



Fiscal Year 2018 Budget Primer

Prepared by
Department of Budget Services
Atlanta Public Schools



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APS is transforming

Since its inception in November 2015, the APS Office of Partnerships and Development has brought in more than \$27 million in cash and grants, not including the \$20 million Whitehead Foundation grant to form Achieve Atlanta. APS currently has about 175 new partnerships that include meaningful relationships with almost two dozen Fortune 500 companies headquartered right here in Atlanta.

Established in 1872, Atlanta Public Schools (APS) is one of the oldest and largest school districts in the state of Georgia. APS is home to countless notable alumni, including civil-rights activists, entertainers, national elected officials, professional athletes, renowned scientists and engineers. The District is also home to Booker T. Washington High School, the oldest high school in Atlanta built to educate African-American students

APS is one of the largest school districts in the state of Georgia, serving approximately 50,000. The district is organized into nine K-12 clusters with 87 schools, 17 charter schools and two citywide single-gender academies, where students are offered rigorous instructional programs that foster success in school and life. There are 98 learning sites & programs.



MEASUREABLE OUTCOMES

- Graduation rates—the number of students in a 9th grade cohort who graduate within four years of their enrollment in 9th grade.
- College readiness—the number of graduates who meet or exceed a combination of exit level exams, SAT, and ACT criteria.
- Postsecondary enrollment—the number of seniors who enrolled in a four-year or two-year college or university or in a technical school within the first year after graduating.
- Enrollment in Advanced Placement (AP) courses—the number of students enrolled in AP courses and completing dual enrollment courses.
- Performance in AP courses—the number of students with AP test scores of 3, 4, or 5.
- District and campus accountability ratings—based on the district rating (i.e., Acceptable), the number of schools achieving Adequate Yearly Progress (AYP), and the number of Acceptable, Recognized, and Exemplary schools.

2016 – 2017 FAST FACTS

Student Facts

51,046

Projected K-12
Student Enrollment

Charter Students	8,679
Non-Charter Students	42,367



2016
Graduates
2,300

District Facts



3,608
Teachers

-Non-Charter 3,048
-Charter 560

7,758
All Staff

-Full-Time 6,138
-Part-Time 1,620

Learning Sites and Programs

Elementary (Non-Charter)	50
Middle Schools (Non-Charter)	11
High Schools (Non-Charter)	12
Single Gender	2
Charter Schools	16
Alternative and Nontraditional Programs	4
Evening School and Adult Education Programs	2

TOTAL LEARNING SITES 97
Atlanta Public Schools FY2018 Budget Primer

\$120 Million
Academic and Athletic
Scholarships Offered
to Class of 2016



77.46%

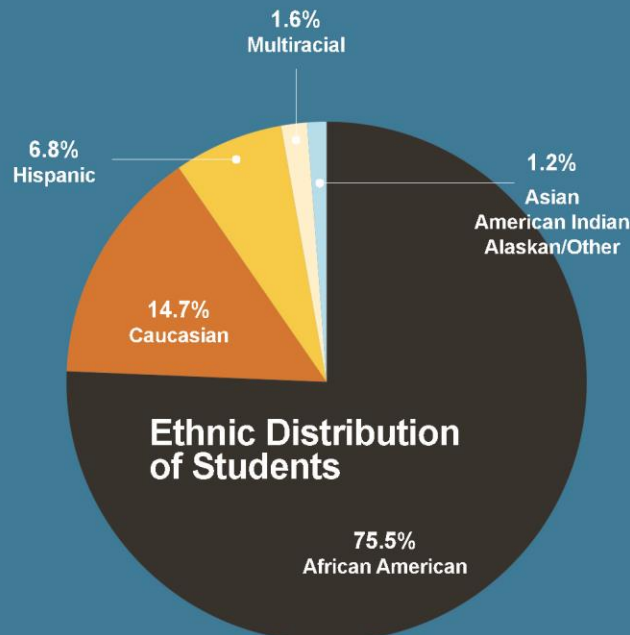
Students
Eligible for Free
and Reduced
Price meals

78

Title I Schools

\$745.3

FY17 Operating
Budget

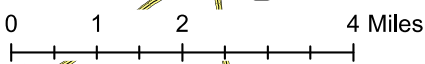
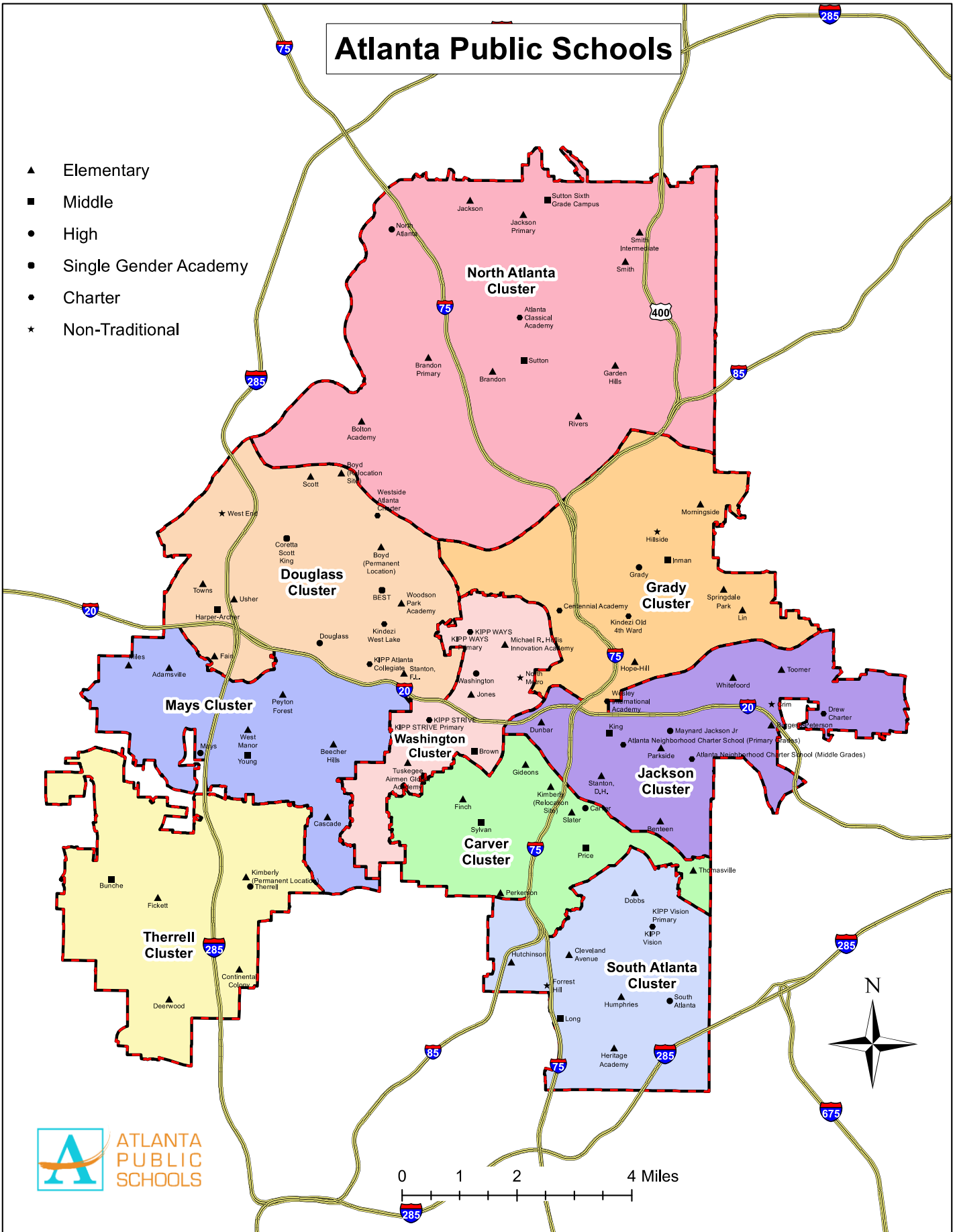


Transportation

Number of Buses	426
Miles Traveled Daily	25,290
Students Transported Daily	26,000

Atlanta Public Schools

- ▲ Elementary
- Middle
- High
- Single Gender Academy
- Charter
- ★ Non-Traditional



HIGHLIGHTS

Resource stewardship is a key component of the APS Balanced Scorecard. The budget cannot be measured solely in terms of dollars and cents. It must also be evaluated based on how well budget driven resource allocation enables students, teachers and administrators to meet strategic goals and objectives. By this standard, the budget is not a separate process weighed in fiscal and operational terms. Instead, it is a part of the larger process to provide a world-class education to all students.

The fiscal year 2018 General Fund Budget will not only outline the APS revenue and expenditure plan for school year 2017-2018, but also, continues to position the District for a new direction. This new direction seeks to increase instructional quality and efficiency to assure successful achievement of the District's vision and mission statements.

As the District implements a charter system operating model, we have adopted a multi-year budget strategy that features the following:

- Evaluating all funding requests for alignment to the District's mission and vision
- Identifying the resources required to support enrollment trends and to implement strategic priorities, initiatives and budget parameters
- Reducing general administration and central administration costs to redirect resources to schools and to support strategic priorities.
- Leveraging all new revenue options
- Providing flexibility and autonomy at the school level for principals to develop staffing plans and invest resources in alignment with the District's academic standards of service

Due to numerous budget parameters and an increase to mandatory costs, we anticipate the budget to continue to grow. We will continue to resource our strategic priorities, including the Turnaround Strategy, Signature Programs and School Flexibility while and a focusing on operational efficiency to assure successful achievement of the District's vision and mission.

As the district prepares for FY18 and looks to FY19 and beyond, we are positioning to take on obstacles we are likely to encounter—while fulfilling our mission—to prepare every student for college and career success. Student success is our top priority, and our students and programs are seeing initial movement and are making headlines for improvements:

- The Office of Prevention and Family Support, within the Georgia Division of Family and Children Services (DFCS) has awarded over \$345,000 in grant funds to support Atlanta Public Schools' Social Emotional Learning (SEL) initiatives that include the implementation of the Second Step and the Child Protection Unit (CPU) curriculums. APS received the largest award amount and has the most schools implementing Second Step curriculum in Georgia.



- Peach Bowl, Inc. – through the Chick-fil-A Peach Bowl’s relationship with the College Football Playoff – and the College Football Playoff (CFP) Foundation jointly announced a partnership with Atlanta Public Schools (APS). The partnership will result in the funding of a \$1 million initiative to improve early childhood literacy among kindergarten through fifth grade students.
- Tuskegee Airmen Global Academy celebrated the announcement of the school’s new partnership with Morehouse School of Medicine. Thanks to the partnership and a \$150,000 grant from the Robert Wood Johnson Foundation, TAG Academy will now receive technology equipment to support its STEM-focused curriculum, as well as parenting resources, and mentoring support for students.
- Former U.S. Secretary of Education, John B. King, Jr., announced that Atlanta Public Schools’ Morningside Elementary School has been named a 2016 National Blue Ribbon School. Morningside Elementary is among 279 public and 50 private schools receiving this honor.
- According to the recent Single Statewide Accountability System Award (SSAS) Schools recognition by the Governor’s Office of Student Achievement (GOSA), Sarah Smith and five other elementary schools – Mary Lin, Morningside, Morris Brandon, Springdale Park, and Warren T. Jackson – are among the highest performing elementary schools in Georgia. GOSA used College and Career Ready Performance Index (CCRPI) data from the 2012-2013, 2013-2014, and 2014-2015 school years to determine Greatest Gains and Highest Performing SSAS awards
- The Walton Family Foundation, Inc. has approved two grants totaling \$1,450,000 to

support a researcher for a three year evaluation of the organization’s Turnaround Strategy and to create dashboards for public, parents, students and educators to better inform each audience with timely and clear student and school performance data.

- Additionally, five APS schools posted graduation rates above the state rate of 79.2 percentage. These include Carver Early College, 98.7 percent, KIPP Atlanta Collegiate, 92.9 percent, Coretta Scott King Young Women’s Leadership Academy, 89.7 percent, North Atlanta High, 88.3 percent, and Grady High, 86.4 percent. We are especially pleased that four schools achieved significant increases in their graduation rates: B.E.S.T. Academy showed a 12.2 percentage point gain to reach a 78.8 percent graduation rate; followed by Douglass with a 10.1 percentage point gain and a 68.8 percent graduation rate; North Atlanta, with a 6.8 percentage point gain and an 88.3 percent rate; and Maynard H. Jackson with a 5.9 percentage point gain and a 76.9 percent rate.

The District continues to be committed to student performance. Operations has set critical goals to “Reinvest in APS Kids”. APS has activated 130+ investments that have made a real difference for students:

- 82 newly renovated and or expanded buildings
- 23 newly constructed buildings/stadiums
- 17 critical building HVAC Projects
- 10 newly constructed playgrounds to address district-wide equity:
 - Adamsville ES
 - Beecher Hills ES
 - Benteen ES
 - Cascade ES
 - Connally ES
 - Continental Colony ES
 - Finch ES
 - Gideons ES
 - Heritage Academy ES
 - Humphries ES

Consolidation of Funds

As a charter district Atlanta Public Schools has opted to participate in the GaDOE Consolidation of Funds Pilot. The purpose of consolidating funds is to help a Schoolwide program school effectively design and implement a comprehensive plan to upgrade the entire educational program in the school based on the school’s needs identified through its comprehensive needs assessment. Consolidation of funds means that Schoolwide school treats the funds it is consolidating as a single “pool” of funds and funds from the contributing programs lose their identity –but not all the benefits and the school uses funds from this consolidated schoolwide (SW) pool to support any activity of the SW Plan.

Federal, state, and local funds in specific Title I schools that operate school wide programs are fully consolidated. It is required that two or more federal funds must be combined to participate in the consolidation of funds.

Benefits of Consolidation

Flexibility

Once funds are consolidated, the federal funds lose their identity as federal funds, and expenditures of those funds are no longer limited to the federal requirements for the individual programs.

Allowability

A schoolwide program that consolidates federal program funds is not required to meet most statutory or regulatory requirements of the program applicable at the school level, but must meet the intent and purposes of that program to ensure that the needs of the intended beneficiaries are met.

Time and Effort

A schoolwide school that consolidates federal, state, and local funds is not required to keep any time and effort documentation on employees paid out of the consolidated pool of funds, unless otherwise required by the state and local district.



STRATEGIC PLAN

The district planning process includes strategic planning and detailed cluster planning to drive the implementation of an operating model to support the future direction of our school system.

Strategic Planning

The strategic planning process began as a part of the transition process for the new superintendent. Throughout the transition, the superintendent, board and administration worked to identify short-term and long-term priorities and key issues in each cluster across our system. One of the initial steps in developing the updated strategic plan was to gather feedback and input from stakeholders across the system. Channels for feedback included town halls, neighborhood meetings, parent advocacy groups, small group discussions, school site visits, survey and principal and administrative meetings.

Cluster Planning

Cluster planning is a new tool that the school system is using to build alignment and collaboration across schools that feed into a neighborhood high school. The goal of the cluster planning process was to develop a roadmap for instructional programming across schools within a cluster. Teams worked together throughout 2014-2015 to complete each of the cluster plans.

Operating Model

The district complied with State of Georgia law that requires a school system to select an operating model by June 2015. After completing vision, mission and strategic planning while also exploring the merits of the available state operating models, the Atlanta Board of Education determined that the Charter System model was the best fit for APS. The Charter System model provides opportunities for flexibility as well as shared governance and best aligns with the needs of all students across our diverse school system. Our plans for innovation, accountability and distributed leadership are a strong match with the Charter System model. The school system will use the strategic and cluster plans along with community input to tailor our operating model design and application.

Next Steps

All of these plans will be considered in our budget process, by outlining key budget priorities and financial needs to ensure that the implementation of these plans are possible in the upcoming fiscal years. We will communicate and share the high-level plan across the organization with our stakeholders with the intent of ensuring alignment to the district's strategy.



Strategic Goals

2015-2020

The strategic goals provide guidance for APS leadership in the development of policies and regulations, objectives, strategies and initiatives to achieve the vision.

The following pages communicate APS' five year strategy and translate the strategy map into action. Each page highlights the strategic goals, objectives and initiatives we will pursue to close the gap between current and desired performance. All components work together to achieve our strategic vision.



ACADEMIC PROGRAM ...

Our students will be well-rounded individuals who possess the necessary academic skills and knowledge and are excited about learning.



TALENT MANAGEMENT ...

We will retain an energized and inspired team of employees who are capable of advancing ever-increasing levels of achievement for students of all backgrounds.



SYSTEMS AND RESOURCES ...

We will improve efficiency (productivity, cost, etc.) while also making decisions (including resource allocations) that are grounded in a strategic academic direction and data.



CULTURE ...

We will build trust with the community, and we will have engaged stakeholders (*employees, students, parents, community members, partners, etc.*) who are invested in the mission and vision and who support the creation of student-centered learning communities.

FY18 Budget Parameters

Budget parameters guide budget development, including revenue assumptions, fund balance targets, and expenditure goals; identifies process and presentation recommendations that provide transparency in linking goals, outcomes and district spending plans; and develops monitoring procedures that hold the district accountable for executing the budget plan.

A. Resource Parameters

1. The district will implement the expenditure parameters using the current millage rate to support the mission and vision.
2. The district will continue to identify grant generating opportunities, assess the required millage rate, and/or seek additional business, philanthropic and community partnerships in an effort to support the following transformational parameters:
 - Make investments in Pre-K through 3rd grade to ensure all students are reading by the end of 3rd grade.
 - Focus on whole-child development, including positive behavior supports, arts, and athletics.
 - Create a comprehensive leadership development program.
 - Significantly expand access to quality Early Childhood Education.
3. The district will maintain a fund balance between 7.5% and the statutory limit of 15% of projected expenditures.
4. The district will increase federal and state special revenue and redirect from general fund expenditures where possible.
5. The district will conduct a review of contracts and eliminate or renegotiate where appropriate.
6. The district, with support and collaboration from other stakeholders, will continue to identify and encourage grant generating opportunities, especially through our Partnerships Office.
7. The district will identify and sunset ineffective programs to redirect human resources and funding where possible.

B. Expenditure Parameters

1. The district will allocate resources pursuant to the district's definition of equity.
2. The district will continue investing in the Turnaround Strategy, providing additional support and interventions for schools that have been chronically struggling on the state accountability metric.
3. The district will recruit, develop, retain, and promote high-quality staff by developing and implementing a multi-year compensation model.

4. The district will continue implementing its charter system operating model and core components of signature programming, cluster funds, school flexibility dollars, and community engagement strategy.
5. The district will fund pension obligations in accordance with State statute and actuarial standards.
6. Per resource parameter #2, with additional public funding and/or partnership resources, the district will make investments in Pre-K through 3rd grade to ensure all students are reading by the end of 3rd grade.
7. Per resource parameter #2, with additional public funding and/or partnership resources, the district will focus on whole-child development, including positive behavior supports, arts and athletics.
8. Per resource parameter #2, with additional public funding and/or partnership resources, the district will create a comprehensive leadership development program.
9. Per resource parameter #2, with additional public funding and/or partnership resources, the district and its partners will significantly expand access to quality Early Childhood Education.



Guiding Principles for Revenue Consideration

Guiding Principles under which the Board will consider using a millage rate increase in order to advance the organization's mission and vision:

- If the budget contemplates significant investments in strategic priorities above current operational costs
- If the Board can identify that the district is making continuous improvement toward using all available resources (*including special revenue, partnerships, SPLOST, and general funds*) in a more efficient and effective manner
- If the budget proposals support the district's transformational strategy
- If mandatory expenses (pension, MOE, healthcare, etc.) increased to a point where they were significantly impeding on the ability to accomplish the district's mission and vision
- If the Board believed that not raising the millage rate would impede the district's ability to deliver on promises to stakeholders (signature programs, turn-around, whole-child development, to address equity)
- If unfunded mandates emerge from the General Assembly
- If there is significant loss of long-standing revenue streams
- If the increase will not inhibit the economic stability of local neighborhoods

The Board will consider utilizing the amount of fund balance above 7.5% of prior years' budgeted expenditures under the following conditions:

- To fund one-time expenditures that are nonrecurring in nature and which will not require additional future expense outlays for maintenance, additional staffing or other recurring expenditures
- To pilot new programs or to fund other short-term priorities of the Board
- To meet emergencies and unexpected expenses throughout the year

STRATEGIC PRIORITIES

Turnaround Strategy

APS must demonstrate its commitment and capability to turnaround our lowest performing schools over the next 12-18 months, not only to maintain local control of our schools but most importantly to provide the high quality education all kids in Atlanta deserve. APS, with the support of the Boston Consulting Group, used community and educator input and external research to develop an aggressive, targeted, research-based strategy for turning around APS's lowest performing schools. The Turnaround Strategy is made up for 16 initiatives targeting high-quality instruction, additional time for student learning, building teacher and leader capacity, additional wrap-around support and potential school structure and operating changes. Support will be provided in tiers (Targeted, Intervention and Foundational) with the targeted group of schools receiving the most supports. The targeted group of schools are the Carver and Douglass elementary schools and additional elementary schools as needed.

Turnaround Strategy for FY17 was approximately \$24 million. FY18 assumptions will decrease as we roll off one time expenditures and allow more choice between initiatives. We will also be transitioning three additional schools to partners which will be represented in the turnaround budget. APS will continue to support the turnaround and positive results in the districts lowest performing schools.

Signature Programs

Signature programming derived from a branch of Cluster planning and funds that are allocated based on grade level and

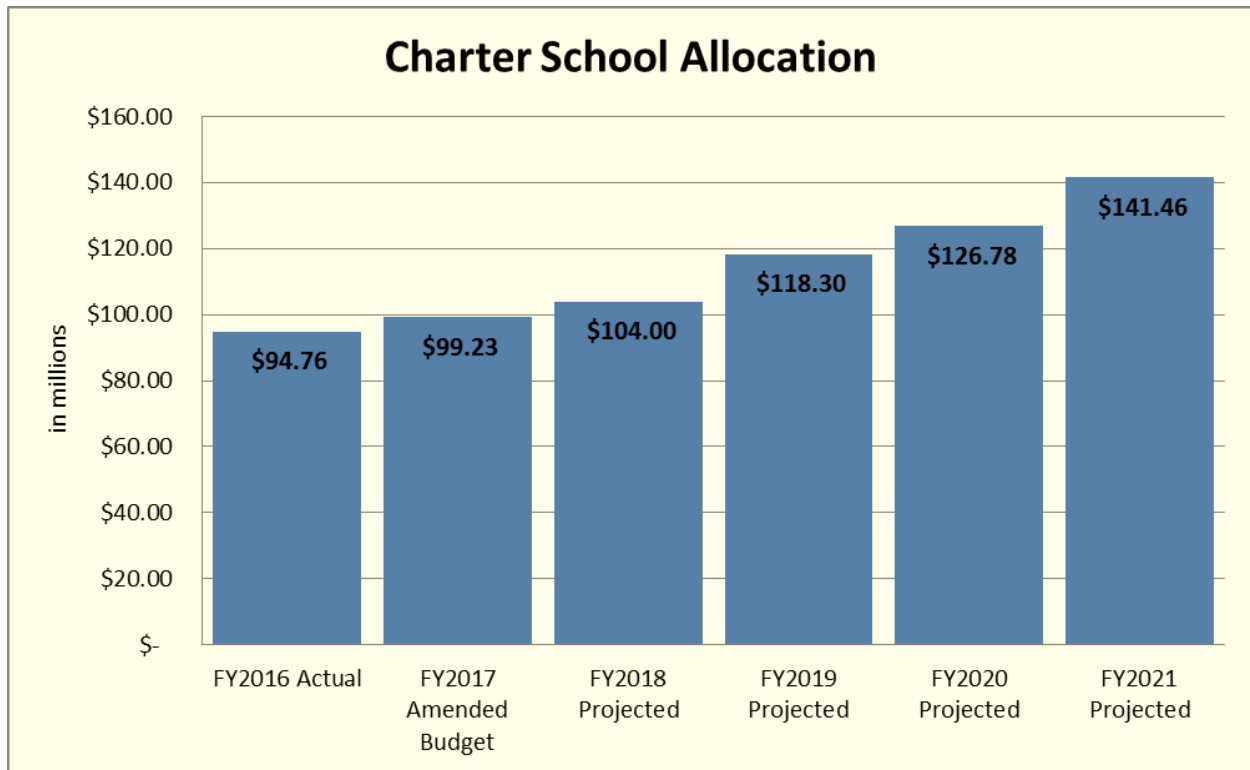


phase of implementation. Cluster planning was set in place to provide flexibility and autonomy at the cluster level for principals to invest resources in alignment with the District's academic standards of service. It specifically addresses each clusters academic programming needs and support for signature programming. College Readiness works to ensure college and workplace readiness for all students by providing professional learning and technical assistance to teachers, counselors, and administrators. STEM Education is defined as an integrated curriculum (as opposed to science, technology, engineering, and mathematics taught in isolation) that is driven by problem solving, discovery, exploratory project/problem-based learning, and student-centered development of ideas and solutions. IB Program offers a K-12 continuum of international education that emphasizes second language learning beginning at age 7. The programs encourage both personal and academic achievement, challenging students to become critical and engaged thinkers who are well prepared for the workplaces of the 21st century global economy. IB offers four programs including the Primary Years Program (K-5), Middle Years Program (6-10), Diploma Program (11-12) and Career-Related Program (11-12). There are currently 13 authorized IB programs in APS, more than any other school district in Georgia. Signature Programs and Cluster Funds for FY18 are anticipated to be approximately \$13 million.

MANDATORY EXPENSES

Charter School Scaling

As the local tax digest grows and as existing charter schools complete their grade-level build out, expenditures related to charter school scaling will continue to grow. Charters also receive a portion of local revenue and fund balance which is not reflected in this chart.



Increased Healthcare Cost

The Appropriations Act for FY2018 establishes maintenance of the employer contributions for the Teachers Plan. The FY2018 annualized teachers plan employer contribution rate is a monthly amount of \$945.00 for each certified employee enrolled in the plan and continuing until changed by Board resolution.

The Governor has recommended in his FY2018 proposed budget an increase to the non-certified rate of more than \$200.00 per month per employee effective January 2018. This was done in order to support the ongoing financial stability of SHBP.

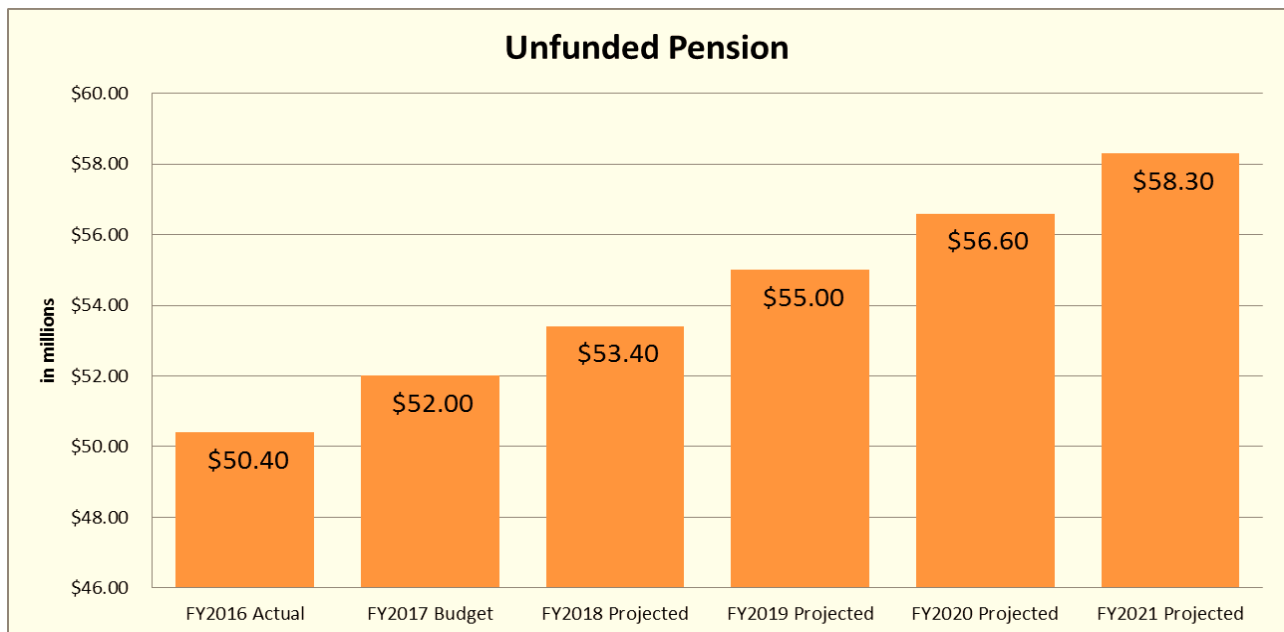
We anticipate the additional cost to APS to be roughly \$1.3 million.

Unfunded Pension

In the 1970's, significant underfunding occurred when the teachers in City Plan moved to the Teacher Retirement System (TRS). TRS required that the transfer of the teachers to their system be "fully funded". As a result, a substantial amount of the pension assets were transferred to TRS and, at that point, APS's share of the City Pension Plan was woefully underfunded. Since at least 2002, APS has made payments ranging from \$39-46 million on an annual basis and the annual required payments will escalate significantly over the next several years.

The pension liability payments for fiscal year 2017 are currently coming out of the General Fund and the annual payment represents 7.2% of total General Fund spending. The current annual payments are approximately \$1,000 per student and the payment amounts could go as high as approximately \$1,400 per student in future years. As such, these amounts cannot be spent for educational purposes.

This is a tough issue and impacts the core mission of APS as it reduces the amount of funds available to educate students. And unfortunately, prior Boards (going all the way back for decades) the funding problem has never been resolved. Further, the problem APS is facing now is the same pension liability underfunding that many local and state governments are facing across the country – and that has resulted in several local governmental units going into bankruptcy.

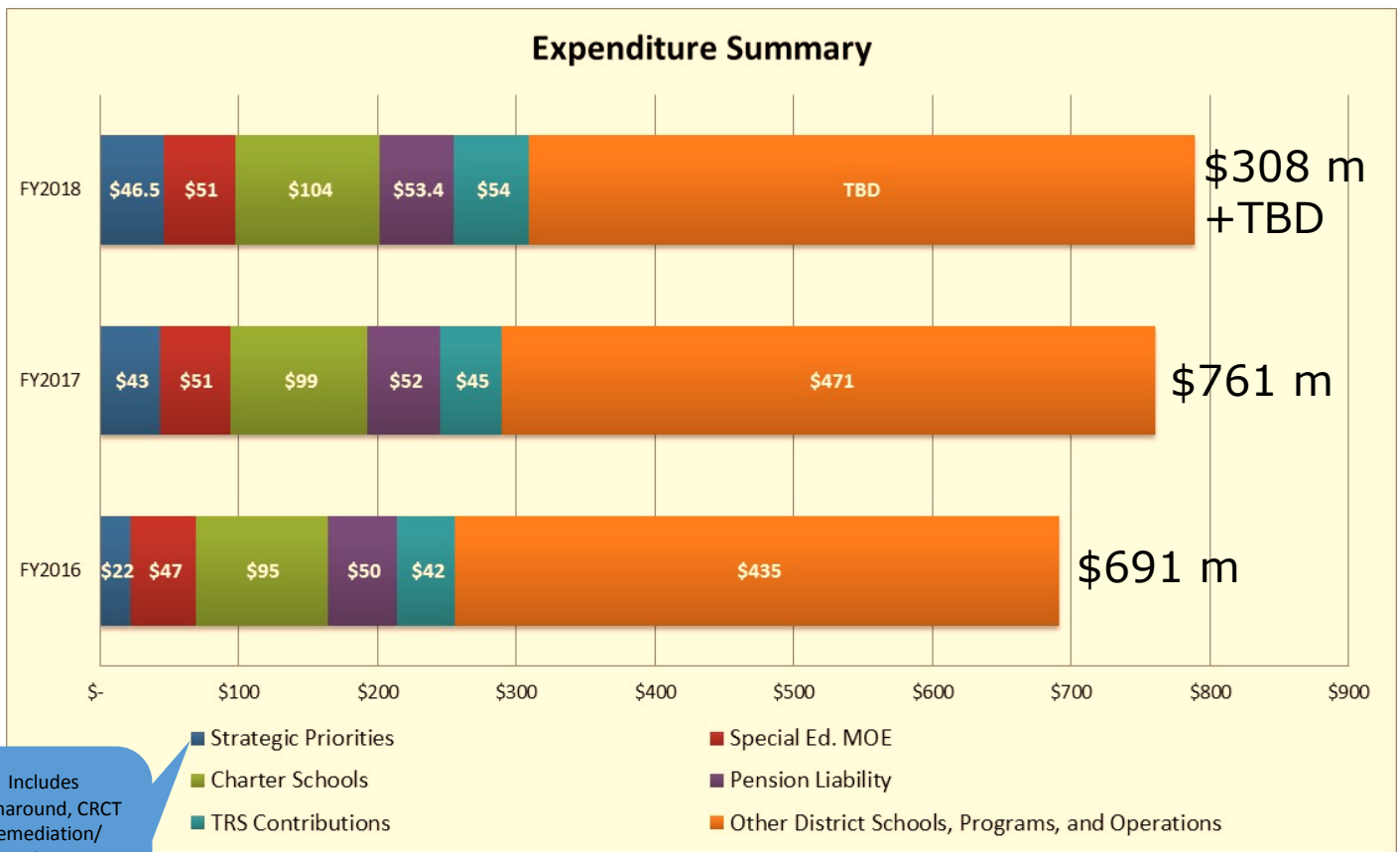


Expenditure Summary

As identified in the chart below, the District projects significant growth in mandatory expenditures for charter schools, pension funding, teacher retirement contributions, and strategic priorities. APS is anticipating an increase to TRS employer contribution rate from 14.25% to 16.8% costing the district approximately \$8 million.

On the revenue side, the District projects to have about \$15 million more in new resources:

- \$15.4 million from Local
- \$9.6 million from State
- **-\$10 million** from Other



Includes Turnaround, CRCT Remediation/Enrichment, Flexibility & Signature Programing

FY2015 Financial Efficiency Star Rating

APS is

committed

to providing its students with a quality education that will prepare them for college and career opportunities. At the same time, the district is mindful of its fiduciary responsibility to the tax payers of Atlanta and the state of Georgia.

While APS respects the attempt to measure the district's proficiency in educating students in as cost-effective a manner as possible, a number of unique factors and challenges must be taken into consideration:

- The distinctive needs of APS students require additional resources. For example, a large proportion of our students are in high-need and high-cost categories, including special education, ESOL and high poverty. APS is committed to providing additional services to meet the needs of these students.
- APS maintains low-population neighborhood schools, due to urban traffic constraints and community needs. Low-population schools may yield greater per pupil expenditures as they are unable to take advantage of economies of scale.
- APS has generous partners who invest in our schools. While we are extremely grateful, these special revenue sources increase our per pupil expenditure, but do not reflect the use of tax payer dollars.
- APS has a large unfunded pension liability, with an annually increasing obligation until 2027. The severity of this financial strain is unique to APS.
- Atlanta has one of the highest costs of living in the state of Georgia, which impacts salary requirements needed to attract and retain quality employees.

Per pupil expenditures in APS have been and will continue to be driven by efforts to increase student achievement, and the results of the most recent College and Career Ready Performance Index (CCRPI) – which show gains in 46 of our schools, including seven which improved enough to be removed from the proposed Opportunity School District (OSD) takeover list – indicate that while we still have a long way to go, we are moving in the right direction.

As such, the district expects to continue making significant investments to improve student achievement. In FY2017, the district invested \$24M in its turnaround strategy for low-performing schools.

APS will remain committed to providing our students with a high-quality educational experience, while implementing a fiscally responsible approach that minimizes the impact on tax payers and makes efficient use of public dollars.

Governor’s Proposed Fiscal Year 2018 Budget

Governor Nathan Deal asked lawmakers to approve a \$25 billion state budget that includes a pay raise for state employees and a 2% raise for public school teachers built into their pay scale. While the state’s 100,000 teachers would receive raises, the governor did not eliminate the \$166 million in “austerity cutbacks” to schools districts that have been built into state budgets since the early 2000s.

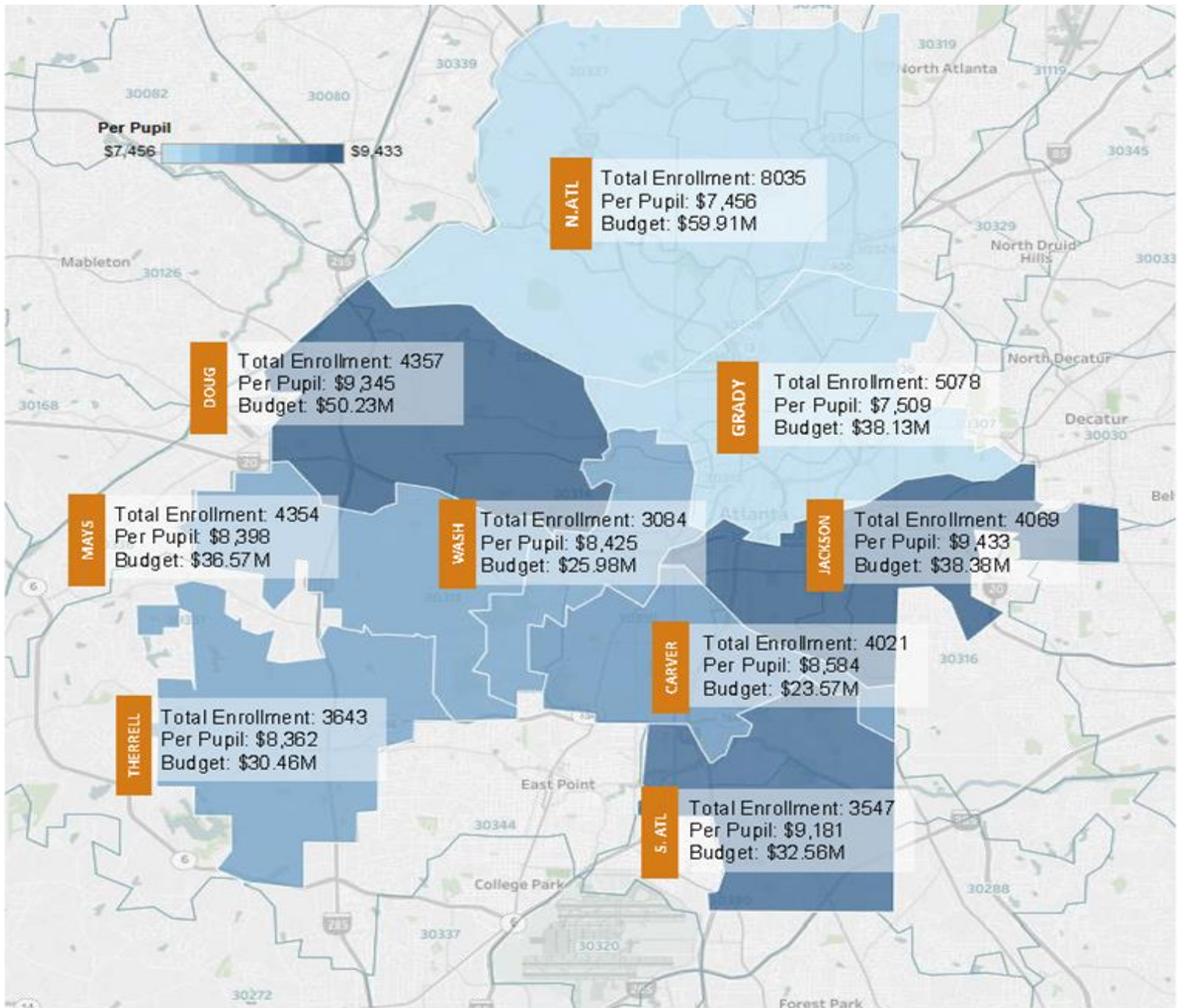
The projected State revenue growth is 3.6% over the amended FY2017 budget. Despite the growth, the proposed 2018 budget is less than the last budget passed before the recession when adjusted for economic changes and the rising needs of a growing state.

APS faces the following budget challenges for FY2018:

- Austerity cuts remain
- TRS rate increase from 14.3% to 16.8% is included in QBE calculation
 - Does not fully cover the increased APS expense
 - Equivalent to giving all employees a 2.5% raise
- 2% raise for public school teachers, built into their pay scale
- 5-mill share budget increased 9.2%
 - Driven by large increase in digest for FY16 that was then appealed for FY17
- Transportation grant may shift to per-student allotment
- Increased cost for health insurance for non-certified workers
 - Classified employees now on same rate as certified

Revenue Driver	Estimated FY18 Impact (in millions)
Enrollment Growth	\$2.72
TRS Rate Change	\$4.90
2% Salary increase	\$5.26
5-Mill Share	(\$11.11)
Transportation	TDB
Expenditure Driver	Estimated FY18 Impact (in millions)
TRS Rate Change	\$8.00
Non-certified Health Insurance	\$1.30

FY 2017 BUDGETING BY CLUSTER



This map represents ONLY FY2017 general fund original budget by school location. Expenditures coded to the central office, charter schools, special revenue, or SPLOST are not included. Per pupil calculations are based on approved total funds selected divided by approved projected enrollment. All number and calculations are based on approved/adopted budget.

Below is a public link to an interactive map with drill-down capability to view per pupil investments in FY2017 by fund, program, school, and cluster.

[FY 2017 Budgeting Per Pupil](#)

BFAC & BUDGET COMMISSION

The Superintendent established the Budget and Finance Advisory Committee (BFAC) to provide guidance and counsel on matters of budget and finance and to increase communication with the public, staff, and School Board, to provide for greater citizen involvement. The BFAC meets monthly with the Chief Financial Officer, working alongside staff and others to develop tools and methodologies on how to best improve the district's budgeting process. The administration has been responsive to BFAC's recommendations for greater cohesion and clarity. The district's budget development has become an integrated process that aligns resource allocation with goals and priorities established through the development of a well-defined curriculum, and a well-conceived and executed strategic planning process.

APS also has a Budget Commission comprised of the chairperson of the Board, a member of the Board appointed by the Chairperson of the Board to serve as the Chairperson of the Commission and two other members of the Board. Each year, the Chairperson and other members of the Board are nominated by the Board Chairperson and confirmed by the members of the Board. Along with the Board, the Superintendent and the Chief Financial Officer serves as ex-officio members of the Budget Commission.

In the event the Board receives more money, income or revenue from any extraordinary source, either by sale of real property, gift, grant, or otherwise, which has not been considered in the preparation of the anticipated revenues or other normal revenue in excess of appropriations, the Board may immediately allocate such

increased revenue for lawful purposes. However, during the preparation of the budget for the next year, no such extraordinary revenue shall be considered as part of the normal revenue of the Board.

Prior to the final adoption, Budget Commission meetings are held to gain consensus on revenue assumptions, budget parameters and appropriation levels.

In May, the Superintendent presents the tentative budget to the Board, the public and the media. The tentative budget provides a first glance of the investment plan for the upcoming school year. It evolves as the budget process advances and presents opportunities for input from key stakeholders including parents, students, citizens and staff. Also in May, the district holds interactive meetings with the community and staff regarding the tentative budget to receive additional input to be incorporated before the numbers are finalized. Subsequently, the Superintendent presents the recommended budget to the



Board, public, and media. Traditionally, the Board conducts multiple public hearing on the proposed budget and millage rate and then adopts the budget and tax rate in the month of June.

FISCAL YEAR 2018 GENERAL FUND BUDGET DEVELOPMENT CALENDAR



BOARD COMMISSION	DATE
Board/Superintendent workshop - Initial Academic and Operating Goals and Priorities for Budget Parameters	9.12.2016
Board Budget Commission Meeting	10.13.2016
Board Budget Commission Meeting	11.17.2016
Superintendent presents the Fiscal Year 2017 Budget Primer to the Board Budget Commission meeting (at call of Committee chair)	1.26.2017
Board Budget Commission meeting (at call of Committee chair)	2.16.2017
Board Budget Commission meeting (at call of Committee chair)	3.16.2017
Board Budget Commission meeting (at call of Committee chair)	3.30.2017
Board Budget Commission meeting (at call of Committee chair)	4.20.2017
Board Budget Commission meeting (at call of Committee chair)	5.18.2017
Board Budget Commission meeting (at call of Committee chair)	6.8.2017

BFAC MEETING	DATE
Budget and Finance Advisory Committee	9.15.2016
Budget and Finance Advisory Committee, second meeting	10.20.2016
Budget and Finance Advisory Committee, third meeting	11.17.2016
Budget and Finance Advisory Committee, fourth meeting	12.15.2016
Budget and Finance Advisory Committee, fifth meeting	1.26.2017
Budget and Finance Advisory Committee, sixth meeting	2.16.2017
Budget and Finance Advisory Committee, seventh meeting	3.16.2017
Budget and Finance Advisory Committee, eighth meeting	4.20.2017



ATLANTA PUBLIC SCHOOLS

FISCAL YEAR 2018 GENERAL FUND BUDGET DEVELOPMENT CALENDAR

Item #	Item Description	Dates
1	Board Retreat / Budget Commission Meeting - Initial Academic and Operating goals and priorities for Budget Parameters	September 12, 2016
2	Expanded Cabinet discusses budget framework, parameters and timeline	September 15, 2016
3	Budget and Finance Advisory Committee (BFAC)	September 15, 2016
4	Draft Fiscal Year 2018 Budget Parameters and Timeline presented in Finance update at work session	October 10, 2016
5	Board Budget Commission Meeting	October 13, 2016
6	Budget and Finance Advisory Committee (BFAC)	October 20, 2016
7	Board approves Budget Timeline	November 7, 2016
8	Board Budget Retreat	November 8, 2016
9	Board Budget Commission Meeting	November 17, 2016
10	Budget and Finance Advisory Committee (BFAC)	November 17, 2016
11	Expanded Cabinet discusses budget approach, options and provides feedback	November 17, 2016
12	Board approves parameters and reviews/discusses Fiscal Year 2018 budget assumptions, staffing formulas and strategic priorities	December 5, 2016
13	Budget and Finance Advisory Committee (BFAC)	December 15, 2016
14	Board approves Fiscal Year 2018 budget assumptions, staffing formulas and strategic priorities	January 9, 2016
15	Governor's State of the State Address and Education Budget (OMB)	January 11, 2017
16	Board Budget Commission Meeting	January 26, 2017
17	Budget and Finance Advisory Committee (BFAC)	January 26, 2017
18	Fiscal Year 2017 Mid-Year adjustment	February 6, 2017
19	Budget and Finance Advisory Committee (BFAC)	February 16, 2017
20	Superintendent presents the Fiscal Year 2018 Budget Primer to the Board Budget Commission meeting (at call of Committee chair)	February 16, 2017
21	Superintendent presents the Fiscal Year 2018 Budget Primer to the Board	March 6, 2017
22	Board Budget Commission meeting (at call of Committee chair)	March 16, 2017
23	Budget and Finance Advisory Committee (BFAC)	March 16, 2017
24	FC Tax Commissioner and FC Chief Assessor Board Presentation	March 16, 2017
25	Board Budget Commission meeting (at call of Committee chair)	March 30, 2017
26	Board Budget Commission meeting (at call of Committee chair)	April 20, 2017
27	Budget and Finance Advisory Committee (BFAC)	April 20, 2017
28	Conduct regional public meeting for Fiscal Year 2018 General Fund Budget	April 27, 2017
29	First public budget hearing for Fiscal Year 2018 General Fund Budget	May 1, 2017
30	Superintendent presents the Fiscal Year 2018 Budget to the Board (Tentative adoption)	May 1, 2017

31	First read of the tax millage rates for Fiscal Year 2018	May 1, 2017
32	Conduct regional public meeting for Fiscal Year 2018 General Fund Budget	May 4, 2017
33	Salary Hearing #1 (If necessary)	May 4, 2017
34	Conduct regional public meeting for Fiscal Year 2018 General Fund Budget	May 11, 2017
35	Salary Hearing #2 (If necessary)	May 11, 2017
36	Conduct regional public meeting for Fiscal Year 2018 General Fund Budget	May 18, 2017
37	Board Budget Commission meeting (at call of Committee chair)	May 18, 2017
38	Tax assessor provides preliminary appraisal values to District	May 19, 2017
39	Second public budget hearing for Fiscal Year 2018 General Fund Budget	June 5, 2017
40	Superintendent presents the Fiscal Year 2018 Budget to the Board (Final Adoption)	June 5, 2017
41	Board Budget Commission meeting (at call of Committee chair)	June 8, 2017
42	Tax assessor provides final appraisal values to the District	TBD June
43	Advertise the tax digest for the five year history Fiscal Years 2012-2017	TBD June
44	Advertise and publish notice of tax rate and budget	TBD June
45	Advertise the first and second public hearings for the tax Millage rates	TBD June
46	Advertise the third public hearings for the tax Millage rates (If necessary)	TBD June
47	Hold the first and second public hearing on the tax Millage rate	TBD June
48	Hold the third public hearings for the tax Millage rates (If necessary)	TBD June
49	Final adoption of the tax Millage rates for Fiscal Year 2017 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback)	TBD June
50	Deadline for millage rates to be delivered to Fulton County Tax Commissioner	TBD June

BUDGET PROCESS

START



STATE ALLOCATIONS

Funding Formulas are determined



SCHOOL ALLOTMENT GUIDELINES

Board discusses/approves parameters, assumptions, staffing formulas and strategic priorities.



PRINCIPAL PROPOSAL

Principals align their strategic plans and new year earnings in an effort to maximize viability



TENTATIVE ADOPTION

Superintendent presents the new Fiscal Year Budget to the Board of Education



PUBLIC HEARINGS

Regional public hearings are held to discuss the new fiscal year budget for tentative adoption



GOTEAM INPUT & APPROVAL

Assist in the decision making process of maximizing the educational opportunities of students



FINISH



TAX MILLAGE RATES

The first read of millage rates are given and public meetings are held



PRELIMINARY APPRAISAL

The tax commissioner provides the preliminary appraisal values



FINAL ADOPTION

The budget is presented to the Board of Education for final adoption.

ECONOMIC CONTEXT

National

Many in the education community are deeply concerned about how changes at the Federal level will effect local schools. Few specifics were offered prior to the election, but the President is expected to reduce the size and scope of the Department of Education. The new administration is expected to enact and abide by a plan to reduce federal oversight by eliminating two regulations when a new one is introduced.

Betsy DeVos, Donald Trump's pick for Secretary of Education, has stated that she will stop the Common Core standards. DeVos is known as a charter-school advocate and a booster of school choice and education vouchers. The education philosophy of President Trump and his nominee for Secretary of Education, Betsy DeVos is squarely situated in the school choice movement. The cornerstone of Trump's education plan is a \$20 billion investment in school choice programs. For educators who work in charter, parochial and other non-traditional settings, this could indicate additional resources, but for established educators and administrators in traditional schools, expect increasing competition for students and resources. As the impact of the Department of Education is minimized in coming years, expect less guidance regarding complicated issues such as standardized testing and transgender students.

State

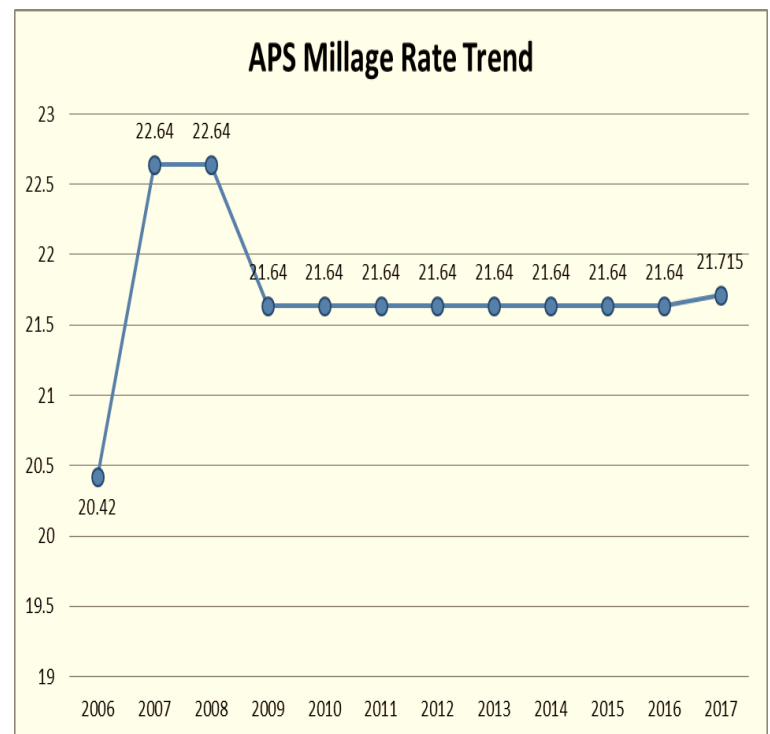
A proper education can set students on the path to opportunity and success from which circumstances could otherwise deter them. A strong educational foundation is essential for providing economic opportunities for Georgia's children later in life. Instilling a culture of a lifetime of learning ensures that the children will continue to build and develop important skills for the workplace throughout their careers. Therefore, we must ensure that every child receives the quality education to which he or she is entitled. The state budget funds growth in K-12 schools by providing \$496 million in additional funds to the Quality Basic Education program. This reflects a 2% increase to the state base salary schedule and an adjustment in the employer share of the Teacher Retirement System from 14.27% to 16.81%. Also included is a \$7 million increase to the Department of Early Care and Learning budget for pre-kindergarten teachers to be used for employee recruitment and retention initiatives and account for the increase in employer share of the Teacher Retirement System. However, much of these increases are offset by a significant increase in the amount the state withholds from APS (Local Fair Share). This deduction went from \$120.2 million in FY17 to \$131.3 million.



Local

Fulton County's, chief appraiser was replaced following months of frustration from county leaders about delayed tax bills. An error in calculating property tax exemptions came to light in June 2016. Tax bills went out two months later than normal. The delay in sending tax bills meant the county would be late collecting taxes. The delay forced APS to borrow to cover the gap. The District's Tax Anticipation Note for \$60 million was paid timely prior to the due date.

The county board of commissioners approved a millage rate of 10.45 mills, lower than the 2015's rate of 10.5. The projections in expenses would add \$25.7 million to the county's fund balance. The reduced cushion will affect fiscal year 2017. For APS the millage rate for FY2017 is 21.715. A mil of tax is equal to \$1.00 per every \$1,000 of assessed valuation of real estate property. Debt service millage of .10 mills was reduced by 0.075 mils and moved to the general operating millage for FY2017.



Atlanta market trends indicate an increase of \$20,000 (8%) in median home sales over the past year. The average price per square foot for this same period rose to \$193, up from \$175. Atlanta home prices are the highest in recent memory. According to the Atlanta REALTORS Association, Atlanta's median home price jumped from \$105,000 in 2012 to \$250,000 today. The reason is pretty simple: Low supply and high demand.

<https://www.educationviews.org/president-trump-education-2/>

https://www.washingtonpost.com/local/education/senators-to-scrutinize-betsy-devos-trumps-pick-for-education-secretary/2017/01/17/3a0e6168-da8f-11e6-9a36-1d296534b31e_story.html?utm_term=.c0508af94f62

<http://nypost.com/2016/12/11/trumps-education-secretary-pick-plans-to-get-rid-of-common-core-standards/>

<http://www.cbs46.com/story/32834360/bubble-about-to-burst-a-look-at-atlantas-real-estate-market#ixzz4XCqb0Ts>

MAJOR FUND GROUPS

APS's budget is organized in the following fund categories:

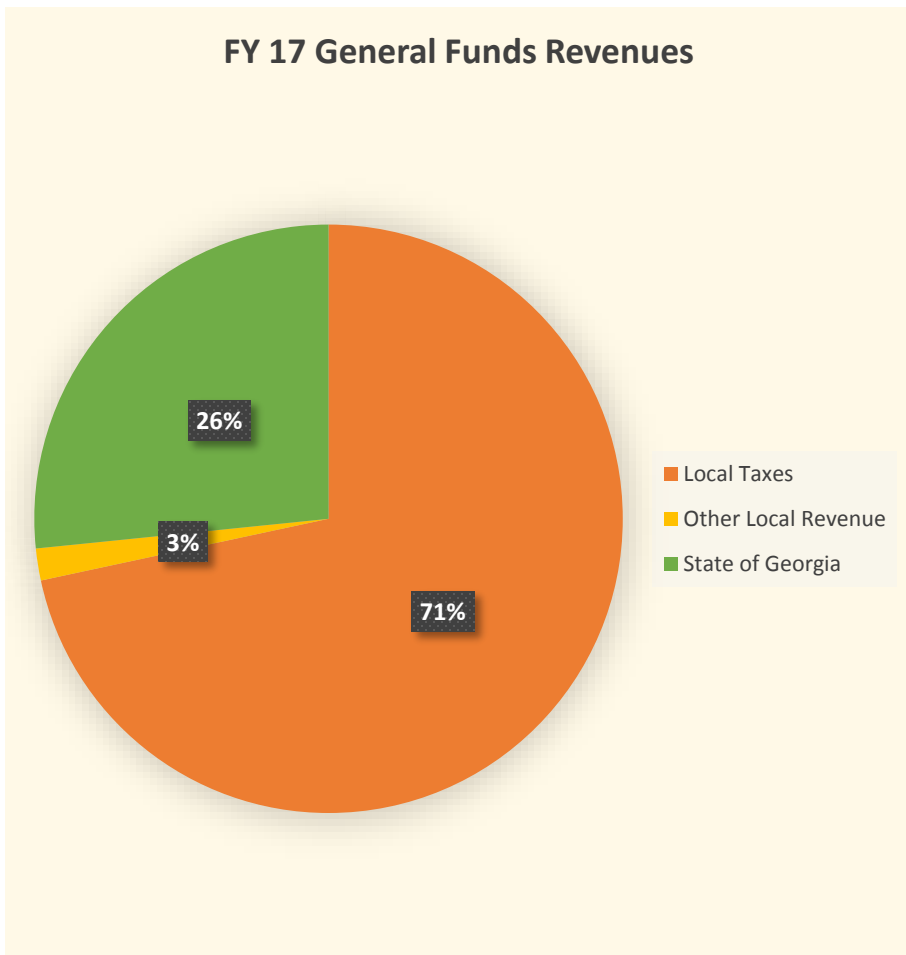
- **General Fund** - The fund used to finance the ordinary operations of the local education agency. It is available for a legally authorized purpose and consists of money not specifically designated for some other particular purpose.
- **Special Revenue Fund** - A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.
- **Debt Services** - Used to finance and account for payment of principal and interest on all long-term general obligation debts. Debt service funds are used to accumulate resources over the outstanding life of the bond issue in an amount equal to the maturity value. Cash of the debt service may be invested in income producing securities that are converted back into cash at the maturity date for use in retiring bonds.
- **Proprietary Fund** – Proprietary funds employ the economic resources measurement focus and are accounted for on the accrual basis. Proprietary funds are used to account for activities that are financed and operated like private business enterprises. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations.
- **Capital Projects** - Used to account for all resources used for acquiring capital sites, buildings, and equipment as specified by the related bond issue. Capital project funds are designated to account for acquisition or construction of capital outlay assets that are not acquired directly by the general fund, special revenue funds, or enterprise funds. Capital project funds have been developed to account for the proceeds of a specific bond issue and revenue from other possible sources which is designated for capital outlay, i.e., for land, buildings, and equipment.
- **Student Activity Funds** - Funds which are owned, operated and managed by organizations, clubs or groups within the student body under the guidance and direction of faculty or staff members for educational, social or cultural purposes.

FY17 Budget History

Fund	FY2015 Amended	FY2016 Amended	FY2017 Approved
General Fund	\$632,591,810	\$706,213,705	\$745,342,821
Special Revenue Fund	\$155,048,242	\$93,363,155	\$70,131,609
Proprietary Fund	\$26,610,973	\$32,354,627	\$31,613,649
Capital Projects/SPLOST	\$194,068,813	\$146,512,799	\$159,726,280
Debt Service Fund	\$2,000,919	\$2,006,359	\$500,000
Fiduciary Funds	\$946,702	\$946,702	\$-
Total Government Funds	\$1,011,267,459	\$981,397,347	\$1,007,314,359

GENERAL FUNDS

Atlanta Public School largest resource is the general fund. The state specifies that general funds may only be spent on educational purposes. These are broadly considered to be anything that is used to benefit the education of our students. There are specific prohibitions on the use of general revenue, such as; they cannot be used to buy food for staff meetings or to pay for certain memberships. The General Fund is the largest fund and reports accounting information related to the general operation of the district. It has four major sources of revenue, including: Local taxes, state grants, federal reimbursements, and miscellaneous sources. The pie chart shows the amount collected from each source.



GENERAL FUND REVENUES

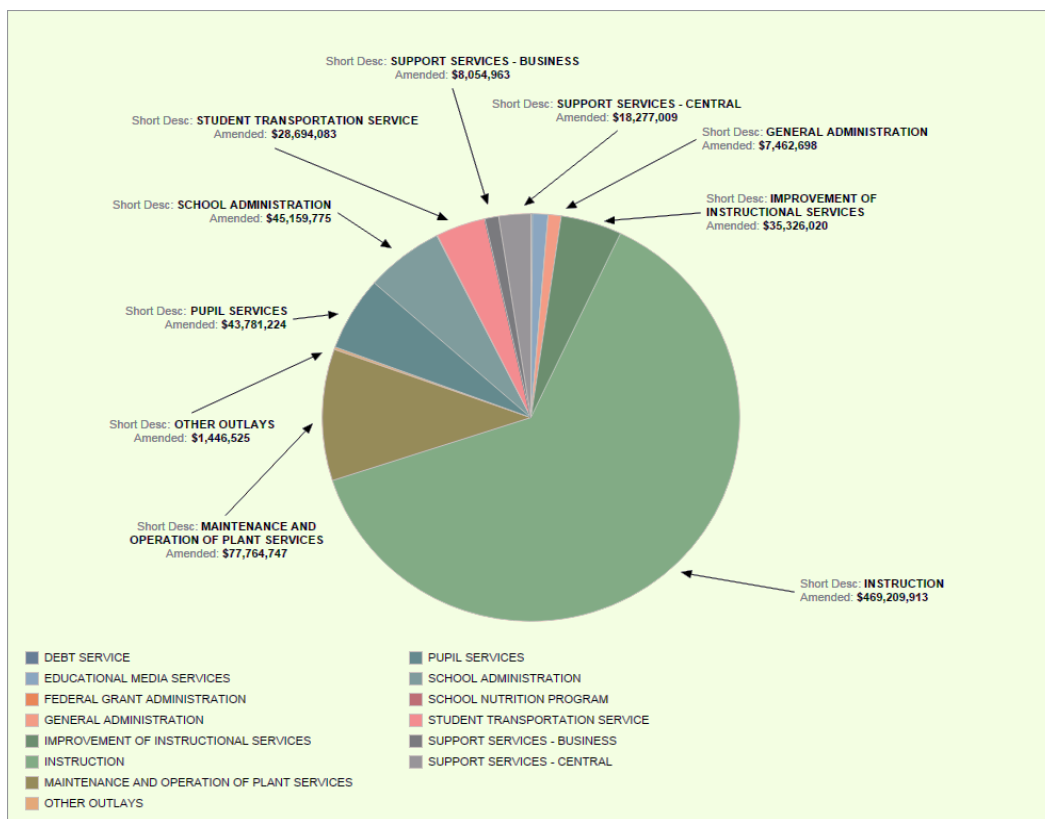
- ❖ Local tax revenue is primarily determined by the assessed value of property in the district as reported by the Fulton County Assessor and the tax rate that is adopted by the school board. The current tax rate for the general fund is 21.64 mills.
- ❖ State Revenue consists primarily of the Quality Basic Education (QBE) grant established by the state. The amount of the grant is based on the number of students in the districts, weighted by type of student, the per student amount approved by the state and the tenure and experience of the teachers in the district.
- ❖ Federal Sources consist primarily of contributions toward the cost of JROTC instructors, e-rate eligible technology purchases, and indirect costs incurred when administering federal grants.
- ❖ Other local revenue includes items such as: interest earnings, lease payments, and out of district tuition.
- ❖ The district keeps track of its spending by the following:
 - Function** is a group of activities that are related in purpose and that cuts across funds, object and sites. The major functions defined by the state are Instruction, Pupil Services, Staff Support and General Administration.
 - Location** is a group of activities that are related by physical site and cuts across fund, function, and object. Major sites include, the Center for Leadership and Learning, the Instructional Service Center, and each school.
 - Object** is a group of activities that are related by type and cuts across fund, function, and site.
 - Program** is a group activities that identify specific activities and procedures designed to accomplish a predetermined objective.

FY17 Budget by Function

At APS we adopt and manage our general fund budget by function. This is in alignment with state reporting of school budgets and allows for comparison among school districts. A function is a broad category that attempts to categorize expenditures that are directly related to student instruction, general administration, transportation, etc. A detailed explanation of each function can be found below.

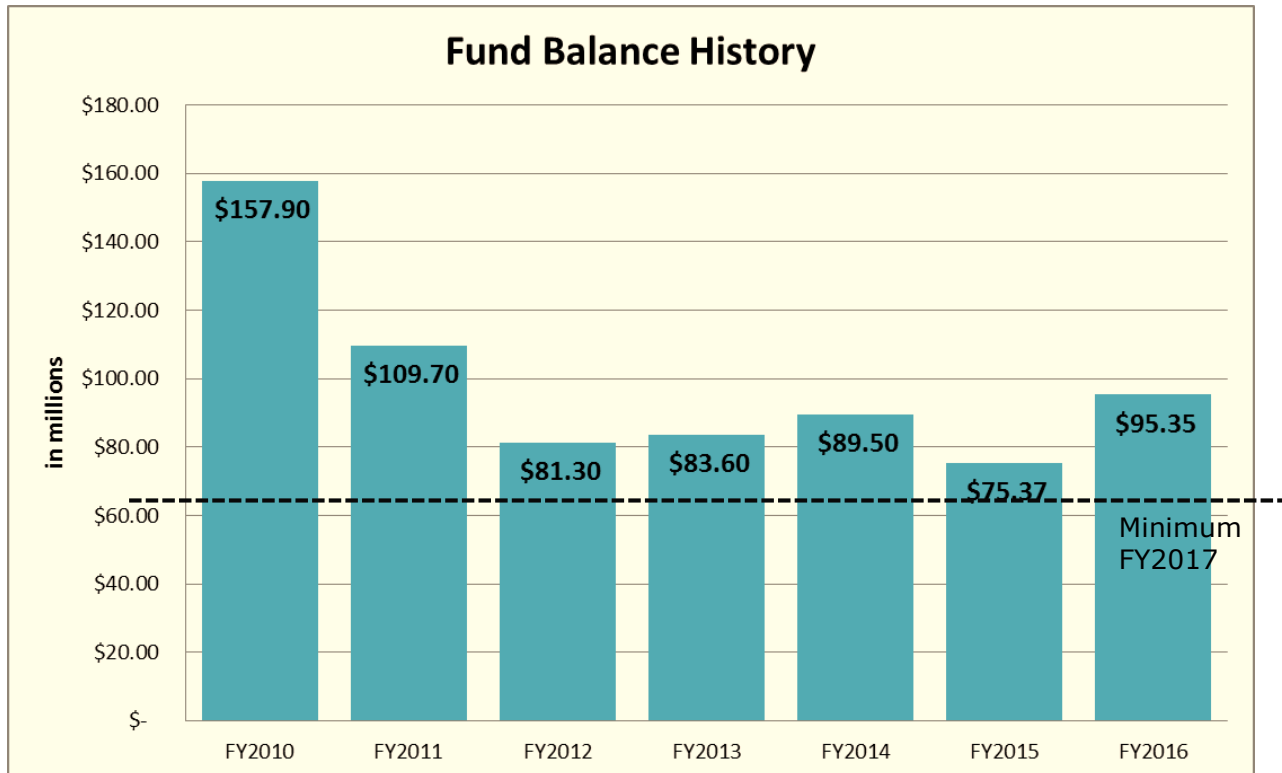
Since FY2015, APS has made a concerted effort to cut redundancies within the budget, especially the central office. We have done this by identifying reductions in department budgets and position FTE's, (more than 100) and consolidating programs. For FY2017 alone we were able to push an additional \$6.2million in flex, cluster and signature funds to schools through found efficiencies.

Central Office FTE			
Division	FY2015	FY2016	FY2017
Accountability and Info Systems	131.00	114.00	113.00
Chief Schools and Academics	169.00	160.00	144.70
Finance	87.00	77.00	63.00
Human Resources	63.00	54.00	49.00
Operations*	398.60	403.80	385.60
General Administration	62.00	58.00	49.00
Grand Total	910.60	866.80	804.30
Year over Year Cuts		(43.80)	(62.50)
*Excludes Bus Drivers and Safety and Security Reorg			



FY17 General Fund Balance

For the most part, APS does spend all of the revenue received each fiscal year. However, the district is allowed to place some general fund revenue into a savings account for future use (General Fund Balance). The state limits the max size of the savings account to 15% of annual revenue. APS has a practice of maintaining a fund balance of at least 7.5%.



FY17 General Fund Balance Usage (in millions)

Resources	2015-2016 Actuals	2016-2017 Budget
Local	\$506.8	\$516.2
State	182.0	192.8
Federal	1.0	-
Other	15.4	23.2
Revenue Total	705.2	732.2
Use of Fund Balance	0.0	13.1
Total Resources	<u>\$705.2</u>	<u>\$745.30</u>