</td>
<td>0.00618</td>
<td>679.80</td>
<td>-</td>
<td>392.24</td>
<td>287.56 **</td>
<td></td>
<td>287.56</td>
</tr>
<tr>
<td>STD-Unincorporated</td>
<td>120,000</td>
<td>0.00146</td>
<td>110,000</td>
<td>0.00146</td>
<td>160.60</td>
<td>-</td>
<td>92.67</td>
<td>67.93 **</td>
<td></td>
<td>67.93</td>
</tr>
<tr>
<td>County Bonds</td>
<td>120,000</td>
<td>0.00001</td>
<td>120,000</td>
<td>0.00001</td>
<td>1.20</td>
<td>-</td>
<td>-</td>
<td>1.20</td>
<td></td>
<td>1.20</td>
</tr>
<tr>
<td>Parks Bonds</td>
<td>120,000</td>
<td>0.00167</td>
<td>120,000</td>
<td>0.00167</td>
<td>200.40</td>
<td>-</td>
<td>-</td>
<td>200.40</td>
<td></td>
<td>200.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.02121</td>
<td></td>
<td>2,349.90</td>
<td>-</td>
<td>1,239.57</td>
<td>1,110.33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Operations</td>
<td>120,000</td>
<td>12,500</td>
<td>107,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Taxes</td>
<td>120,000</td>
<td>2,000</td>
<td>118,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.02121</td>
<td>2,349.90</td>
<td></td>
<td>1,239.57</td>
<td>1,110.33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Value</td>
<td>$300,000</td>
<td></td>
<td></td>
<td>2,148.30</td>
<td></td>
<td>County Operations</td>
<td>908.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appraisal</td>
<td>40%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Remains with Annexation (Debt service charges for DeKalb County bonds remain until bonds are retired.)
**$400,000 HOMESTEAD TAX BILLING FOR 2014**

**HOST credit lost due to Annexation results in a 60.32% tax increase of $909.64.**

<table>
<thead>
<tr>
<th>2014 Dekalb County Government Taxes</th>
<th>Host Credit @ 80 / 20</th>
<th>Host</th>
<th>Net Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Authority</strong></td>
<td><strong>Assess</strong></td>
<td><strong>Exemption</strong></td>
<td><strong>Assess</strong></td>
</tr>
<tr>
<td>County Operations</td>
<td>160,000</td>
<td>10,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Hospital</td>
<td>160,000</td>
<td>10,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Fire</td>
<td>160,000</td>
<td>10,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Police</td>
<td>160,000</td>
<td>10,000</td>
<td>150,000</td>
</tr>
<tr>
<td>STD Unincorporated</td>
<td>160,000</td>
<td>10,000</td>
<td>150,000</td>
</tr>
<tr>
<td>County Bonds</td>
<td>160,000</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td>Parks Bonds</td>
<td>160,000</td>
<td>-</td>
<td>160,000</td>
</tr>
<tr>
<td><strong>Total County</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>School Operations</td>
<td>160,000</td>
<td>12,500</td>
<td>147,500</td>
</tr>
<tr>
<td>State Taxes</td>
<td>160,000</td>
<td>2,000</td>
<td>158,000</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Value</td>
<td>$400,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appraisal</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Remains with Annexation (Debt service charges for DeKalb County bonds remain until bonds are retired.)
$500,000 Home Ownership Tax Billing for 2014

**HOST Credit lost due to Annexation results in a 60.46% tax increase of $1,152.21.**

<table>
<thead>
<tr>
<th>Authority</th>
<th>Assess</th>
<th>Exemption</th>
<th>Assess</th>
<th>Millage</th>
<th>Tax</th>
<th>HTRC</th>
<th>HOST</th>
<th>Net Tax</th>
<th>2014 Dekalb County Government Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Operations</td>
<td>200,000</td>
<td>10,000</td>
<td>190,000</td>
<td>0.00822</td>
<td>1,561.80</td>
<td>-</td>
<td>901.16</td>
<td>660.64</td>
<td>*</td>
</tr>
<tr>
<td>Hospital</td>
<td>200,000</td>
<td>10,000</td>
<td>190,000</td>
<td>0.00080</td>
<td>152.00</td>
<td>-</td>
<td>87.70</td>
<td>64.30</td>
<td>*</td>
</tr>
<tr>
<td>Fire</td>
<td>200,000</td>
<td>10,000</td>
<td>190,000</td>
<td>0.00287</td>
<td>545.30</td>
<td>-</td>
<td>314.64</td>
<td>230.66</td>
<td>**</td>
</tr>
<tr>
<td>Police</td>
<td>200,000</td>
<td>10,000</td>
<td>190,000</td>
<td>0.00618</td>
<td>1,174.20</td>
<td>-</td>
<td>677.51</td>
<td>496.66</td>
<td>**</td>
</tr>
<tr>
<td>STD-Unincorporated</td>
<td>200,000</td>
<td>10,000</td>
<td>190,000</td>
<td>0.00146</td>
<td>277.40</td>
<td>-</td>
<td>160.06</td>
<td>117.34</td>
<td>**</td>
</tr>
<tr>
<td>County Bonds</td>
<td>200,000</td>
<td>-</td>
<td>200,000</td>
<td>0.00001</td>
<td>2.00</td>
<td>-</td>
<td>-</td>
<td>2.00</td>
<td>*</td>
</tr>
<tr>
<td>Parks Bonds</td>
<td>200,000</td>
<td>-</td>
<td>200,000</td>
<td>0.00167</td>
<td>334.00</td>
<td>-</td>
<td>-</td>
<td>334.00</td>
<td>*</td>
</tr>
<tr>
<td>Total County</td>
<td></td>
<td></td>
<td></td>
<td>0.02121</td>
<td>4,046.70</td>
<td>-</td>
<td>2,141.07</td>
<td>1,905.63</td>
<td></td>
</tr>
<tr>
<td>School Operations</td>
<td>200,000</td>
<td>12,500</td>
<td>187,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Taxes</td>
<td>200,000</td>
<td>2,000</td>
<td>198,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Taxes</td>
<td></td>
<td></td>
<td></td>
<td>0.02121</td>
<td>4,046.70</td>
<td>-</td>
<td>2,141.07</td>
<td>1,905.63</td>
<td></td>
</tr>
</tbody>
</table>

- $500,000 Home Value
- 3,710.70 Home Appraisal
- 40% Home Appraisal

*Remains with Annexation (Debt service charges for DeKalb County bonds remain until bonds are retired.)