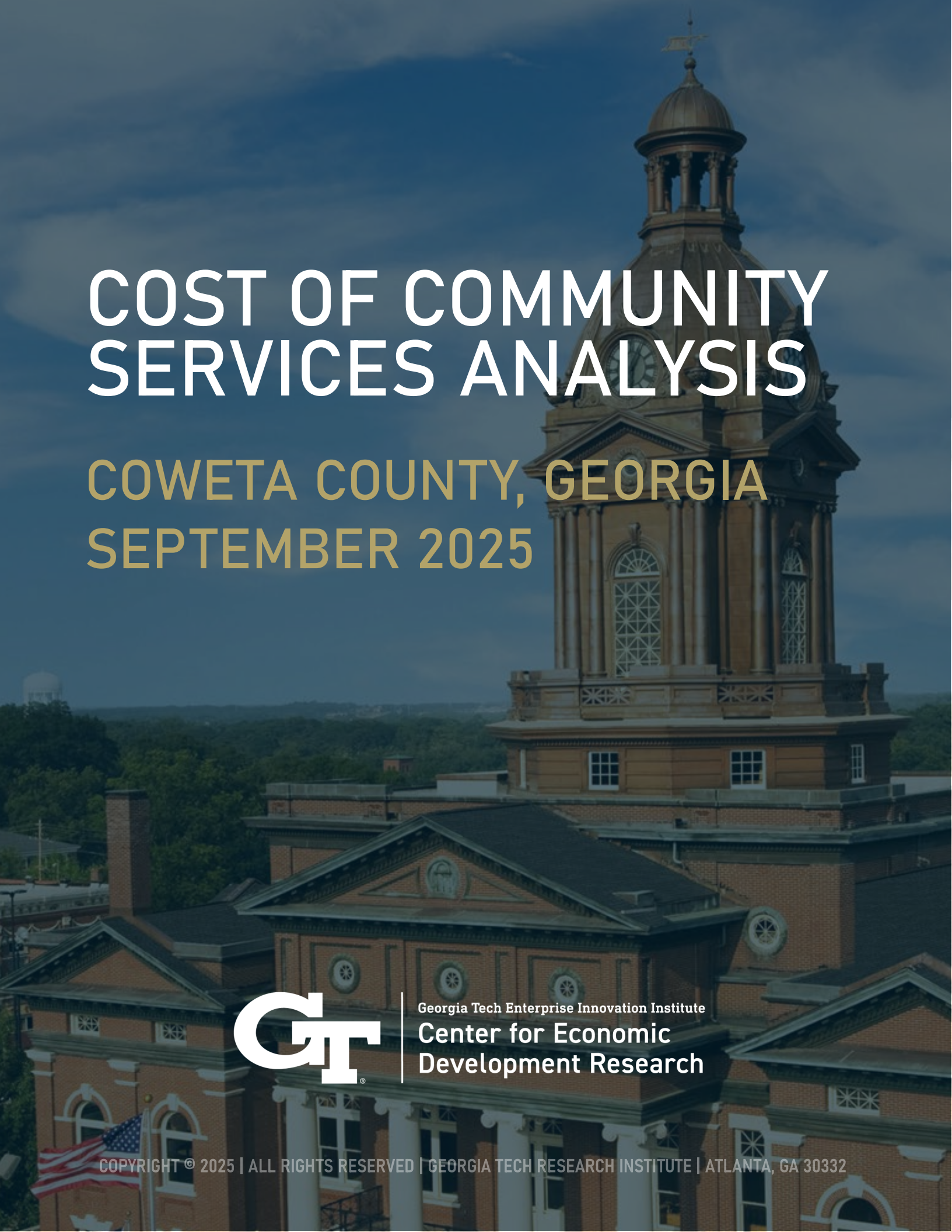

COST OF COMMUNITY SERVICES ANALYSIS

COWETA COUNTY, GEORGIA
SEPTEMBER 2025

Georgia Tech Enterprise Innovation Institute
Center for Economic Development Research

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1. INTRODUCTION

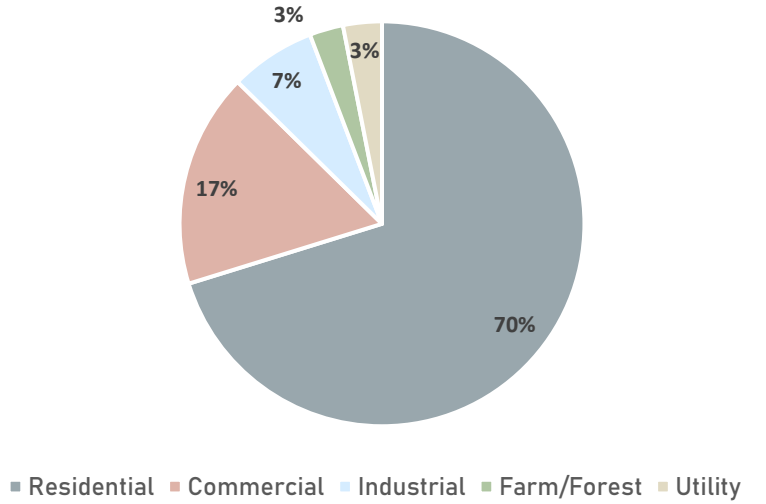
Coweta County

Coweta County is in the southwestern portion of the Atlanta metropolitan area. Its population has grown by six percent in the last five years, totaling 158,113 in 2024. Coweta's population growth has outpaced that of Georgia and the nation. Over the next five years, Coweta County's population is expected to grow by another seven percent. Total employment in Coweta has grown by nineteen percent to 56,266 in 2024. This growth in employment significantly outpaces the four percent job growth observed at the national level in the last five years[1]. Coweta County Schools educate more than 22,500 students, and that number will continue to grow alongside the total population[2].

Residential property makes up seventy percent of the county's net tax digest (Figure 1). Commercial and industrial property make up a combined twenty-four percent of the net tax digest. The Coweta County Development Authority reached out to the Center for Economic Development Research (CEDR) at Georgia Tech for a better understanding of the benefits and costs associated with this high share of residential property.

New developments always increase a local government's tax base, but an increased tax base does not always result in an improved financial position. Commercial and industrial developments typically improve the financial situation of local government. However, residential development often has the opposite effect by introducing new demand for government services. The American Farmland Trust has collected more than 150 studies across the country, with each study concluding that the average cost of providing local government services exceeds the average revenue generated by residential development.[3] Individual region results can and do vary quite a bit from state to state and county to county, depending on several factors. The results presented in *this* report are specific to Coweta County, Georgia, for fiscal year 2024 (FY24).

FIGURE 1: COWETA COUNTY NET TAX DIGEST (2023)



Source: Georgia Department of Revenue Tax Consolidation Summaries

[1] Quarterly Census of Employment and Wages (QCEW), 2025. *Retrieved from Lightcast - Region Economy Overview, Coweta County, Georgia.*
[2] Georgia Department of Education. *FY2024 School System Revenues.*
[3] American Farmland Trust (2016). *Cost of Community Service Studies.* https://farmlandinfo.org/publications/cost-of-community-services-studies/

Cost of Community Service Studies

Cost of Community Service (COCS) studies require organizing the revenues and expenditures of a local government into different classes of land use or development, such as residential, commercial, industrial, farm, etc. For example, a county's expenditures on senior citizens' programs would be classified as all benefiting residential land use. The cost of the county extension service would most likely be allocated to agricultural land. These are easy, straightforward examples, but most expenditures benefit multiple land uses. For example, the road network would be allocated across all types of development, as would the court system, the fire department, the sheriff, etc. The resulting totals for revenues generated and expenses incurred can be presented as a ratio of expenditures to revenues for different land use types. To the extent that the ratio is over one (e.g., expenditures exceed revenues) that land use does not pay for the benefit it receives from the local government.

In cases where expenses are difficult to allocate to specific land use categories, the expert knowledge of county staff is used to estimate service expenditures by land use category. For this study, senior departmental staff for Coweta County provided their expert knowledge in the allocation of expenditures. In some cases, acreage, population share, and/or property value in each land use category are used in determining allocations. For "back-office" and administrative expenses (i.e., finance, human resources, legal, IT, county administration, etc.), the combined share of all other expenses is calculated, and then that share is applied to these departments.

It is very important to note that COCS studies look at average revenues and expenditures for a particular year, not changes at the margin. These studies should not be used to predict the impact of future decisions. Even so, they can provide insight and allow for more informed decision-making on such policies as tax abatements for new developments. That said, COCS results can support educated guesses as to the likely marginal cost of development, as well as how land use transition might impact the financial situation of the local government. Finally, these studies look at the ongoing operational cost of growth, not one-time capital expenditure impacts.[4]

Data Collection Issues for Coweta County

As previously mentioned, sometimes it is necessary to rely on expert knowledge of county staff to estimate service expenditures by land use category. This is especially true for the court system. The case load across the different courts — Superior, State, Magistrate, etc. — can differ significantly from court to court with respect to residential versus commercial. Given that the court system is often a significant expenditure for most counties, it is important that this information be as accurate as possible. In this study, average ratios from Georgia counties of similar size and shares of land use were used for allocating court revenues and expenditures.

[4] *The Fiscal Impacts of Land Uses in Lee County: Revenue and Expenditure Streams by Land Use Category*, Jeffrey H. Dorfman, May 2018. Used with permission.

2. ANALYSIS RESULTS

Expenditure/Revenue Ratios

This study uses the audited financial statements for Coweta County for fiscal year 2024, as well as financial information from the 2024 *Coweta County Annual Comprehensive Financial Report*, and the 2023 tax digest submitted to the Georgia Department of Revenue. For the schools, the data was collected from the Georgia Department of Education School Systems Revenue report for FY24.

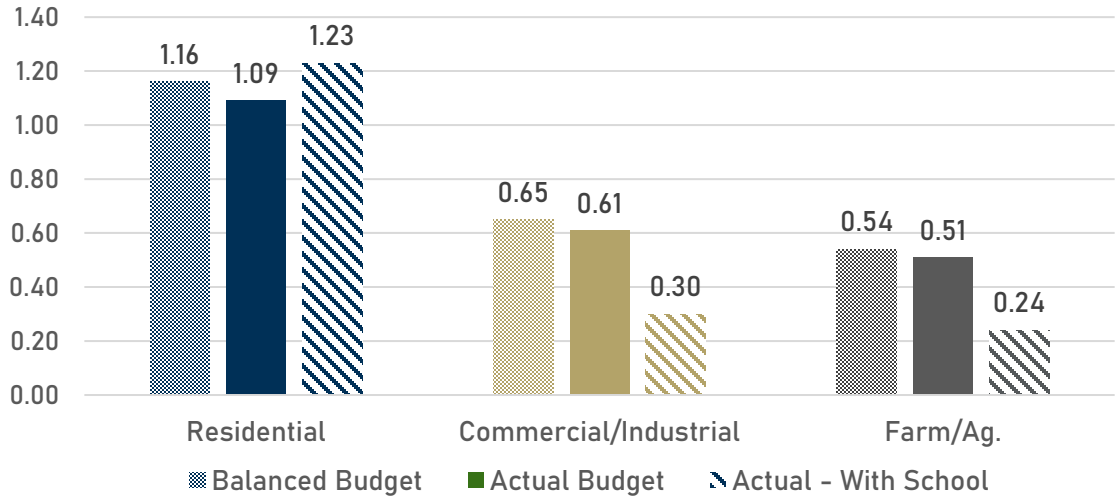
The land use categories used in this study were residential, commercial/industrial, and farm/forest. Revenues and expenditures were allocated to these land uses based on various county records as well as data collection from county officials and service providers. All operational revenues were included in the funds that were a part of this study (General Fund, Fire Fund, Emergency Medical Services Fund, etc.), including local option sales tax (LOST).

Figure 2 below presents the results for Coweta County's actual budget, its actual budget with schools included, and a balanced budget scenario. As expected, the expenditure-to-revenue ratio for residential land use came in above one at 1.09 for the actual budget. Again, because this is greater than one, it means that residential property in Coweta County does not cover the costs of the services the county provides.

In FY24, the county's fire services fund ran a significant surplus, which made up approximately two-thirds of the total budget surplus for operational activities shown in Appendix A. These funds are restricted in use and must be allocated to fire response services. County leadership indicated the surplus is for planned future capital expenditure. As such, the balanced budget scenario in Figure 2 is more representative of a typical year for Coweta County, where the residential expenditure-to-revenue ratio is 1.16. Every dollar generated by residential property is offset by the $1.16 cost to provide services. It is important to note that this analysis includes only operational costs and does not include capital expenditure impacts. Special Purpose Local Option Sales Tax (SPLOST) revenues, for example, are not included as these fund capital projects rather than operating expenses.

This deficit related to residential operational service demand is countered by the surplus generated by commercial/industrial property. Although nearly a third of the size of the residential digest (Figure 1), the expenditure-to-revenue ratio for commercial/industrial land use is only 0.61, meaning that for every $1 of revenue the county brings in from commercial and industrial property, it only costs the county $0.61 to provide services. Similarly, the farm/agricultural digest in the county has a ratio of 0.51, meaning that it only costs $0.51 to provide services to this sector for every $1 of revenue it brings to the county. The surplus of both the commercial and agricultural sectors offsets the residential service cost deficit (Figure 2).

FIGURE 2: EXPENDITURES PER $1 OF REVENUE BY LAND USE



Source: Center for Economic Development Research, Cost of Community Services Model

Once the school system is included in the analysis, residential land use becomes more of an operational cost burden, generating $1.23 in service costs for every $1 of revenue (Figure 2). However, once again, revenues generated by commercial/industrial land use, as well as agricultural land, help to offset the residential service costs as they both have expenditure-to-revenue ratios well below one at 0.30 and 0.24, respectively.

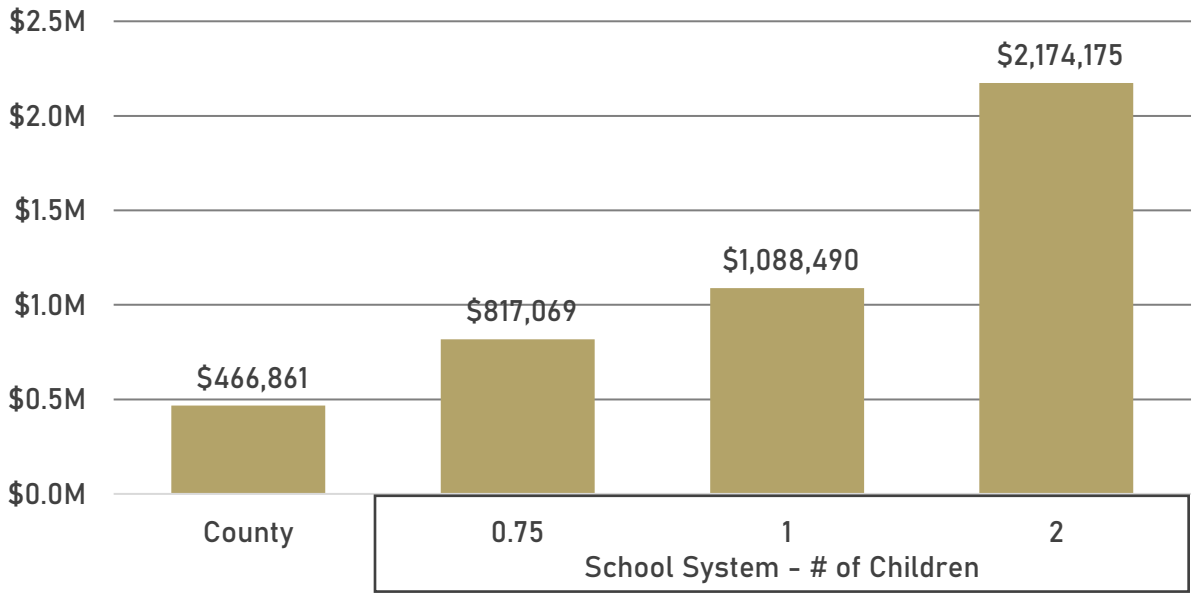
Break-Even Home Values

The ratios presented above can be used to calculate the home value necessary for a county and/or school board to break even relative to the cost of providing their services. This assumes that the service cost is reasonably constant from house to house relative to the home value. While local government service costs will vary based on lot size, location, and, in the case of schools, the number of children in the home, they are not usually correlated with the home's value. As such, the average service cost per household can be easily calculated, as can the average non-property tax revenue per household. The difference between these two is the amount of money that an average house needs to generate to cover the service cost. Using the standard county homestead exemption and the current county millage rate, the home value that will generate enough revenue to equal service cost (the break-even value) is easily calculated.

Figure 3 below shows that the break-even home value for Coweta County in FY24 is $466,861. In other words, on average, any house valued at less than $466,861 did not cover the cost of the county services it consumed in FY24. According to the 2023 tax digest (which again, generated the revenue for the FY24 budget), the average price of a home in Coweta County was $331,311 – below the break-even value for county services. This means that the average home does not generate enough revenue to offset its service costs.

Naturally, the break-even home value is very sensitive to the county's millage rate, and this result applies to Coweta County's *current* rate. If the millage rate increases, the break-even value for a home will in turn go down if all other variables, like operational costs, are held constant. As previously mentioned, this analysis does *not* include any potential new capital costs needed for infrastructure as the county grows.

FIGURE 3: COWETA COUNTY AND COUNTY SCHOOLS BREAK-EVEN HOME VALUES



Source: Center for Economic Development Research, Cost of Community Services Model. Values do not account for dedicated capital fund revenue and expenditure.

While the county government may break even on a $467K home, the school system does not. When evaluating the break-even home price for schools, the starting point is the average per-pupil cost from local tax revenue. (For this analysis, state and federal money is excluded.) Adjustments are made for the average car value per home and the local school homestead exemption. Then, given the school millage rate, a break-even home value can be calculated that will cover the local cost given the number of children in the home. Coweta County spends $6,692 per student from local revenues alone[5].

Figure 3 shows the various break-even values for Coweta County given the number of children in the home. To generate that level of revenue for a home with just one school-aged child attending local public schools, the break-even home value from the school's perspective would be $1,088,490. While the school would break even, clearly, the county budget would earn a fiscal surplus from this house.

[5] Georgia Department of Education. *FY2024 School System Revenues.*

Based on data from the U.S. Census, a more realistic estimate of the average number of school-aged children in a new home is between 0.65 and 0.75. The break-even value for a home in Coweta County with 0.75 students is $817,069, which is much higher than the average value for homes in Coweta County. This means that public education in Coweta County will need to be subsidized by either other land uses (which is clearly happening and was demonstrated in Figure 2) and/or homeowners without children in the school system. As with the county, this value is highly sensitive to the school millage rate. As that millage rate goes up, the break-even value of a home would go down.

3. CONCLUSION

As expected, the residential digest in Coweta County does not pay for the local government services it consumes, and, conversely, businesses pay more than they get back in services. It is the fiscal surplus from businesses that covers the residential deficit.

Once schools are included, these businesses provide an even bigger surplus. Even with only twenty-four percent of the digest, the large surplus provided by commercial/industrial land use covers the combined county/school service deficit generated by the growing population ($1.23 in combined expenses for every $1 in revenue).

For the county, the break-even value of a home ($467K) is $136K or 41 percent higher than the average value ($331K) for the year under review. For the school system, the break-even value of a home is more than double the average home value in Coweta County.

It is important to note that the results of this type of analysis should not be used to promote one form of land use over another, nor should it be used to support or oppose a particular development project. This analysis uses countywide averages and may not reflect the cost or revenue structure of any particular development. Further, this study looks at operating costs only. A new development may have significant marginal capital costs, which would either need to be financed using other funding sources or spread to all residents through the tax process.

Finally, this type of analysis shows the importance of balanced growth. A county must have enough commercial/industrial development to cover the costs of its residential growth, especially once the cost of the schools is considered. Further, not only commercial land use, but also having and maintaining agricultural land is beneficial because it too generates a fiscal surplus (once schools are considered) and it provides environmental amenities and benefits to the community. Having a well-balanced tax digest can help distribute the cost of government while keeping taxes lower for everyone.[6]

[6] *The Fiscal Impacts of Land Uses in Lee County: Revenue and Expenditure Streams by Land Use Category*, Jeffrey H. Dorfman, May 2018. Used with permission.

4. REFERENCES

American Farmland Trust (2016). *Cost of Community Service Studies*.

Dorfman, Jeffrey H. (2018). *The Fiscal Impacts of Land Uses in Lee County: Revenue and Expenditure Streams by Land Use Category*

5. APPENDIX A

Tables 1 and 2 below provide the results of both the revenue and expenditure allocations, and the resulting COCS ratios in FY24.

TABLE 1: FINAL REVENUE AND EXPENDITURE ALLOCATIONS

Revenue Allocations				
Total	**Residential**	**Commercial/Industrial**	**Farm/Forest**	**Outside**
$144,366,081	$94,874,575	$38,598,659	$3,469,485	$7,423,362
	65.7%	26.7%	2.4%	5.1%
Expenditure Allocations				
Total	**Residential**	**Commercial/Industrial**	**Farm/Forest**	
$135,296,556	$108,745,348	$24,688,218	$1,862,990	
	80.4%	18.2%	1.4%	

Source: Center for Economic Development Research, Georgia Institute of Technology; Totals may not add due to rounding.

TABLE 2: COST OF COMMUNITY SERVICE RATIOS FOR COWETA COUNTY

		Residential	**Commercial/Industrial**	**Farm/Forest**
Balanced Budget	**Exp/Rev**	1.16	0.65	0.54
	Rev/Exp	0.86	1.54	1.84
No School	**Exp/Rev**	1.09	0.61	0.51
	Rev/Exp	0.92	1.65	1.96
With School	**Exp/Rev**	1.23	0.30	0.24
	Rev/Exp	0.82	3.39	4.25

Source: Center for Economic Development Research, Georgia Institute of Technology