

# BUDGET PRIMER

## Fiscal Year 2022

Prepared by Department of Budget Services  
Atlanta Public Schools



**Finance  
Division**  
[www.atlantapublicschools.us](http://www.atlantapublicschools.us)

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## MESSAGE FROM SUPERINTENDENT

Dear Atlanta Public Schools Stakeholders:

As Atlanta Public Schools develops the FY2022 budget, we strive to focus District spending on making deeper investments into specific parameters instead of distributing funds over too many disparate priorities. To that end, we continue to direct equitable and flexible spending closer to the classroom to ensure the responsible and effective use of taxpayer dollars. This budget primer represents the District's continued commitment to a consistent, transparent communications process that informs stakeholders of its plans for the upcoming fiscal year.



I'm proud of the work done to implement the Student Success Funding (SSF) formula, which focuses on an equitable and transparent distribution of funds to our schools. This strategy supports the charter system model to allow additional autonomy, flexibility, and site-based decision-making at our schools. We are also continuing efforts to streamline services and expenses at our central office and redirect more of those dollars to schools.

As we develop the FY2022 budget, we will work to address needs intensified by the COVID-19 pandemic, including ensuring the social, emotional, and mental well-being of our students; ensuring the safety of our students and staff; and addressing any potential learning loss that may have occurred during a fully virtual instruction model. We will work to balance these crucial needs with revenue uncertainty caused by the impact of that same pandemic on our economy.

Equity stands at the core of our 2020-2025 strategic plan and will guide our budget work. When the Atlanta Board of Education approved a district equity policy, it recognized: "Equity means the quality or ideal of being just and fair, regardless of economic, social, cultural, and human differences among and between persons. We believe that achieving equity requires strategic decision-making to remedy opportunity and learning gaps and create a barrier-free environment, which enables all students to graduate ready for college, career, and life."

Overall, the budget enables us to provide more educational opportunities for our students to achieve our mission to graduate every student ready for college, career, and life. We will continue to work hard to ensure that all resources – local, state, federal, and private dollars – are used to their fullest potential.

Yours in Service,

A handwritten signature in black ink, appearing to read 'Lisa Herring', with a stylized flourish at the end.

Dr. Lisa Herring

## EXECUTIVE SUMMARY



As Atlanta Public Schools works to develop the FY2022 budget, we strive to include context and narrative that helps to tell the story of APS through its financial resources. In short, this budget is a result of a close examination of the APS mission, vision, strategic plan, and guiding principles with a goal of addressing equity and enabling all students to graduate ready for college, career, and life.

This budget development season for FY2021 was different from any other year and our budget team quickly adapted to build four different budgets over the course of three months. The adopted budget for FY2021 was austere, contemplating deep cuts to state revenue and unknown factors for local revenue collections. Since the initial adoption, we have been able to restore many cuts as state collections proved higher than initial assumed and as we restored fund balance from under spend and over collections in FY2020. However, as we build for FY2022, there are still many unknowns that the district is wrestling with. In particular, projecting enrollment has become harder than ever. APS, like all metro districts, experienced sharp enrollment declines in FY2021. While we anticipate that this will affect our state revenue for FY2022, we do not know how many students will return. We have therefore implemented a process through which principals can select from a conservative or optimistic enrollment projection and are empowering principals through this process to develop strategies that will mitigate the effects of either over or under projecting enrollment on a school by school basis.

Another unknown is the potential influx of additional federal funding. APS has benefited from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and are hopeful for additional dollars to help to address the long-term effects of COVID-19 on student learning. However, without specifics, we must think strategically about known, existing, and recurring resources to plan for implementing our most necessary interventions. We continue to anticipate declines in sales tax collections for as long as the economy is in fluctuation which impacts SPLOST planning. It remains undetermined how quickly sales will rebound but recouping lost sales is unlikely.

While APS has made gains across the district over the past five years, many more of our students, particularly Black students, must be proficient learners before we can say they are college and career ready. APS developed an ambitious strategic plan that will guide our work for the next 5 years. To realize the goals set forth, it is imperative that we intentionally align resources with district priorities.

We started this work in FY2021 when the District began to shift from traditional incremental budgeting to a modified zero based budgeting (modified ZBB) approach. This method created more transparency and encouraged more in-depth and meaningful conversations about leveraging the budgeting process to create to understand programmatic needs and request for allocations. For FY2022, we will move on to phase II of the modified ZBB called, Budgeting for Priorities to start tracking our spending on the strategic plan and other district priorities in a more robust way.

We recognize that a technical solution was needed to better align resources with the new strategic plan, track investments, and evaluate whether our spending is equitable. Therefore, the Budget Services department partnered with Allovue to help align resources with the new strategic plan, track investments, and evaluate whether our spending is equitable. This software will allow budget center managers to view account balances and track spending in real time. With transaction monitoring and custom reporting, users will be able to easily search and track purchases by vendor, description or other transaction-level information and generate and share reports with other members of their teams.

Our goal is to continue to work to build a budget that balances the needs of our students and provides funding for educational programs. The budget allows us to provide educational opportunities for our students to achieve our mission to graduate every student ready for college, career and life. We will continue to work hard to ensure that all resources – local, state, federal and private dollars – are used to their fullest potential.

Best,

Lisa Bracken



## ABOUT ATLANTA PUBLIC SCHOOLS

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.

APS is the sixth largest school district in the state of Georgia, serving more than 52,000 students. The District is organized into nine K-12 clusters with 58 neighborhood schools, 19 charter schools, 3 alternative programs, 2 citywide single-gender academies, 6 partner schools. There are 87 learning sites and programs with a total of 68 being Title I schools where students are offered rigorous instructional programs that foster success in school and life.

As of July 1, 2016, Atlanta Public Schools officially became a Charter System. This new contract, or “charter,” with the state allows more decisions to be made at the school level by principals, educators, parents and community members, all of whom are closer to students and their school needs. This freedom and flexibility from many state education laws and regulations comes with increased accountability for student achievement.

Atlanta Public Schools’ journey of transformation is gaining ground with improvements in graduation rates and performance data, yet a significant achievement gap still exists. We are living the mission with students graduating ready for college and career. APS has seen headway with key yard markers such as Georgia Milestones, CCRPI progression and our growing graduation rates.

## MEASURABLE 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.
- 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, & Exemplary schools.





Washington High School, Class of 2019

**91** Schools  
+ Programs

**9**  
Clusters

**2,506**  
Class of 2019  
graduates

**52,416**  
Students  
2020 school year  
projection

## Population

**Student**

72.9% African American  
15.9% Caucasian  
7.6% Hispanic  
2.4% Multi-racial  
1.3% Other



South Atlanta High School

**5,294**  
Total teachers  
3,217 Traditional  
2,077 Non-traditional

**16**  
GHSAs  
Middle +  
High School  
Athletic  
Programs

**21,215**  
Bus miles traveled  
per day  
293 Total bus routes  
32,069 Students transported

**74.4%**  
Students qualify  
for free or  
reduced lunch

Smith Elementary School



# ABOUT APS

Atlanta Public Schools is one of the largest districts in Georgia, serving more than 52,000 students throughout Atlanta. APS is organized into nine high school feeder patterns. The cluster model allows all students from the cluster elementary schools to matriculate to the same middle and high school. The cluster model ensures continuity for students from kindergarten through grade 12 and enables all students to have access to music, arts, foreign language and core academic programs. The cluster model also provides opportunities for curriculum alignment, college and career programming (i.e. Science, Technology, Engineering, and Mathematics (STEM), Science, Technology, Engineering, Art, and Mathematics (STEAM), International Baccalaureate (IB) and College & Career Prep) as well as strategies focused on student achievement. ■

## Charter System Operating Model and APS Cluster Planning

Aligned with its Charter System operating model, APS engaged the community in a planning process that led to the creation of Cluster Plans that highlight instructional programming across schools within a cluster, Pre-K through high school, and define the future direction for each cluster. This allows our schools and clusters the flexibility and autonomy to use what they know works best for their students while adhering to district and state guidelines.

One focus of the Cluster Plans is the identification and implementation of a signature program. This signature program focuses on the vertical and horizontal alignment of academic programs for schools and neighborhoods. These programs will provide rigor, structure, focus and accountability across the cluster. The programs chosen include:

### International Baccalaureate (IB)

- IB programs aim to develop inquisitive, knowledgeable and compassionate young people who help to create a better and more peaceful world through intercultural understanding and respect.
- **Participating clusters:** Jackson, Mays, Atlanta and Therrell

### STEM

- This integrated curriculum coordinates the teaching of Science, Technology, Engineering and Mathematics through problem solving, discovery and exploratory project/problem-based learning.
- **Participating clusters and schools:** Douglass, South Atlanta, Washington, B.E.S.T. Academy and Coretta Scott King Young Women's Leadership Academy

### College & Career Prep

- This College and Career Preparatory curriculum is based on the essential skills, knowledge, and dispositions that children need to succeed as citizens and workers in today's world.
- **Participating clusters:** Carver and Midtown

The District's new operating model led to the creation of GO Teams-school-based governance bodies comprised of parents, educators and community members- to assist with decision-making at the school and cluster levels.

## APS Neighborhood Schools Cluster Feeder Patterns

High Carver, Carver Early College	Middle Price Sylvan Hills	Elementary Gideons Finch Perkerson Slater Thomasville Heights
Douglass	John Lewis Invictus Academy	Boyd Harper-Archer Scott F.L. Stanton Usher-Collier Heights KIPP Woodson Park Academy
Midtown	Inman	Hope-Hill Mary Lin Morningside/Morningside K-Center Springdale Park
Jackson	King	Benteen Burgess-Peterson Academy Dunbar Barack & Michelle Obama Academy Parkside F.A. Toomer
Mays	Young	Beecher Hills Cascade Miles Peyton Forest West Manor
N. Atlanta	Sutton	Bolton Academy Brandon/Brandon Primary Garden Hills Jackson/Jackson Primary E. Rivers Smith/Smith Primary
S. Atlanta	Long	Cleveland Avenue Dobbs Heritage Academy Humphries Hutchinson
Therrell	Bunche	Continental Colony Deerwood Academy Fickett Kimberly
Washington	Brown Hollis Innovation Academy	Hollis Innovation Academy M. Agnes Jones Tuskegee Airmen Global Academy





## HIGHLIGHTS

School district budgets are not just about dollars and cents. They are about how well the district allocates its limited resources to the benefit of student achievement and outcomes. Therefore, a budget cannot just outline revenues and expenditures, it has to set out the direction for the district. Here at APS, budgets are about increasing equity, instructional quality and efficiency while assuring the District reaches the mission to graduate every child so they are prepared for college and career.

The fiscal year 2022 general fund budget will not only outline the APS revenue and expenditure plan for school year 2021-2022, but will also continue to follow a student-focused funding model that provides resources based on student attributes. Student Success Funding (SSF) empowers school-based decision-making to effectively use resources that align with the Charter System Strategy.

As the District prepares for FY2022 and beyond, we are positioning to take on challenges we are likely to encounter. Student success is our top priority, and our students and programs are seeing initial movement and are making headlines for improvements. Some of our most notable successes include:

- Aligning with our districts Strategic Priorities by allocating millions in support of investments in quality early childhood education, leadership development, whole-child development, and investments in Pre-K through third grade to ensure all students are reading by the end of third grade
- APS also implemented a historic minimum wage hike for full time workers to \$15 per hour this year in the midst of a pandemic.
- The District's graduation rate has continually increased by ranging from 59.1 percent in 2014 to 79.9 percent in 2018, which was the highest graduation rate the District had achieved since the state aligned with the national standard in 2012. The Atlanta Public Schools 2020 graduation rate is 80.3 percent, a 2.4 percentage point increase from 2019 and now the highest the district has seen



In times of increasing budget pressure and limited resources, it is important to think creatively about different funding sources. As a result, APS established Office of Partnerships and Development which works to bridge the gap where funds fall short with external resources. The Office of Partnerships and Development was established in 2014 and since then has proactively created and engaged strategic partners to support APS' needs.

This Office serves schools by equitably distributing resources and opportunities to them and acts as thought partners for accessing resources and making connections to further your work and offset general funds.

Since its inception, the Office has either established or re-established more than 350 partnerships and raised more than \$70 million in cash and in-kind donations to offset costs or fund initiatives for the District's mission. Some highlights of the office's work include:

- Securing a \$250,000 grant from Fulton County Government to support critical wraparound services for homeless and foster care youth as well as for combating truancy
- Providing childcare stipends to staff during the COVID 19 pandemic to help get APS staff back to work
- Establishing a partnership with Coca-Cola where, all 2020 APS graduates will receive a free graduation cap and gown made from 100% recycled materials

While the Office is not a grant maker itself, the team can act as consultants and collaborators to help maximize your school and department funds and find alternative resources for priorities where there are gaps. Below are just some of the supports the Office of Partnerships and Development provide:

- Connect you with partners and resources
- Help you fundraise for your critical needs; strategize about how to find funding
- Share our templates and toolkits
- Offer training and workshops
- Provide direction and background on partner and philanthropic landscape
- Support grant writing efforts
- Share funding and partner opportunities as well as enrichment opportunities

As a general rule, whenever you are thinking about applying for a grant or wanting to approach a new partner, contact the Office of Partnerships and Development; information is below:

Stephanie Callier [stcallier@apsk12.org](mailto:stcallier@apsk12.org) (administrative support)

Upenda Dubose [udubose@apsk12.org](mailto:udubose@apsk12.org) (leads school resourcing and partner engagement)

Joi Hunter [joi.hunter@apsk12.org](mailto:joi.hunter@apsk12.org) (leads fundraising and grants)

Rachel Sprecher [rsprecher@apsk12.org](mailto:rsprecher@apsk12.org) (leads districtwide partnership and development strategies that serve all students or staff in the district)

## FY2022 DEVELOPMENT

### FY2022 BUDGET PARAMETERS

Budget parameters are guidelines for budget development, including revenue assumptions, fund balance targets, and expenditure goals. They identify process and presentation recommendations to provide transparency in linking goals, outcomes and district spending plans. The budget parameters also develop monitoring procedures that hold the District accountable for executing the budget plan.

### GUIDING PRINCIPLES FOR RESOURCE PARAMETERS

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

1. If the budget contemplates significant investments in strategic priorities above current operational costs.
2. 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.
3. If the budget proposals support the District's transformational strategy.
4. 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.
5. If the Board believed that not raising the millage rate would impede the District's ability to deliver on promises to stakeholders (signature programs, Turnaround, whole-child development, to address equity).
6. If unfunded mandates emerge from the General Assembly.
7. If there is significant loss of long-standing revenue streams.
8. 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



### RESOURCE PARAMETERS

1. The District will alleviate pressure from the general fund and tax payers while supporting the ongoing transformation of APS by:
  - Maximizing all available funding streams included federal grants and other special revenue
  - Continuing to identify grant-generating opportunities
  - Protecting the tax base through maximized benefit to the District of all current TADs, continuing the scrutiny of tax abatements, and supporting the coterminous boundaries of the District with the city of Atlanta
  - Seeking additional business, philanthropic and community partnerships
  - And assessing the required millage rate
2. The District will maintain a fund balance of between 7.5% and 15% of the proposed operational expenditure budget
3. The District will strategically utilize the fund balance to ensure operational integrity of district programs, support expenditure parameters, and offset potential decreases in revenue
4. The District will seek to add to the fund balance, preferably through the already negotiated TAD IGA

### GUIDING PRINCIPLES FOR EXPENDITURE PARAMETERS

- Depth vs. Breadth: with unfavorable revenue projections and increasing mandatory costs, a focus should be on making deeper investments in specific parameters instead of distributing funds over too many disparate priorities
- Budget parameters should be in alignment with the District mission, vision, strategic plan, and with the charter system operating model

### EXPENDITURE PARAMETERS

1. The District will evaluate and reprioritize existing funding commitments including:
  - the Turnaround strategy,
  - the core components of signature programming, cluster and flexibility funds (through SSF)
  - ,
  - The Atlanta College and Career Academy,
  - investments in early learning (including PAACT)

2. The District will continue to make investments in the talent strategy to include recruiting, developing, retaining, and promoting high-quality staff through pipeline development work, professional development, and coaching and career pathways including leadership development, and a multi-year compensation strategy that positions APS competitively in the market and supports the retention of high quality employees
3. The District will continue an annual scaling of 3% contribution to the General Employee pension plan
4. The District will allocate resources pursuant to the District's definition of equity and in support of the charter system model through the Student Success Formula (SSF) to increase transparency, and to drive innovation and autonomy with accountability so that Principals and local Go Teams can make decisions aligned with their specific needs
5. The District will develop a multi-year resource plan to accompany the five year strategic plan to ensure overall sustainability of the initiatives
6. The District will develop a detailed line item budget for the central office departments and implement a modified zero-based budgeting process in alignment with the Government Finance Officers Association best practices in school-based budgeting
7. The District will align budget resources pursuant to the renewal of the Charter System Model
8. The District will invest through the lens of the Equity Commitments as including the 2020-2025 Strategic Plan
9. The District will invest in recovery initiatives to identify and close gaps caused by the extended impacts of Covid-19 on the system.



## TIMELINE OF BUDGET DEVELOPMENT

FISCAL YEAR 2022 GENERAL FUND BUDGET DEVELOPMENT	
Item Description	Dates
Board Meeting	September 8, 2020
Board Budget Commission Meeting	September 17, 2020
Board Meeting	October 5, 2020
Budget and Finance Advisory Committee (BFAC)	October 22, 2020
Board Budget Commission Meeting	October 29, 2020
Board Meeting	November 2, 2020
Budget and Finance Advisory Committee (BFAC)	November 12, 2020
Board Budget Commission Meeting	November 19, 2020
Board Meeting	December 7, 2020
Board Budget Commission Meeting	December 17, 2020
Board Meeting	January 4, 2021
Governor's State of the State Address and Education Budget	January 14, 2021
Budget and Finance Advisory Committee (BFAC)	January 14, 2021
Board Budget Commission Meeting	January 21, 2021
Board Meeting	February 1, 2021
Budget and Finance Advisory Committee (BFAC)	February 11, 2021
Board Budget Commission Meeting	February 18, 2021
Board Meeting	March 1, 2021
Budget and Finance Advisory Committee (BFAC)	March 11, 2021
Board Budget Commission Meeting	March 18, 2021
Board Meeting	April 12, 2021
Budget and Finance Advisory Committee (BFAC)	April 15, 2021
Board Budget Commission Meeting	April 15, 2021

Board Meeting; (Tentative adoption)	May 3, 2021
First public budget hearing for Fiscal Year 2022 Budget	May 3, 2021
Conduct regional public meeting for Fiscal Year 2022 Budget	TBD May
Budget and Finance Advisory Committee (BFAC)	May 13, 2021
Conduct regional public meeting for Fiscal Year 2022 Budget	TBD May
Board Budget Commission Meeting	May 20, 2021
Conduct regional public meeting for Fiscal Year 2022 Budget	TBD May
Conduct regional public meeting for Fiscal Year 2022 Budget	TBD May
Board Meeting; (Final Adoption)	June 7, 2021
Second public budget hearing for Fiscal Year 2022 Budget	June 7, 2021
Advertise and publish notice of tax rate and budget	TBD July
Advertise the first and second public hearings for the tax Millage rates	TBD July
Advertise the tax digest for the five year history Fiscal Years 2016-21	TBD July
Advertise the third public hearings for the tax Millage rates (If necessary)	TBD July
Deadline for millage rates to be delivered to Fulton County Tax Commissioner	TBD July
Final adoption of the tax Millage rates for Fiscal Year 2022 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback)	TBD July
Hold the first and second public hearing on the tax Millage rate	TBD July
Hold the third public hearings for the tax Millage rates (If necessary)	TBD July



## ABOUT THE BUDGET PROCESS

### Planning

The planning activities include identifying and prioritizing educational needs and forecasting available resources to meet those needs. This segment requires intensive involvement of central office, instructional, and operational staff year round.

### Preparation

Tentative budgets from the school level are based on the projected enrollment associated with the full time enrollment reports submitted to the Georgia Department of Education, instructional plans, estimated resources, contractual requirements, and anticipated inflationary issues. Forecasting available resources and requested appropriations will indicate whether the District's initial budget will suffer a shortfall or pledge undesignated reserves. All organizational units prepare their budgets during the fall and winter months of each year.

- *State Allocations/QBE*- Revenue assumptions are made based on Governor's State of the State Address
- *Preliminary Appraisal*- The tax commissioner provides the preliminary appraisal values
- *Tax Millage Rates*- The first read of millage rates are given and public meetings are held

### Analysis and Review

The budget requests for the central departments are developed with the support and analysis provided by the Budget Services Department. The requests are reviewed for completeness, accuracy and compliance with established budget assumptions. The school budgets are consolidated with the program budgets into one file for reporting purposes. These various reports are then submitted, as the General Fund Draft Budget, to Senior Cabinet for review and revision. The Board Budget Commission and the Budget and Finance Advisory Committee (BFAC) meet regularly throughout the budget development process to gather input and to provide guidance for the budget process.

- *School Allotment Guidelines*- Developed with collaboration of SSF taskforce and based on Budget Commission discussions
- *Principal Proposal*- Principals align their strategic plans and new year earnings in an effort to maximize viability
- *Department Budgets*- Departments use zero line item budgeting to support their strategic plans and new year earnings to maximize feasibility

### Adoption and Approval

In the latter part of the development process, a district-wide consolidated budget is drafted. This tentative budget reflects the results of an internal review of the budget requests conducted by the Superintendent, Chief Financial Officer, and Budget Executive Director. By law, the Board of Education shall hold at least two public hearings to receive public input on the proposed budget. After the budget hearings, changes can be made that reflect public input. Budget adoption at the next legislative meeting of the School Board is the final step.

- *GoTeam Input & Approval*- Go Teams assist in the decision making process of maximizing the educational opportunities of students and aligning resources to strategy
- *Regional Public Meetings*- Regional public meetings are held to discuss the new fiscal year budget for tentative adoption.
- *Public Hearings*- Two Public hearings are held in alignment with both Tentative and Final budget adoption so that the Board can receive public input prior to taking action on the proposed budget
- *Tentative Adoption*- Superintendent presents the new Fiscal Year Budget to the Board of Education
- *Final Adoption*- The budget is presented to the Board of Education for the final adoption

## Implementation

The fiscal year of Atlanta Public Schools begins July 1 and ends on June 30. Atlanta Public Schools has an encumbrance driven accounting system that does not allow overspending of non- salary. The Human Resources Department works closely with the Budget Department in monitoring position control. The Budget Department also does reviews and modifications of individual budgets to ensure that the school district is on target with projected spending.

## Review and Assessment

The budget is an important management tool for all stakeholders, to include: taxpayers, the School Board, the administration, school level managers and teachers. Monitoring of staffing and expenditures enables Budget Center Managers to keep track of how well their programs are being implemented and the rate at which funds are being expended. The rate of expenditure is important for cash flow purposes to ensure that the District always has available assets to sustain daily operations. The success of the budgeting process depends on many individuals throughout the school system fulfilling their duties and responsibilities in a timely and appropriate manner.

## Fiscal Responsibility

As custodians of public funds, our purpose and commitment is to manage those funds with honesty and integrity in order to ensure that the District continues to function smoothly, and to build and maintain public trust. In order to meet these criteria, budgets have been formulated using clear and precise directions to others in the construction of their budgets.

## BFAC AND 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 Executive Director of Budget Services and/or 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 Budget Commission is 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.

The responsibilities of the Budget Commission include preparing the anticipated revenues for the school system and to allocate a sum sufficient to provide for debt service, including a sinking fund and interest on bond indebtedness, and any other appropriations required by law. The Commission also adjusts the anticipated revenues in the event the income of the school system is increased or decreased as well as hold public hearings. 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 four regional 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. The Board conducts public hearings on the proposed budget and millage rate and then adopts the budget in the month of June. Millage rates have typically been adopted later in the summer.

## TIMELINE/CALENDERS

<b>Budget Finance Advisory Committee Meeting Dates:</b>
September 10, 2020
October 22, 2020
November 12, 2020
No meeting in December
January 13, 2021
February 11, 2021
March 11, 2021
April 15, 2021
May 13, 2021

<b>Board Budget Commission Meeting Agenda:</b>	<b>Date:</b>
Align on Budget Development timeline, potential challenges, recommend changes for FY2022 budget process, draft resource and expenditure parameters	September 17, 2020
Finalize FY2022 parameters, update on current cash flow and tax anticipation notice, SSF review/align recommendations, equity resource allocations	October 15, 2020
Finalize FY2022 parameters, SSF review/align recommendations, align on recommended changes for FY2022 budget process for departments	November 19, 2020
Review revenue and expenditure assumptions, budget dept. process update	December 17, 2020
Deep dive on revenue assumptions and budget process update	January 21, 2021
Draft Budget primer, legislative update, and compensation strategy	February 18, 2021
Local revenue (Fulton County Tax Assessor and Fulton County Tax Commissioner), legislative update, revenue vs expenditure analysis	March 18, 2021
Non-general fund budget presentations, recommendation for tentative budget	April 15, 2021
Recommendation for final budget	May 20, 2021



## STRATEGIC PLAN

### STRATEGIC PLANNING

The vision of Atlanta Public Schools is to be a high performing school district where students love to learn, educators inspire, families engage and the community trusts the system. The District has built on the previous strategic plan and laid the foundation for this vision with the development of the 2020-2025 “We Are” strategic plan. This plan reflects our focus on strengths as a District. The strategic plan is a roadmap for APS. The 2020-2025 strategic plan creates a bold direction for our students and families centered on great public schools regardless of the neighborhood, zip code, or area of the city. This plan is ambitious because it places equity at the forefront of our work. We want it to serve as an important anchor of our work, as it focuses on increasing educational equity for all of our students.

Outlined in this plan are a set of equity commitments that provide a framework for staff to address educational equity in specific and impactful ways. This work will guide how we, as a school system, define and measure student success, support and elevate teachers, provide schools the resources they need to support every child, and create conditions that help students thrive regardless of which school they attend in APS.

The strategic planning process involved the Atlanta Board of Education, District and school staff, students and community stakeholders. Feedback was gathered from across the District through town halls and neighborhood meetings, parent advocacy groups, small focus group discussions, school site visits, surveys and principal and administrative meetings.

### OPERATING MODEL

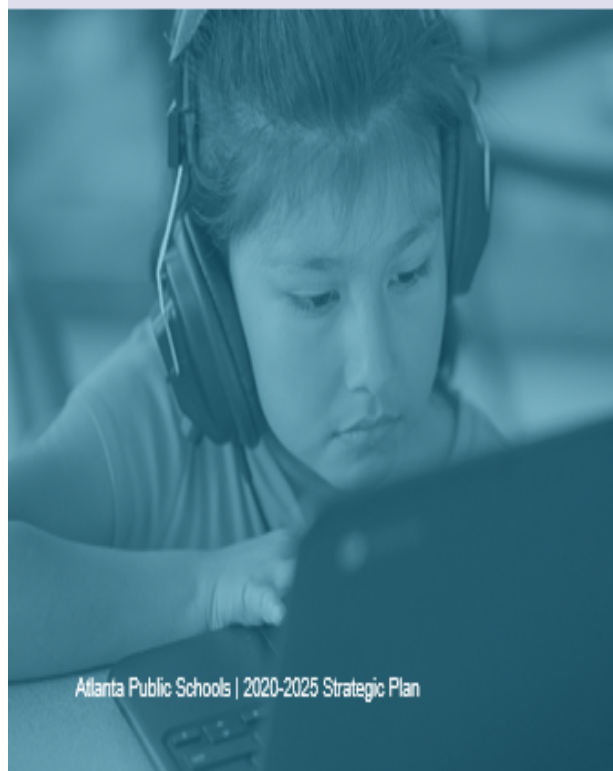
The District complied with State of Georgia law that requires a school system to select an operating model June 2015. After completing vision, mission and strategic planning while also exploring the merits of the available state operating models, the Atlanta Board of Education determined that the Charter 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 through outlining the key budget priorities and financial needs. This will ensure that the objectives of the strategic plan are prevalent 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.

# APS STRATEGIC PRIORITIES 2020-2025

APS is focused on four key priorities. The following pages communicate APS' five year strategy, highlighting the strategic priorities, objectives and work streams we will pursue to close the gap between current and desired performance. All components work together to ultimately achieve our mission and vision.



Garden Hills Elementary School

Atlanta Public Schools | 2020-2025 Strategic Plan

## 1

### We are fostering academic excellence for all

We are closing the gaps in access that have disparate outcomes. We are identifying and addressing the needs of each student, regardless of background, so they have the skills, knowledge, and tools to succeed in college, career, and life.

## 2

### We are building a culture of student support

Students are attending schools and learning in classrooms that bring a sense of belonging, inclusiveness, care, joy, safety, and collaboration. The student-centered culture fosters being a part of something bigger than oneself, which leads to a sense of responsibility and encourages the well-being and development of each student.

## 3

### We are equipping and empowering leaders and staff

We are rallying teachers, staff, volunteers, families, and community members to create a cohesive coalition of support for each student, investing in his/her/their success. We are working together to enthusiastically champion each child, PK-12, through their academic journey at APS.

## 4

### We are creating a system of support for schools

With a focus on capacity-building and growth, every staff member is given the training, support, coaching, and advocacy needed to build their skills and raise the bar for excellence. By providing staff with resources and autonomy, schools are better positioned to address the needs of their students and their community.

## STRATEGIC PRIORITIES

We will continue to fund our strategic priorities, including the Turnaround Strategy, Signature Programs and School Flexibility while focusing on operational efficiencies to assure successful achievement of the District's vision and mission.

## TURNAROUND STRATEGY

The APS School Turnaround strategy was developed in 2014 to provide the additional critical support our lowest performing schools need and 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 of 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. APS will continue to support the Turnaround Strategy in the District's lowest performing schools.

<b>Targeted Tier (Highest Level of Support)</b>
Boyd
Finch
Harper Archer ES
Scott
Young
John Lewis Invictus MS
Douglass HS

<b>Intensive Tier</b>	<b>Phase</b>
Continental Colony	New to Intensive
Washington HS	New to Intensive
Cascade	New to Intensive
Toomer	New to Intensive
Mays	New to Intensive
Hollis Innovation Academy	Transition from Targeted Tier
BAMO	Year 2 of Intensive
FL Stanton	Year 2 of Intensive
Kimberly	Year 2 of Intensive
Perkerson	Year 2 of Intensive
TAG	Year 2 of Intensive
Long	Year 2 of Intensive
Usher Collier	Year 3 of Intensive

### SIGNATURE PROGRAMS

Signature programming is a core component of our charter system strategy and funds are allocated based on grade span and phase of implementation. Cluster planning was set in place to provide flexibility and autonomy at the cluster level for schools to invest resources in alignment with the District's academic standards of service.

It specifically addresses each cluster's academic programming needs and support for signature programming. These programs work to ensure college and workplace readiness for all students thus complementing the District's mission statement. The breakdown of earnings for each level and phase is listed in the chart.

	Phase 1	Phase 2	Phase 3
Elementary	\$ 100,000	\$ 137,000	\$ 232,000
Middle	\$ 100,000	\$ 137,000	\$ 160,500
High	\$ 100,000	\$ 230,000	\$ 325,000

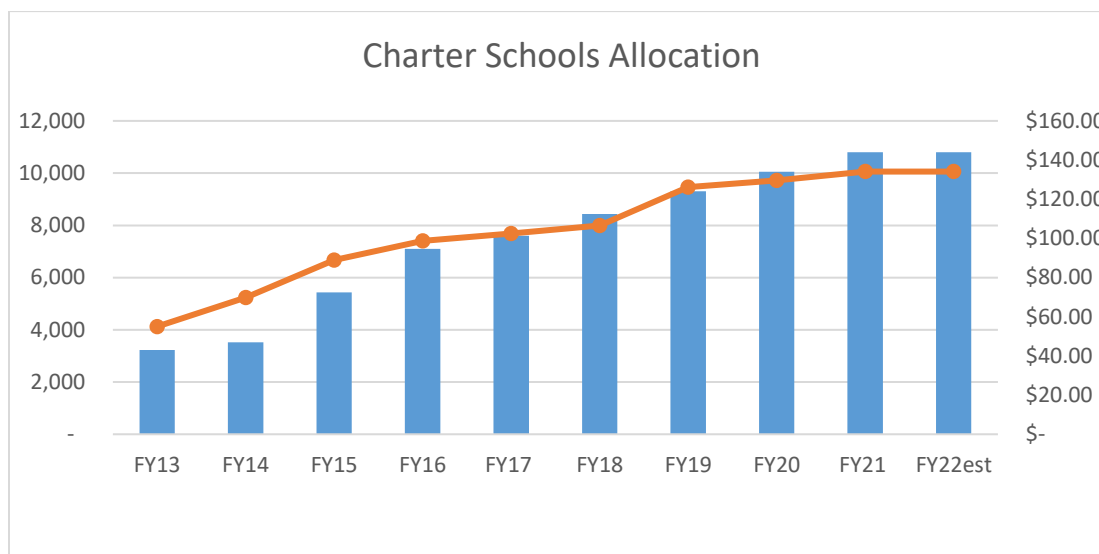
The College and Career Readiness signature program has emphasis on critical thinking, communication, collaboration, creativity and citizenship. Students will have multiple opportunities to engage in accelerated learning via the Early College Initiative (Carver cluster) and the Advanced Placement curriculum (Midtown cluster). Students may earn college credit during high school and graduate with distinction as advanced academic pathway completers. STE(A)M 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.

The International Baccalaureate (IB) Program offers a K-12 continuum of international education that emphasizes and prepares students for 21st century careers; and focuses on preparing students for success in higher education and to be active participants in a global society. Students begin learning a second language at age 7. 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).



### 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.



Fiscal Year	Enrollment	% of total Enrollment	Allocation (millions)	% of total Budget
FY13	5,371	11%	\$ 43.00	7%
FY14	6,413	13%	\$ 47.00	8%
FY15	7,927	15%	\$ 72.50	12%
FY16	8,154	16%	\$ 94.70	14%
FY17	8,455	16%	\$ 101.30	14%
FY18	9,139	18%	\$ 112.40	14%
FY19	9,353	18%	\$ 124.00	15%
FY20	9,529	19%	\$ 134.00	16%
FY21	10,060	20%	\$ 144.00	17%
FY22 est.	10,060	20%	\$ 144.00	17%

### RESOURCE RETHINK

As APS continues to focus on driving change, the finance team has undertaken in a “Resource Rethink”. APS, like other school districts in Georgia, is highly dependent on the tax digest and property tax revenue for operations and mandatory commitments. Over 73% of our general fund revenue comes from local revenue sources including 62.5% from the Fulton County Tax Digest. What this means is we are being more strategic about what we are spending while ensuring we are great stewards of public funds.

Tax allocation districts (TADs) and Tax abatements are two tax incentive methods we have focused our efforts on to maximize our incoming revenue streams. TADs are intended to spark development in areas of a city that are otherwise economically depressed or blighted, and would not be developed but for the designation of a TAD. When APS participates in a TAD, we acknowledge that any new taxes generated by the development will not come back to us, instead those dollars will be reinvested into the TAD to pay off the debt. Since 1999, APS has contributed \$434 million in educational taxes for re-development in Atlanta, making APS the largest investor in these TADs at 52%

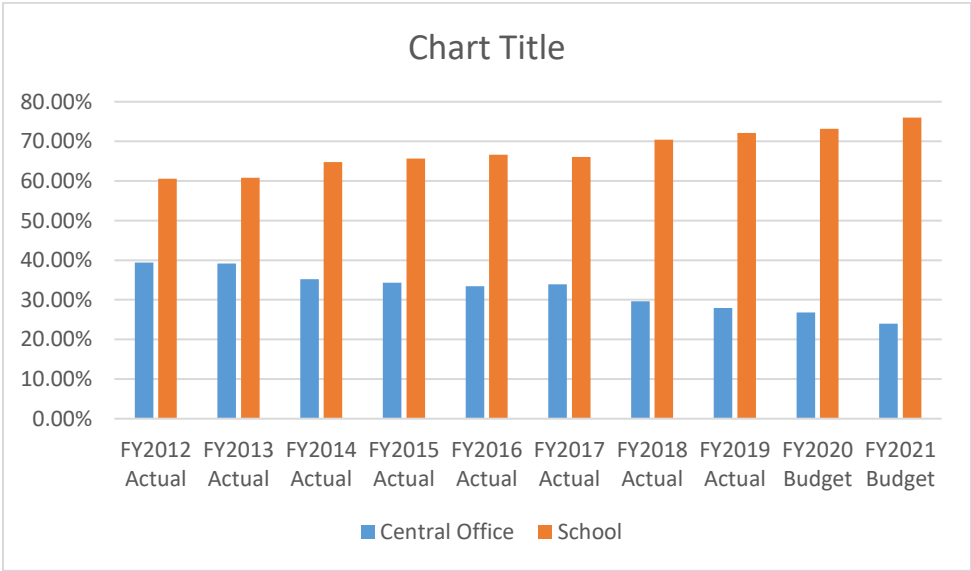
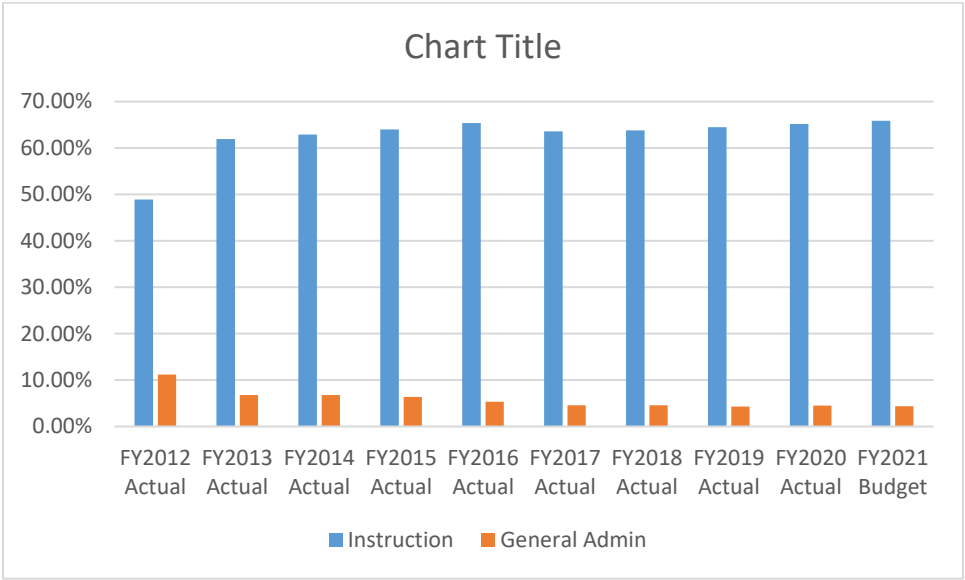
Tax abatements are economic development tools that provide a time-limited reduction of property taxes for new development projects. They are intended to spur growth in targeted areas. For the city of Atlanta, tax abatements are authorized by Invest Atlanta and the Development Authority of Fulton County (DAFC). The APS concern for abatement of property tax revenue is when developments are within TADs, undermining the financial stability of those TADs and/or they do not pass the “but for” test. The “but-for” test is used to ensure that new development or other activity that renders a property eligible for a tax abatement would not have occurred but for the tax break. This standard is intended to ensure that the benefit is applied only where necessary to stimulate needed growth and not in cases where investment would have taken place anyway. These developments would have occurred at full tax value without the tax incentive. APS has very little input or insight into how our generated tax revenues are being used.



INNOVATIONS AND STRATEGY

STUDENT SUCCESS FUNDING MODEL (SSF)

School district leaders face a number of challenges when determining how to allocate limited resources. Shifting demographics, complex student needs, and uncertain tax base growth require school districts to think of innovative approaches to allocate resources. Since FY2011, the District has put efforts to increase instruction while decreasing general administration moreover at the same time the District has increased spend at the school level as shown in the charts below:



In this context, APS worked to develop a school funding formula that will maximize transparency, provide autonomy & flexibility to schools and increase equity for all students; Student Success Funding (SSF). APS will build its fifth school-based budget using SSF for FY2022. While we continue to strive for a balanced approach to adjusting the allotment model, each year we tilt the scales more towards equity while striving to maintain as much stability as possible for all schools in the District. We maintain stability by committing sufficient funding for a baseline of services and review certain transition limits when significant changes to the formula are considered.

A good school allotment formula allows a school district to allocate funds in a way that better meets the specific needs of students, allows for principal and GoTeam innovation, and can be easily understood by stakeholders. With the release of the FY2022 school based budgets, we are making more efforts towards equitable funding. These include continuing investments in school-based funding as highlighted in the budget parameters such as investments in Turnaround and the Atlanta College and Career Academy. We are also continuing to use two average salary bands (instead of one district-wide average salary) to more fairly budget resources in alignment with the actual costs of positions in certain high-need, high-poverty schools. In an effort to make the most significant impact for poverty through SSF for the upcoming year, we've continued to have a weight for concentration of poverty.

### CONSOLIDATION OF FUNDS

As a charter district, Atlanta Public Schools has opted to participate in the Georgia Department Of Education Consolidation of Funds Pilot. The purpose of consolidating funds is to help a Schoolwide (SW) program school effectively design and implement a comprehensive plan. The plan will 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 each 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 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.

#### **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 school wide 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 school wide 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.

### THE PROMISE ALL ATLANTA CHILDREN THRIVE (PAACT)

In 2018, Atlanta Public Schools committed to the PAACT – the Promise All Atlanta Children Thrive – a citywide partnership between government, the business community, the non-profit sector, philanthropy, and key community stakeholders. As part of the PAACT plan, APS continues to invest in early learning by renewing the commitment to pay parity for Pre-K educators, complementing on the Whitehead Foundation investment in summer programming with additional resources, and more. We continue to identify pathways to support our Promise to the youngest children and families in Atlanta, while adapting to the unique circumstances surrounding COVID.

### DEPARTMENTAL BUDGETING

While APS has made gains across the district over the past five years, many more of our students, particularly Black students, must be proficient learners before we can say they are college and career ready. APS developed an ambitious strategic plan that will guide our work for the next 5 years. To realize the goals set forth, it is imperative that we intentionally align resources with district priorities. We started this work in FY2021 when the District began to shift from traditional incremental budgeting to a modified zero based budgeting (modified ZBB) approach. This method created more transparency and encouraged more in-depth and meaningful conversations about leveraging the budgeting process to create to understand programmatic needs and request for allocations. For FY2022, we will move on to phase II of the modified ZBB called, Budgeting for Priorities to start tracking our spending on the strategic plan and other district priorities in a more robust way.

### DEPARTMENT BUDGET DEVELOPMENT TIMELINE

FY22 Department Budget Development Timeline	Dates
Release budget templates	February 1st
FY22 Budget Training Sessions for Departments	Feb. 1 <sup>st</sup> & Feb. 5 <sup>th</sup>
Budget support sessions	Ongoing
Mid-point Check-in	Week of February 15 <sup>th</sup>
Deadline: finalize budgets	March 1 <sup>st</sup>
BCMs may use this week to prepare budget proposals for Senior Cabinet review	Week of March 8 <sup>th</sup>
BCMs present budget proposals to Senior Cabinet	Mid March
Senior Cabinet will retreat for deliberation and decision-making to determine what to include in the final request to present at regional meetings, public hearings, and tentative adoption	Mid March



## DEPARTMENTAL BUDGETING – **Budget** for **Priorities**

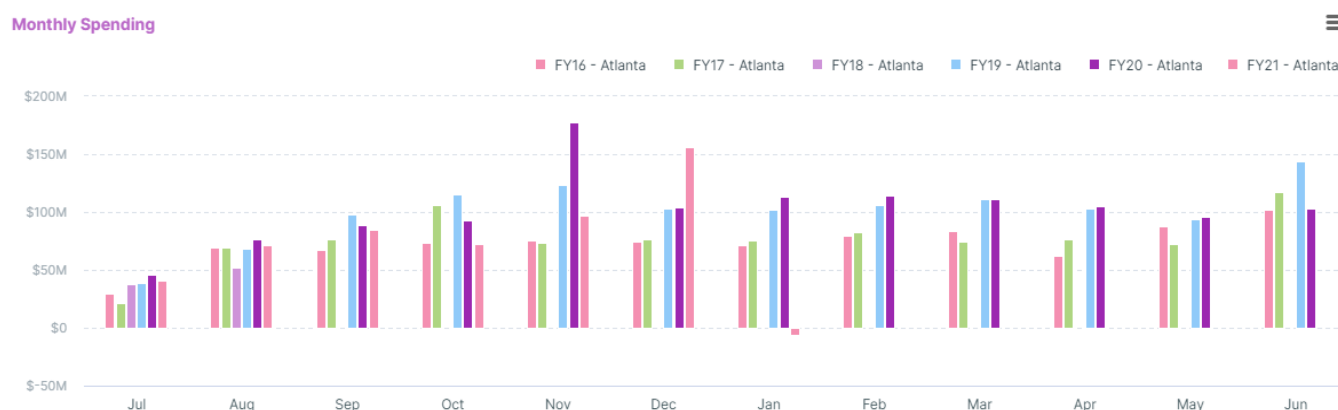
**Budget** for **Priorities** is a hybrid approach that combines incremental, priority, and activity based budgeting models to align resources with district priorities. The incremental approach is to alleviate some of the pressure budget center managers will experience while building budgets as we plan to return for in-person school/work during a pandemic. The priority/activity based method, allows us to capture program goals, alignment with district priorities, while increasing transparency and accountability. This modified zero based budgeting approach is designed to help the district track spending on its strategic plan and other priority areas. This method will require budget center managers to justify non-personnel line items and identify 2-3 SMART goals that align to the strategic plan, districtwide operational needs, budget parameters or other existing priorities. Budget center managers will present their budget proposal to senior cabinet. Senior cabinet will use a transparent criteria based decision making matrix to determine allocations for final request. The overarching goal is to align resources with district priorities and align with GFOA's best practices in school-based budgeting to create a more effective and efficient central office to ultimately make deeper investments in specific priorities instead of distributing funds over too many initiatives.



By implementing these change management efforts, our hope is to reduce inefficiencies, increase strategic alignment, accountability, and cross-departmental collaboration to improve outcomes.

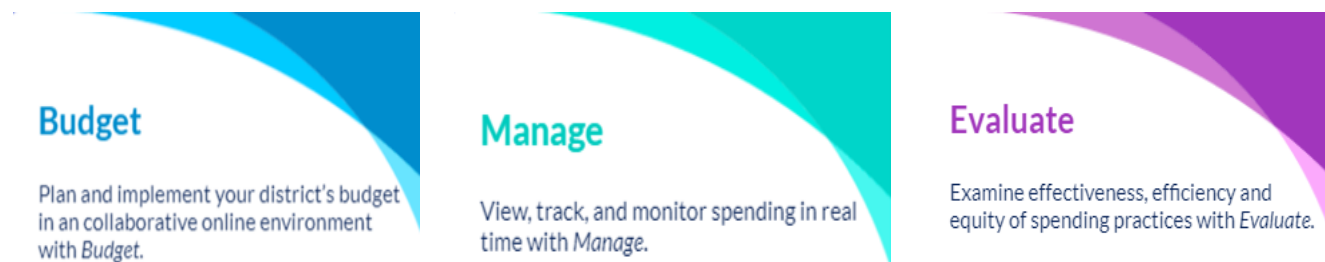
Ultimately, we anticipate these changes will position us to begin tracking academic return on investment (AROI). Ideally, this will improve student outcomes and increase equity by intentionally leveraging the budgeting process to advance the strategic priorities (i.e. Increase proficiency and close the gap in ELA, Math, ACT/SAT, and Graduation, and execute our Equity plan) and prove to be effective and efficient in their delivery of services to schools.

## ALLOVUE IMPLEMENTATION



As previously mentioned, the FY2022 department budgets will be built using our new budgeting software, Allovue. In the past, Atlanta Public Schools (APS) built a billion-dollar budget using Microsoft Excel, which exposed our budget development process to countless risks. We received complaints from customers who encountered error messages when attempting to build their budget. This method was not ideal and it did not support the district's long-term goals of: 1) creating a more effective and efficient central office and in alignment with GFOA's best practices in school-based budgeting, or 2) making deeper investments in specific parameters instead of distributing funds over too many disparate priorities.

We recognized a technical solution was needed to better align resources with the new strategic plan, track investments, and evaluate whether our spending is equitable. Therefore, the Budget Services department partnered with Allovue to help align resources with the new strategic plan, track investments, and evaluate whether our spending is equitable. This software will allow budget center managers to view account balances and track spending in real time. With transaction monitoring and custom reporting, users will be able to easily search and track purchases by vendor, description or other transaction-level information and generate and share reports with other members of their teams.



We believe Allovue will help us better serve our students and community by increasing transparency by enhancing our reporting capabilities. The primary goal is to implement an integrated enterprise budget software to develop and manage budgets and to track spend at Atlanta Public Schools.

- Align resources with strategic initiatives
- Enhance user experience
- Remove budgeting process from the excel spreadsheet
- Utilize software to determine how to make deeper investment in district priorities

We recognize the devastating impact that COVID-19 has had on our students and community. Therefore, implementing budgeting best practices and increasing transparency continue to remain at the forefront of our mind to strategically align resources with our District priorities to overcome obstacles created during this global pandemic.

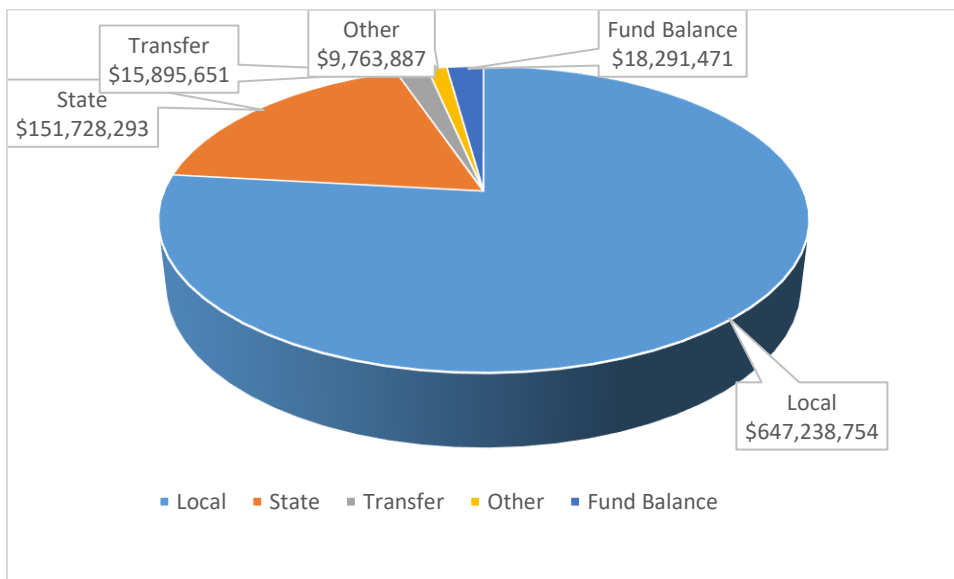
Most importantly, this software provides a more user friendly experience for our users. This will allow them to strategically build their budgets and easily manage their allocations while remaining focused on putting students and schools first and staying committed to our core values.

## FY2021 CURRENT BUDGET RECAP

The District's FY21 General Fund Budget, as adopted by the Atlanta Board of Education is \$842 million, which is about \$12.2 million less than FY20. The District's FY21 budgets also include \$106.6 million for special revenue, \$153.5 million for SPLOST funds, and \$36 million for school nutrition and \$4.5 million for student activities.

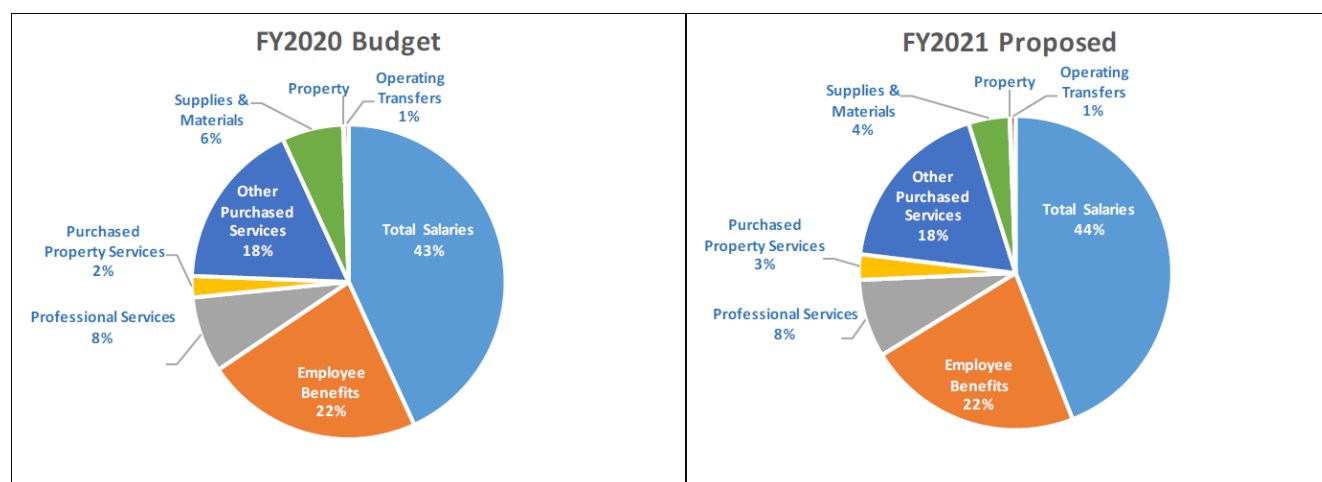
### FY2021 BUDGET HIGHLIGHTS

Resources	FY2021 Budget
Local	\$647,238,754
State	\$151,728,293
Transfer	\$15,895,651
Other	\$9,763,887
Fund Balance	\$18,291,471
<b>Total Available Resources:</b>	<b>\$842,918,058</b>



## FY2021 BUDGET BY OBJECT GROUP

	FY2020 as of January 2020			FY2021 Preliminary			
*Budget in millions	Budget*	% of Exp	Per Pupil	Budget*	% of Exp	Per Pupil	Change*
Salaries <sup>1</sup>	\$353.86	40.86%	\$6,939	\$354.04	42.00%	\$6,789	\$0.18
Other Compensation <sup>2</sup>	\$18.50	2.14%	\$363	\$16.20	1.92%	\$311	(\$2.30)
Employee Benefits <sup>3</sup>	\$193.86	22.38%	\$3,801	\$186.44	22.12%	\$3,575	(\$7.43)
Professional Services <sup>4</sup>	\$67.58	7.80%	\$1,325	\$67.53	8.01%	\$1,295	(\$0.05)
Purchased Property Services <sup>5</sup>	\$18.95	2.19%	\$372	\$22.06	2.62%	\$423	\$3.10
Other Purchased Services <sup>6</sup>	\$151.09	17.44%	\$2,963	\$153.11	18.16%	\$2,936	\$2.03
Supplies <sup>7</sup>	\$54.48	6.29%	\$1,068	\$35.61	4.23%	\$683	(\$18.87)
Property <sup>8</sup>	\$0.77	0.09%	\$15	\$0.70	0.08%	\$13	(\$0.06)
Operating Transfer <sup>9</sup>	\$4.19	0.48%	\$82	\$4.44	0.53%	\$85	\$0.24
Other Objects <sup>10</sup>	\$2.84	0.33%	\$56	\$2.78	0.33%	\$53	(\$0.06)
<b>Total</b>	<b>\$866.12</b>	<b>100.00%</b>	<b>\$16,983</b>	<b>\$842.92</b>	<b>100.00%</b>	<b>\$16,163</b>	<b>(\$23.21)</b>

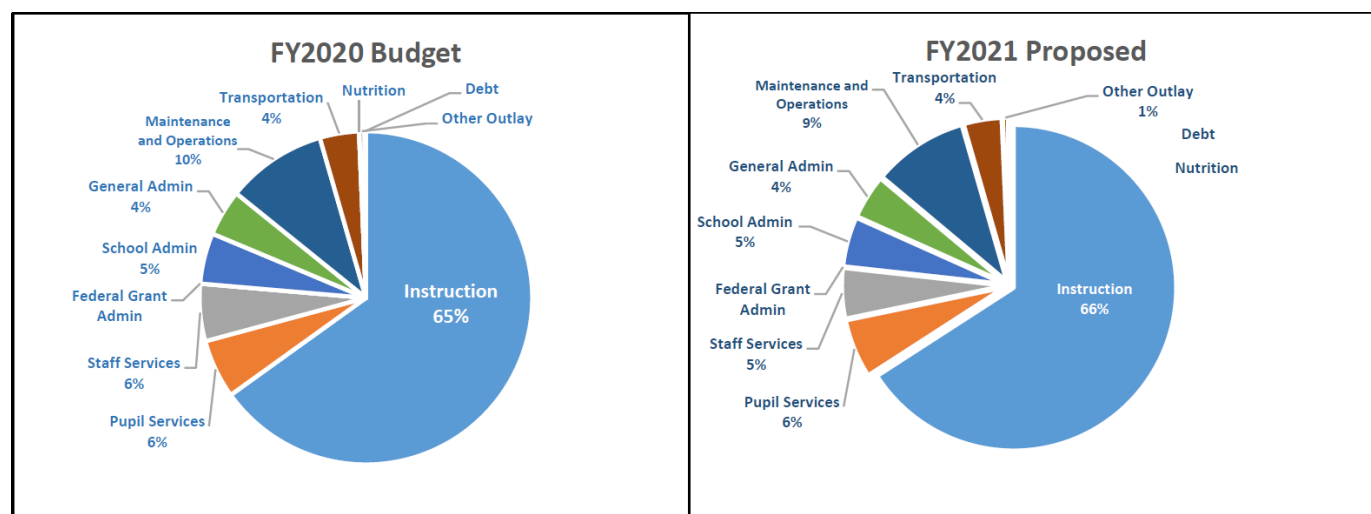


1. Increase to Special Education positions
2. Reductions in hourly teachers, paraprofessionals, stipends, substitutes
3. TRS rate decrease of 1.85% and State Health True Up
4. Minimal changes from current year
5. Reallocation of funds in IT
6. Increase to Charters
7. Reductions in state grants, delay of textbook adoption, reductions in supplies across the board
8. Minimal changes from current year
9. Increase to GF supplement for Pre-K teacher salaries, school nutrition transfer, admin fee for charters
10. Reduction to district leases



## FY2021 BUDGET BY FUNCTION GROUP

	FY2020 as of January 2020			FY2021 Preliminary			
*Budget in millions	Budget*	% of Exp	Per Pupil	Budget*	% of Exp	Per Pupil	Change*
Instruction <sup>1</sup>	\$563.83	65.10%	\$11,056	\$555.40	65.89%	\$10,650	(\$8.43)
Pupil Services <sup>2</sup>	\$49.45	5.71%	\$970	\$49.31	5.85%	\$946	(\$0.14)
Staff Services <sup>3</sup>	\$48.15	5.56%	\$944	\$42.16	5.00%	\$809	(\$5.98)
Federal Grant Admin <sup>4</sup>	\$0.00	0.00%	\$0	\$0.00	0.00%	\$0	\$0.00
School Admin <sup>5</sup>	\$42.70	4.93%	\$837	\$41.70	4.95%	\$800	(\$0.99)
General Admin <sup>6</sup>	\$38.87	4.49%	\$762	\$36.98	4.39%	\$709	(\$1.89)
Maintenance & Ops <sup>7</sup>	\$84.41	9.75%	\$1,655	\$79.71	9.46%	\$1,528	(\$4.70)
Transportation <sup>8</sup>	\$32.97	3.81%	\$647	\$31.90	3.78%	\$612	(\$1.08)
School Nutrition <sup>9</sup>	\$0.38	0.04%	\$7	\$0.38	0.04%	\$7	\$0.00
Other Outlay <sup>10</sup>	\$4.19	0.48%	\$82	\$4.44	0.53%	\$85	\$0.24
Debt <sup>11</sup>	\$1.17	0.13%	\$23	\$0.93	0.11%	\$18	(\$0.24)
<b>Total</b>	<b>\$866.12</b>	<b>100.00%</b>	<b>\$16,983</b>	<b>\$842.92</b>	<b>100.00%</b>	<b>\$16,163</b>	<b>(\$23.21)</b>



1. Delay of textbook adoption, reduction in state health
2. Minimal changes from current year
3. Annual scaling down of CRCT Remediation, reduced number of Instructional Coaches and reduction in state health
4. Minimal changes from current year
5. State health true up
6. Reductions in contracted services, travel, and materials at central office
7. Reductions in state grants, Operations and IT
8. Minimal changes from current year
9. Minimal changes from current year
10. Increase to GF supplement for Pre-K teacher salaries
11. Reduction to district leases

FY2021 Expenditure Parameter	Comments
1. The District will continue investing in previous initiatives to include:	
- the Turnaround strategy,	Nearly <b>\$7.5m</b> will be invested in the Turnaround Strategy (excluding partner schools) for the FY2021 school year.
- the charter system operating model and core components of signature programming, cluster and flexibility funds (through SSF) ,	Schools earned both cluster ( <b>\$3m</b> ) and flexibility funds ( <b>\$9m</b> ) through the Student Success Funding (SSF) model for FY2021.
- the Atlanta College and Career Academy,	About <b>\$2.4m</b> will be directly invested to ensure the success of this program in its inaugural year. This does not include investments for facility improvements and other operational costs.
- Continue and increase investment in early learning (including PAACT)	An additional <b>\$184K</b> will be invested in the FY2021 budget in support of ensuring all APS Pre-K teachers are continued to be paid on the APS teacher salary scale.
- the talent strategy to include recruiting, developing, retaining, and promoting high-quality staff through pipeline development work, professional development, and coaching and career pathways including leadership development,	A <b>\$1.3m</b> investment in fully developing the leadership development initiative; Budget supports refined leadership development strategy including Relay partnership; development of Teacher Leaders, Aspiring AP, and Aspiring Principal programs; training for new School Business Managers; and leadership development of existing principals and assistant principals.
- a multi-year compensation strategy that positions APS competitively in the market and supports the retention of high quality employees	While initial budget discussions included a robust and detailed compensation strategy developed by HR, the current budget includes no new compensation pending the final state budget and local revenue information.
- the General Employee pension	The district will continue to fund the annual 3% increase of pension obligations in FY2021, adding an additional <b>\$1.7m</b> and totaling over <b>\$58.4m</b> .
2. The District will allocate resources pursuant to the District's definition of equity and in support of the charter system model through the Student Success Formula (SSF) to increase transparency, and to drive innovation and autonomy with accountability so that Principals and local Go Teams can make decisions aligned with their specific needs	For the FY2021 budget, APS continued allocations through Student Success Funding (SSF) and added a new weight for concentration of poverty. Approximately <b>\$280m</b> will be distributed to schools through this model, representing about 70% of all traditional school funding. In another major step towards equity, schools are divided into two bands (those with direct certification of 70% and above and those below) and assigned an average salary based on the teachers in that band.

FY2021 Expenditure Parameter	Comments
3. The District will develop a multi-year resource plan to accompany the five year strategic plan to ensure overall sustainability of the initiatives	This work will continue through the summer and into the fall as the initiatives and objectives within the strategic plan are finalized.
4. The District will establish an evaluation strategy including the structures and mechanisms by which programs or processes will be measured for effectiveness to inform resource investment decisions	\$548K is proposed to support of the evaluation strategy in the FY2021 tentative budget
5. The District will evaluate and address inefficiencies within central office through an ongoing process improvement initiative (will be shown as a reduction of expenditures)	The initial budget for FY2021 included a Continuous Improvement program model at \$451K. Due to recent budget reductions, this program will not be established in FY2021. The district will need to identify other means to support this parameter.
6. The District will develop a detailed line item budget for the central office departments to support the long-term goal of creating a more effective and efficient central office and in alignment with GFOA's best practices in school-based budgeting	In FY2020 the district implemented a zero line-item budgeting process for non-personnel expenditure requests. Budget center managers in central office built their FY2021 budget requests using this methodology. For FY2021, we've allocated \$221k for a budget software that will increase transparency with stakeholders and the streamline the overall budget development process.
7. The District will work through the budget development process to identify, where possible, current spend tied to those priorities that surface through the strategic planning processes to establish a baseline so that informed decisions can be made in the multi-year resource plan and adjust funding as appropriate	A list of planned initiatives for FY2021 are included in the appendix of this presentation. Due to recent budget reductions, the district will not launch these initiatives in FY2021.
8. The District will invest in the first year initiatives as identified in the 2020-2025 Strategic Plan	This work will continue through the summer and into the fall as the initiatives and objectives within the strategic plan are finalized.
9. In support of the Facilities Master Planning process, the District will realize the impact of facility upgrades, expansions, and improvements on the General Fund and will support the necessary allocation of funds that adequately maintain the ongoing operational costs (i.e. custodial services and preventative maintenance)	Due to recent budget reductions, expenditure requests to support facility upgrades, expansion and improvements will be reduced by \$702K for FY2021.

## FY2022 EXPENDITURES

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.

*Instruction* – Instruction includes activities dealing with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities.

*Pupil Services* – Activities designed to assess and improve the well-being of students and to supplement the teaching process. Activities include guidance, counseling, testing, attendance, social work, health services, etc. Also include supplemental payments for additional duties such as coaching or supervising extracurricular activities.

*Staff Services* – Activities which are designed primarily for assisting instructional staff in planning, developing and evaluating the process of providing challenging learning experiences for students. These activities include curriculum development, techniques of instruction, child development and understanding, staff training and professional development. Activities concerned with directing, managing and operating educational media centers. Included are school libraries, audio-visual services and educational television.

*School Administrative Services* – Activities concerned with overall administrative responsibility for school operations. Included are activities of principals, assistant principals, full time department chairpersons and clerical staff.

*Maintenance and Operations* – Activities concerned with keeping the physical plant open,

comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. Property insurance expenditures are recorded in this function. General Administrative Services – Activities concerned with establishing and administering policy for operating the Local Units of

Authority (LUA). These include the activities of the members of the Board of Education. Local activities in interpretation of the laws and statutes and general liability situations are charged here, as are the activities of external auditors. Also recorded here are activities performed by the superintendent, administrative support personnel and deputy, associate, or assistant superintendent having overall administrative responsibility. Activities concerned with the fiscal operation of the LUA, including budgeting, financial and property accounting, payroll, inventory control, internal auditing



and managing funds. Also included are purchasing, warehouse and distribution operations, and printing, publishing and duplicating operations. Central Office activities other than general administration and business services. Included are personnel services, data processing services, strategic planning including research, development and evaluation on a system-wide basis and public relations activities, such as writing, editing and other preparation necessary to disseminate information to students, staff and the general public. All other support services not properly classified elsewhere in the 2000 series.

*Transportation Services* – Activities concerned with the conveyance of students to and from school and trips to school activities. These activities include supervision of student transportation, vehicle operation, servicing and maintenance, bus monitoring and traffic direction. Transportation insurance expenditures are charged to this function.

#### FUND BALANCE UPDATE

- In FY2009, the General Fund, Fund Balance topped out at 157.9 million or 24.2% of that year's budgeted expenditures. In more recent years fund balance has hovered between 9-14% of expenditures. For reference, the GFOA recommends as best practice to maintain two months-worth of expenditures within the fund balance, or 16.7%
- APS has a long-standing practice of maintaining a fund balance above 7.5% of revenue, but below the statutorily required cap of 15%
- The Fund Balance is equal to assets less liabilities for the calendar year and does not represent the cash on hand at any given time
- With an approved budget of \$842.92 million, the reserve range is between \$63 and \$126 million





## FY2019 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. The Georgia Department of Education released the 2018 Financial Efficiency Star Ratings (FESR) for schools and school districts in Georgia. The goal of the FESR is to provide a comparison of district spending per student with overall academic performance, specifically the College and Career Ready Performance Index (CCRPI). Atlanta Public Schools FESR for FY2019 was 1.5 stars on a scale of 5 stars. To this date no further information has been provided for an updated FESR.

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:

- 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 a large unfunded pension liability, with an annually increasing obligation until 2030. 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.

As such, the District expects to continue making significant investments to improve student achievement and will continue to provide our students with a high-quality educational experience, while implementing a fiscally responsible approach.

## ECONOMIC CONTEXT

### FEDERAL

The fiscal year 2021 President's Budget Request highlights a significant expansion of President Trump's effort to transform the Federal role in K-12 education. In addition to renewing his Education Freedom Scholarship (EFS) tax-credit proposal, which would provide a Federal tax credit of up to \$5 billion a year for donations to scholarship programs for families of elementary and secondary students who are seeking State-defined public or private education options, the fiscal year 2021 Request would consolidate most Federal elementary and secondary education programs into a flexible block grant that allow States to decide how best to use Federal funds to meet the needs of their students. The President's fiscal year 2021 Budget includes \$66.6 billion in new discretionary budget authority for the Department of Education. The fiscal year 2021 Request includes the following key initiatives: education freedom scholarships, elementary and secondary education for the disadvantaged Block Grant, career and technical education (CTE), post-secondary student aid, and other critical investments such as special education programs and STEM. [1]



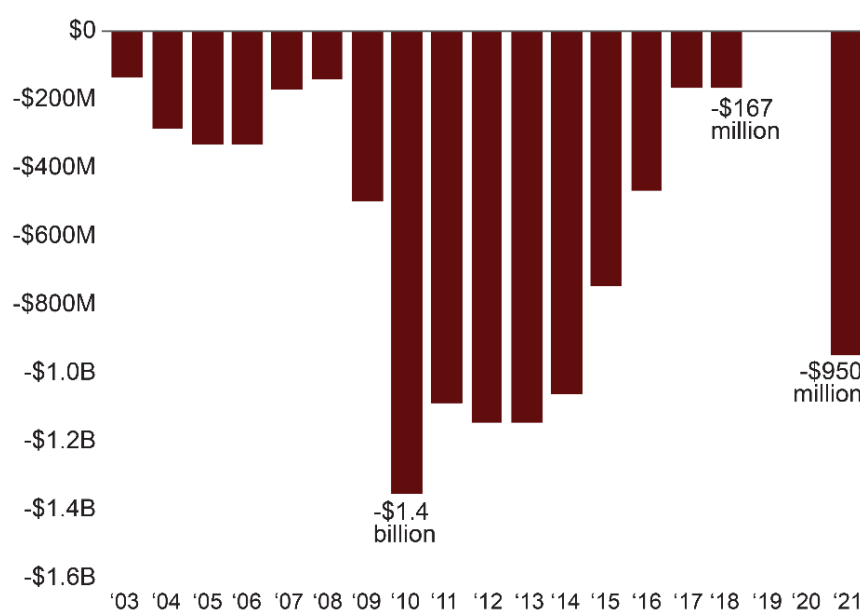
Currently, federal dollars are geared towards the Coronavirus Aid Relief and Economic Security Act (CARES) and the Education Stabilization Fund (ESF) to keep learning going for students during the pandemic. ESF's funds: the Elementary and Secondary School Emergency Relief (ESSER) Fund, the Higher Education Emergency Relief (HEER) Fund, and the Governor's Emergency Education Relief (GEER) Fund are all grants that were awarded by the federal government to school districts. Of the \$13.2 billion ESSER Fund, \$1.6 billion, or 12% of the total, was spent as of the end of September. Of the nearly \$14 billion HEER Fund, \$9 billion, or 64% of the total, was spent as of the end of September. And, of the \$3 billion allocated to the GEER Fund, \$535 million, or 18% of the total, was spent as of the end of September. [2]

Looking to the new administration, the Biden-Harris platform for education begins with a proposal to triple Title I funding for low-income schools. The new administration wants to use the additional funding to offer educators a competitive salary. Alongside teacher pay, social-emotional learning, equitable funding and career pathways are the focal areas of President-elect Joe Biden's platform for K-12 education. [3]

## STATE

Georgia lawmakers cut \$1 billion from the state's budget for the Department of Education. The bulk of these cuts, totaling \$950 million, will be passed on to 181 local K-12 school systems. Public school leaders have to deal with this 10 percent drop in state funding despite significant costs experienced as they continue to adapt to COVID-19. The remaining budget for the Department of Education is \$9.6 billion for FY 2021. The state has only fully funded the Quality Basic Education formula (QBE, which dictates the majority of state education funding) for two of the last 19 years. With the new cuts of \$950 million to public education, children that began Kindergarten in FY 2009 will have attended schools that experienced \$8.8 billion in cuts before they graduate.

### ***Austerity Persists in Georgia's School Funding Formula***



Source: Georgia Department of Education.  
State allotment sheet FY 2003 - 2021.

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Moreover, the state of Georgia continues a pattern of shortchanging pupil transportation that triggers safety concerns for local school districts. The FY 2021 budget provides \$136 million for pupil transportation through QBE. The most recent data available shows that school districts spent \$998 million in a single year to bus students to and from the school. [4] As Georgia continues to lag compared to other states in total funding per student, and the glaring needs of underfunded programs like sparsity as well as student transportation, funding for Pre-Kindergarten remains steady due to consistent lottery proceeds during the pandemic.

Although there were cuts made to the state's Department of Education budget, the current trend of state fiduciary funds for this fiscal year — which began July 1 — shows that collections are up \$722.5 million. State lawmakers cut this year's budget by 10%, expecting revenue to be down because of the COVID-19 pandemic and recession, but the economy in many sectors has continued to outperform those projections.

Most state revenue comes from income and sales taxes, and individual income tax collections were up 7.2% and the gross take from sales taxes grew 6.9% in December. The revenue news is good for Governor Brian Kemp and state budget writers because they are able to decide how much money areas such as K-12 and college education will receive in the coming year. Through Georgia's budget, taxpayers help educate 2 million children. [5]

## LOCAL

Because of the effects COVID-19 has had on global economies, many economists are predicting a sharp economic decline ahead. With this in mind, we know that we can expect a decline in our local revenue as well, thus have planned to implement cost-cutting measures across the district for Fiscal Year 2021. Local revenue represents almost 70% of overall funding for the District. APS relies heavily on an ad valorem property tax levied on most all properties in the District. This generally would be considered stable source of revenue, but in recent years, it has not been stable for the school system.

The Great Recession of 2008 created a never before seen dip in overall property values which took years to recover from. Despite the economic recovery, the assessed value of properties in the Fulton County portion of Atlanta did not keep up with market over that decade. In calendar year 2017 a massive revaluation of properties in Fulton County led to protests by taxpayers, which then led the Fulton County Board of Commissioners (BOC) (not the Board of Tax Assessors (BTA) which actually sets property values) to use a law from the 1800s to freeze values in 2017 at the 2016 values.

This action by the BOC resulted in a dramatic drop in expected revenues and a delay in collecting what revenues were to be received. The digest, the value of all properties in the county, was rejected by the State Department of Revenue due to the BOC action, meaning the temporary tax collection order (TCO) had to be issued to allow the Tax Commissioner to issue tax bills.

In calendar year 2018, the Fulton County Property Appraiser's Office again reassessed properties with a dramatic increase closer to market rates. There was no action by the BOC as litigation over their previous action was ongoing. The State Department of Revenue rejected this digest again, because of the high number of appeals. This ruling resulted in a second straight year where a temporary tax collection order was needed.

Each year, the board of tax assessors is required to review the assessed value of taxable property in the county, for property tax purposes. When the trend of prices on properties that have recently sold in the county indicates there has been an increase in the fair market value of any specific property, the board of tax assessors is required by law to re-determine the value of such property and adjust the assessment. This is called a reassessment.

Georgia law requires that a rollback millage rate be computed to produce the same total revenue on the current year's digest that last year's millage rate would have produced had no reassessments occurred. Using this required calculation, the board announced its intention to increase the 2020 property taxes it will levy this year by 1.13 percent over the current millage rate. The District intends to maintain the current 20.740 millage rate.

APS was impacted by Georgia Senate Bill 485, which increased the homestead exemption from \$30,000 to \$50,000. SB485 removed \$25 million from the APS digest each year for 2020, 2021, and 2022. When combined, a 1 mill rollback and SB485 are approximately \$206 million in relief to taxpayers over the next four years.

[1] U.S. Department of Education. (2020). President's FY2021 Budget Request for the U.S. Department of Education. Retrieved from <https://www2.ed.gov/about/overview/budget/budget21/summary/21summary.pdf>

[2] U.S. Department of Education. (2020). ESF Transparency Portal. Retrieved from <https://www2.ed.gov/news/newsletters/edreview/2020/1127.html>

[3] DA-District Administration. (2020). Teacher pays tops Biden's priorities for K-12 education. Retrieved from [Teacher pay tops Biden's 5 priorities for K-12 education \(districtadministration.com\)](https://www.districtadministration.com/2020/09/teacher-pay-tops-biden-5-priorities-for-k-12-education)

[4] Georgia Budget & Policy Institute. (2019). *Georgia Budget Primer 2020*. Retrieved from <https://gbpi.org/georgia-education-budget-primer-for-state-fiscal-year-2021/>

[5] Atlanta Journal Constitution. (2021). *Georgia tax collections continue to rise despite COVID spike*. Retrieved from <https://www.ajc.com/politics/georgia-tax-collections-continue-to-rise-despite-covid-spike/CCVYBR42XBGJPOVO7NHFN7AFUE/?outputType=wrap>

## EXPENDITURE ASSUMPTIONS (MANDATORY COSTS)

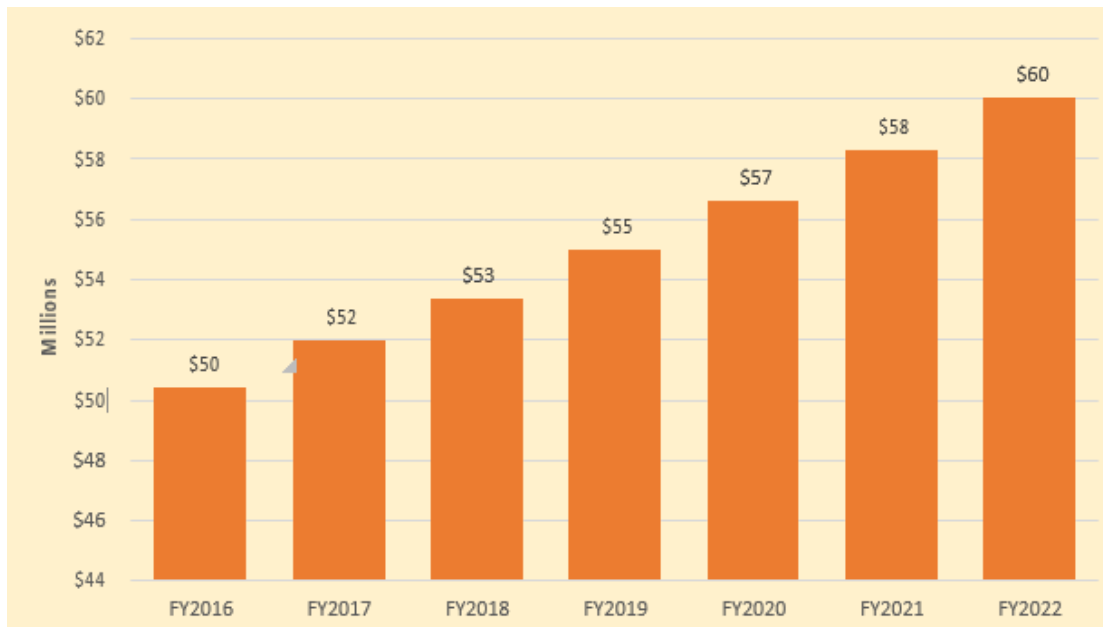
### CITY OF ATLANTA GENERAL EMPLOYEES PENSION PLAN

In the 1970's, significant underfunding occurred when the teachers in City Plan moved to the Teacher Retirement System of Georgia (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-\$58 million on an annual basis and the annual required payments will escalate significantly over the next several years, topping out at \$77 million in the year 2028.

The pension liability payments for FY2021 are currently coming out of the General Fund and the District will continue to fund the annual 3% increase of pension obligations. The pension funded ratio is 32.48% for this year, compared to the prior year ratio of 28.89%. The contribution to the city pension plan will increase by the standard 3% from \$58.4 million to \$60.2 million for FY2022, a cost of \$1.7 million.



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. If the fund earns the assumed 7.25% annual investment return and increases the contribution 3.0% annually, it will be fully amortized in around 7.6 years. The annual normal cost, once fully funded, is projected to be \$3.7 million and the final payment amount is \$72 million.



### TEACHERS RETIREMENT SYSTEM OF GEORGIA

The Teacher Retirement System's board voted to decrease the "employer," or government, contribution rate to the fund from 19.06 to 19.81 percent. In FY2020 the rate decreased from 21.14 to 19.06 which is a 2% decrease. In FY2011, the government paid 9.74 percent of payroll into the TRS. That rate is now 19.81% percent, which will begin July 1, 2021.

APS Compensation and Benefits are approximately 65% of General Fund total expenses and we began this budget projection with a step increase built in. The District's contribution to TRS increase from 19.06% to this year's rate of 19.81% is about 0.75%, which could increase our general fund budget about \$2.6 million.

FY17 14.3%

FY18 16.8%

FY19 20.9%

FY20 21.14%

FY21 19.06%

FY22 19.81%

## COMPENSATION

Compensation is a core component of the District's talent management strategy. As part of the budget planning process, the Office of Human Resources provides recommendations for investments in compensation strategies that support the recruitment, development and retention of a highly talented workforce. Compensation recommendations are made based upon: market competitiveness, inflation and living wage; strategies to improve identified recruitment and retention issues; legislative and external factors; position reclassification adjustments; and annual review of specific employee groups on a rotating schedule. This year, the District has work to aggressively remedy pay parity and to establish an "APS Cares" stipend to appreciate employees and help offset their personal costs during the global pandemic. The flat rate stipend of \$1,000 is in lieu of percentage pay raises. APS also implemented a historic minimum wage hike for full time workers to \$15 per hour.

