

# Public Hearing

## House Bill 581 and the Impact on the Baldwin County School District



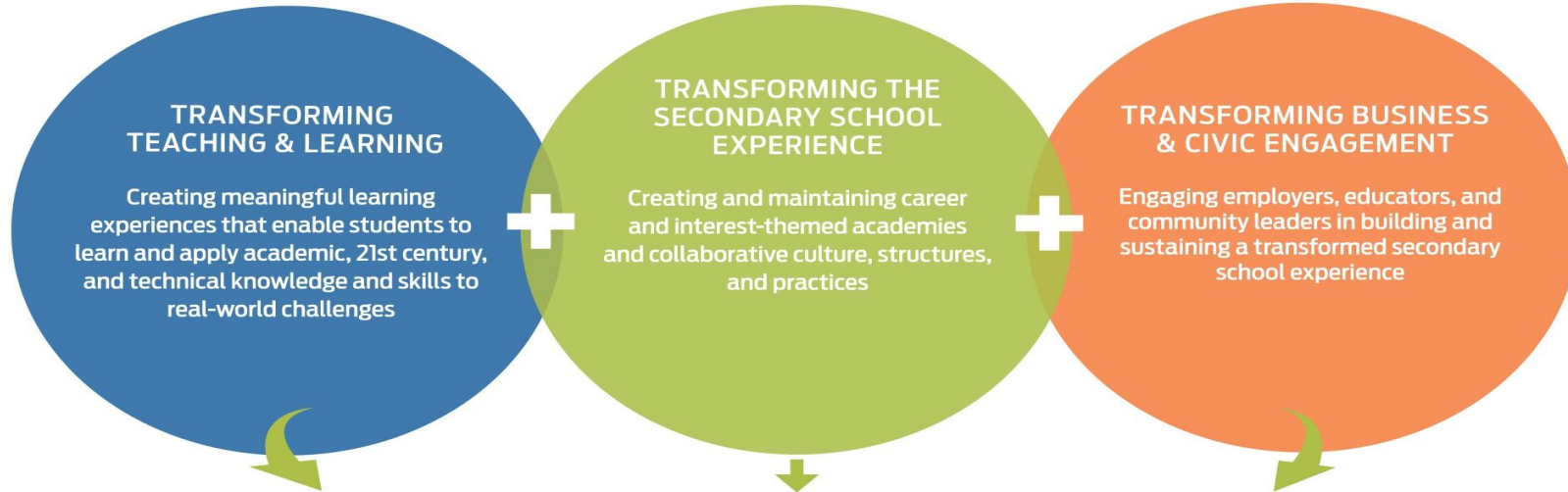
**Mr. Wes Cummings, Board Chair**  
**Dr. Noris Price, Superintendent**

# *At-A-Glance*

- ▶ 702 employees
- ▶ Enrollment - 4600
- ▶ Fy 25 Budget - \$58,348,596
- ▶ FY 25 Millage Rate - 12.40



# Strategic Plan and Innovations



## NEXT GENERATION LEARNERS



## Our Mission

The mission of the Baldwin County School District, in collaboration with families and community, is to educate students who will graduate college and career ready and become contributing members of our local and global communities.

## Our Vision

Our vision is to empower students to achieve their maximum potential for lifelong success.





# Strategic Plan Broad Focus Areas:

Our Mission, Vision and Beliefs drive three (3) broad focus areas:

1. Student Achievement
2. Business and Community Partnerships
3. Staff Recruitment and Retention



# Agenda

## Overview

The purpose of this presentation is to provide an overview of House Bill 581 that was on the ballot in November 2024 and its impact on BCSD.

## Roadmap

- Overview of HB 581
- Impact of HB 581 on BCSD
- Next Steps in the Opt-In/Opt-Out Process

## Essential Questions for Baldwin County Schools

- **Under HB 581, can the Baldwin County School District continue to provide a high quality education for all Baldwin County Students in the years to come?**
- **Should the Baldwin County School District Opt-in or Opt-out of HB 581?**

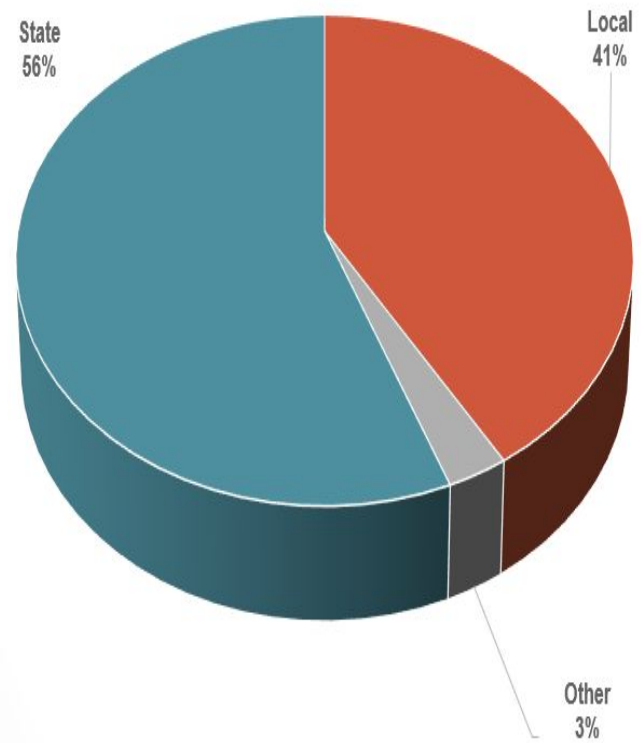
# HB 581

- House Bill 581 passed on November 5th.
- Homestead - primary residence of home owner
- House Bill 581 (HB 581) establishes a statewide floating homestead exemption that limits the annual increase in property tax assessments on homesteaded properties to the inflation rate of the previous year.
  - If a home increases in value by 5% but the previous year inflation rate is 2%, the home will only be valued at 2% more.
- Requires reassessment every three years.
- Selling the home or making improvements resets the cap on the property.
- All existing exemptions would remain the same.
- Cities, Counties and Schools have one opportunity to opt out of the legislation.
- School systems have ONE opportunity to opt out.
- If they do not opt out, the cap will begin in 2025 based on the values in 2024.



# Relevance to School Districts

1. Property taxes are a primary source of funding for school districts
2. HB 581 will impact the revenue that districts receive



### General Fund Revenue Sources Projected

Source	FY25 General Fund	Makeup
State	27,651,448	56%
Local	20,375,000	41%
Other	1,420,000	3%
<b>Total</b>	<b>49,446,448</b>	<b>100%</b>

# Impact on School Funding

## EXAMPLES OF STATE QBE FUNDS TO LOCAL USING FY 24 FUNDING

- Earn \$604,502 transportation- expend \$2,525,055- \$1,920,553 from local revenues
- Earn \$1,063,189 Maintenance-expend \$3,451,477- \$2,388,288 from local revenues
- Earn \$103,892 Nursing- expend \$289,634- \$185,742 from local revenues

# Impact on School Funding

## EXAMPLES OF STATE QBE FUNDS TO LOCAL USING FY 24 FUNDING

- TRS rate increase to 20.78 from 19.98 - \$219,500
- Health Insurance Increase for Classified employees to \$18,960 from \$14,340 beginning January 2025- (The State does not fund any classified increases) \$1,034,880
- Health insurance Increase for Certified employees to \$21,120 from \$18,960 - \$756,000

**Total Budget Reductions for FY 2025: \$ 3,222,649.00 (24 Certified Positions and 28 Classified Positions at the school and district levels)**

# Other Considerations

- Potential further health insurance cost increases
- Additional future property tax legislation
- Additional reductions in federal funding



# Pros and Cons of Opting OUT of HB 581

## Pros of Opting Out

- **Maintain Local Control:** Districts can tailor tax rates to specific needs and conditions.
- **Stable Revenue:** Opting out allows districts to maintain a more predictable revenue stream from property taxes, supporting consistent budgeting.
- **Resource Preservation:** Avoiding potential revenue cuts preserves the high quality of education in Baldwin County by continuing to provide funds for educational programs, staff salaries, and facility maintenance.
- **Reduced Tax Rate Adjustments:** Fewer fluctuations in revenue mean districts may not need to adjust tax millage rates, benefiting both the district and taxpayers.

## Cons of Opting Out

- **Homeowner Burden:** Without the exemption, homeowners within the district may face higher property taxes, which could be unpopular and strain community relations.
- **Political Repercussions:** Opting out could lead to negative public perception or backlash from stakeholders who favor the exemption.
- **Economic Growth:** Districts that opt out may attract less residents, potentially affecting economic growth.

# Pros and Cons of Opting IN of HB 581

## Pros of Opting In

- **Homeowner Relief:** Offering the exemption reduces the tax burden on homeowners, potentially increasing community support and goodwill toward the district.
- **Increased Residency Appeal:** Lower property taxes may attract new residents, which could lead to increased enrollment and stronger local economies.
- **Alignment with Community Interests:** Supports residents' financial interests, which may strengthen the district's relationship with the community

## Cons of Opting In

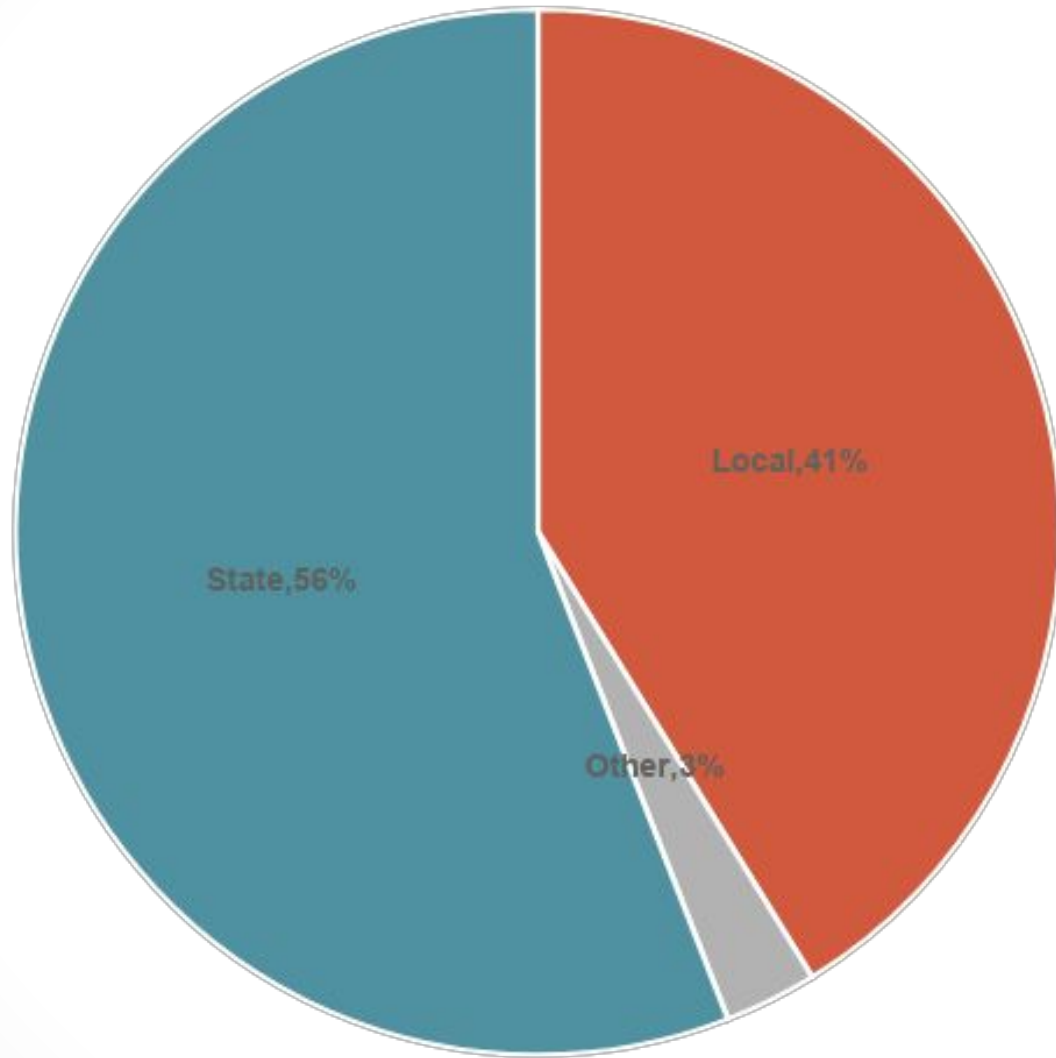
- **Reduced Revenue:** The exemption could significantly lower property tax revenue, leading to potential cuts in educational resources, staff, or programs.
- **Funding Instability:** Revenue fluctuations tied to changing property values could complicate budgeting and financial planning.
- **Potential Tax Rate Increases:** To offset lost revenue, districts might need to increase property tax rates, which could mitigate or even negate the homeowner savings from the exemption.

# Summary of Impact on School Funding

- **Possible Revenue Loss:** HB 581 reduces taxable property values, which could result in lower tax revenue for school districts. Property taxes fund part of our teachers' salaries as well as bus drivers, custodians, cafeteria workers, paraprofessionals, school counselors, mental health counselors, school supplies, curriculum, and much more.
- **Funding Stability:** As property values fluctuate, school districts will face an instability in annual revenue. Salaries make up 85% of the Baldwin County Schools budget, and cannot be funded by ESPLOST.
- **Potential Offset Mechanisms:** For the last 10 years, we have been able to lower or maintain the millage rate.
- School districts may need to raise tax millage rates.
- School districts may need to cut services, programs, or personnel.

## Takeaway

It is important to understand the local impact of this bill as we consider what is best for the present and future of the Baldwin County School District. This is a one-time local decision that could have a **lasting impact** on our school system.



## General Fund Revenue Sources Projected

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Note: The state takes 5 mills of the district's 12.40 mil tax digest as the "Local Fair Share (LFS)" for QBE funding. Under HB 581 this 5 mil LFS will be assessed at the total tax rate before the "floating exemption" is provided locally. This will be a "double whammy" for school districts.





# What would opting in look like for BCSD?

## EXAMPLE OF AN INDIVIDUAL TAX PAYER

Calendar Year 2024

	Inflation Rate Imposed	Fair Market Value	Assessment Percentage	Taxable Value	Millage Rate	Tax Charged
<b>Base</b>		\$ 275,000	40%	\$ 110,000	12.4	\$ 1,364
<b>Opt-In</b>	4.10%	\$ 286,275	40%	\$ 114,510	12.4	\$ 1,420
<b>Opt-Out</b>	6.50%	\$ 292,875	40%	\$ 117,150	12.4	\$ 1,453
<b>Opt-in Increase Millage Rate</b>	4.10%	\$ 286,275	40%	\$ 114,510	13.4	\$ 1,534

Opt-out at 12.4 mils results in an increase of \$33

Opt-in at possible 13.4 mils results in an increase of opting-out at just over \$80

# Impact of HB 581

**Baldwin County is one of the few counties in Georgia that has various dedicated homestead exemptions applicable to the School District itself. These exemptions complicate budgeting and financial planning from year-to-year.**

**Fluctuations tied to changing property values and exemptions prevent us from calculating the overall financial impact of HB 581.**

# MILLAGE CAPS AND LIMITS

- **Our schools depend on consistent, sustainable funding.**
- **For the last 10 years, we have been able to lower or maintain the millage rate. For FY25, we are at 12.40 mills.**
- **Due to local control, the board has been able to lower the millage rate and lessen the burden on the taxpayer of Baldwin County.**
- **Maintaining Local Control allows school districts to tailor tax rates to specific needs and conditions.**
- **School systems are capped in the number of mills they can levy each year.**
- **The Maximum millage rate for schools is 20 mills.**

# How Do We Proceed

