



BUDGET PRIMER

Fiscal Year 2023

Prepared by Department of Budget Services
Atlanta Public Schools



Finance
Division
www.atlantapublicschools.us

TABLE OF CONTENTS

MESSAGE FROM SUPERINTENDENT 2

EXECUTIVE SUMMARY 3

ABOUT ATLANTA PUBLIC SCHOOLS..... 5

HIGHLIGHTS 9

FY2023 DEVELOPMENT 11

ABOUT THE BUDGET PROCESS..... 16

STRATEGIC PLAN 20

INNOVATIONS AND STRATEGY 26

FY2022 CURRENT BUDGET RECAP..... 30

ECONOMIC CONTEXT 35

EXPENDITURE ASSUMPTIONS 39



MESSAGE FROM SUPERINTENDENT

Dear Atlanta Public Schools Stakeholders:

During our annual budget development cycle, Atlanta Public Schools strives to focus district spending on making deeper investments with specific parameters in lieu of attempting to distribute finite funds based on disparate priorities. Our goal annually is to 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 our district's 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. I'm also excited about undertaking an Academic Return on Investment (A-ROI) approach as we prioritize initiatives for FY2023.

As we develop the FY2023 budget, we will continue our work to address ongoing, elevated pandemic-era needs including ensuring the social, emotional, and mental well-being of our students and staff; ensuring the safety of our students and staff; and addressing learning recovery and consistency as we remain poised to pivot to a virtual instruction model when necessary. 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 continues to 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 FY2023 budget, we strive to include context and narrative that helps to tell the story of APS through its financial resources. In short, the budget development process includes 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.

The FY2023 consolidated general fund budget will not only outline the APS revenue and expenditure plan for school year 2022-2023 but will also continue to follow a student-focused funding model that provides resources based on student attributes and continue a modified zero-based budgeting model to the district departments to promote focus on key priorities. Both the Student Success Funding (SSF) and modified zero-based budgeting models empower school-based decision-making to effectively use resources that align with the APS strategic priorities set forth.

Each year the APS budget is built around certain expenditure parameters, which are listed in detail in the Budget Primer. As we develop the FY2023 budget, we will continue to evaluate and reprioritize existing and previous funding commitments and use data to determine if the district will need to make deeper investments or reprioritize key district priorities. The district will continue to invest in recovery initiatives and student/staff well-being to identify and close gaps caused by the extended impacts of COVID-19 on the system. We will continue to fund our strategic priorities, including the Turnaround Strategy, Signature Programs and School and Cluster Flexibility while focusing on operational efficiencies to ensure successful achievement of the district's vision and mission.

APS developed an ambitious strategic plan (FY2020 – FY2025) that continues to guide our work. 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. In FY2022, we moved 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. FY2023, we will begin what's called Zero-Based Budgeting (ZBB) and continue to use Strategic Budgeting to further track our spending keeping in mind the district's strategic plan.

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 service to schools.

Our revenue projections and expenditure budget are impacted each year by the policies and decisions made at the federal and state level with regards to K-12 education. Both the federal and state government are investing more in education to ensure all students have access to high-quality, affordable postsecondary education, while also improving career pathways for students of all ages and levels. Governor Kemp in his recent State of the State address proposed adjusting the state base salary schedule to increase salaries for certified teachers and assistant teachers by \$2,000. He also proposed restoring austerity to the Quality Basic Education (QBE) program and other programs directly supporting K-12 instruction.

One legislation that we are following very closely during the 2022 Legislative Session is HB 854 to incorporate the City of Buckhead. The unknowns arising from this legislation could impact the APS budget in significant ways as we develop the budget for FY2023.

Despite this challenge and the ongoing challenges created by COVID-19, Atlanta Public Schools continues to work to build a budget that balances the needs of our students and provides funding for educational programs. The process 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, currently serving 50,764 students. The district is organized into nine K-12 clusters with 58 neighborhood schools, 19 charter schools, 2 alternative programs, 2 citywide single-gender academies, 6 partner schools. There are 72 Title I schools where students are offered rigorous instructional programs that foster success in school and life.

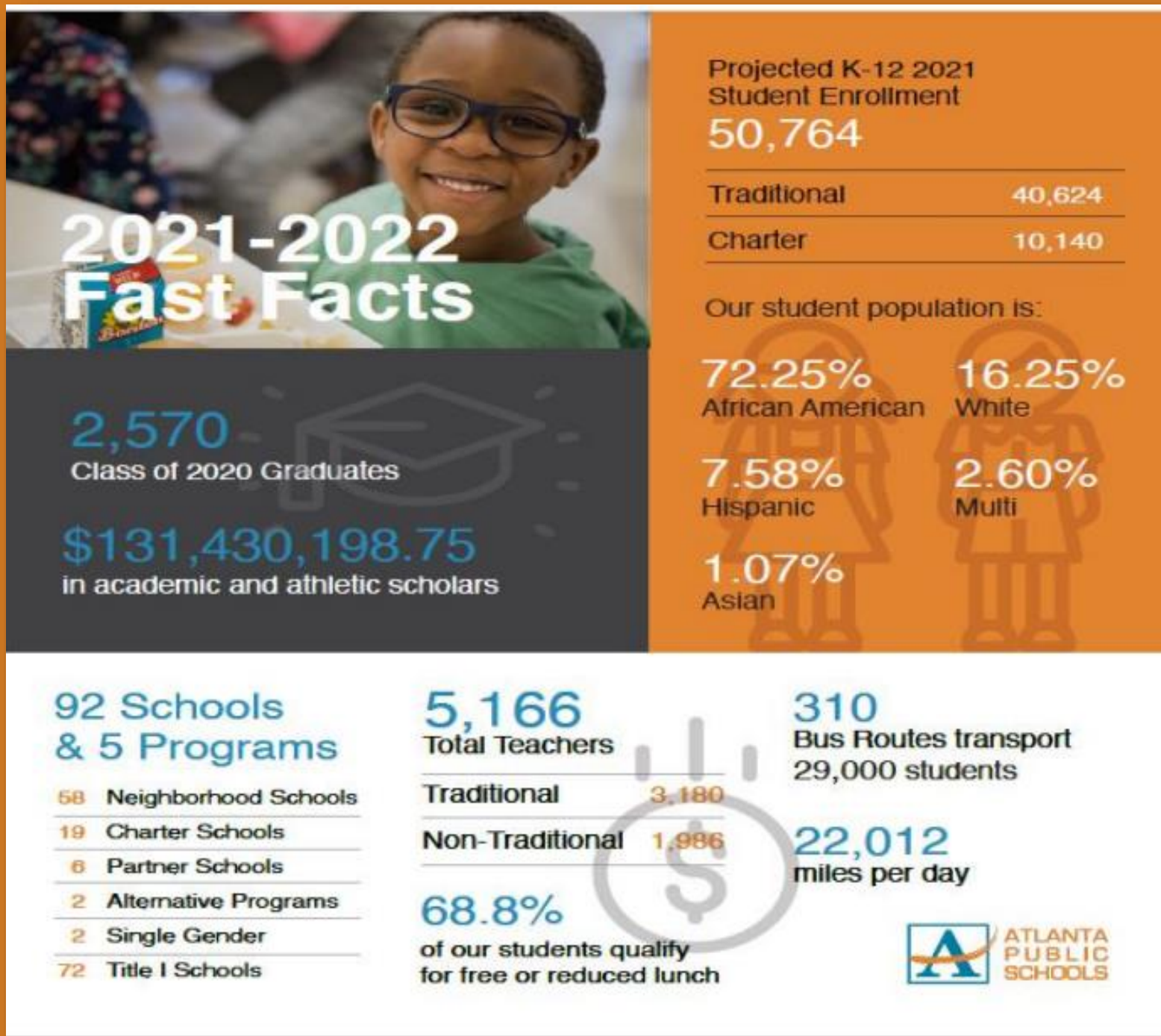
Atlanta Public Schools officially became a Charter System July 1, 2016, and has since been renewed in July 2021. This new commission, or “charter,” with the state allows more decisions to be made at the school level by principals, educators, parents, and community members, all of whom are closer to students and their school needs. Having the autonomy and flexibility from many state education laws and regulations does however come with increased accountability for student achievement.

Atlanta Public Schools’ journey of transformation has gained 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 continues to make headway with key yard markers such as Georgia Milestones, CCRPI progression, our growing graduation rates and our new strategic initiative, APS 5.

MEASURABLE OUTCOMES

- Increase the percentage & close the gaps of 8th grade students proficient or above in math
- 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.
- 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.





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:



- 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, North Atlanta and Therrell



- 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



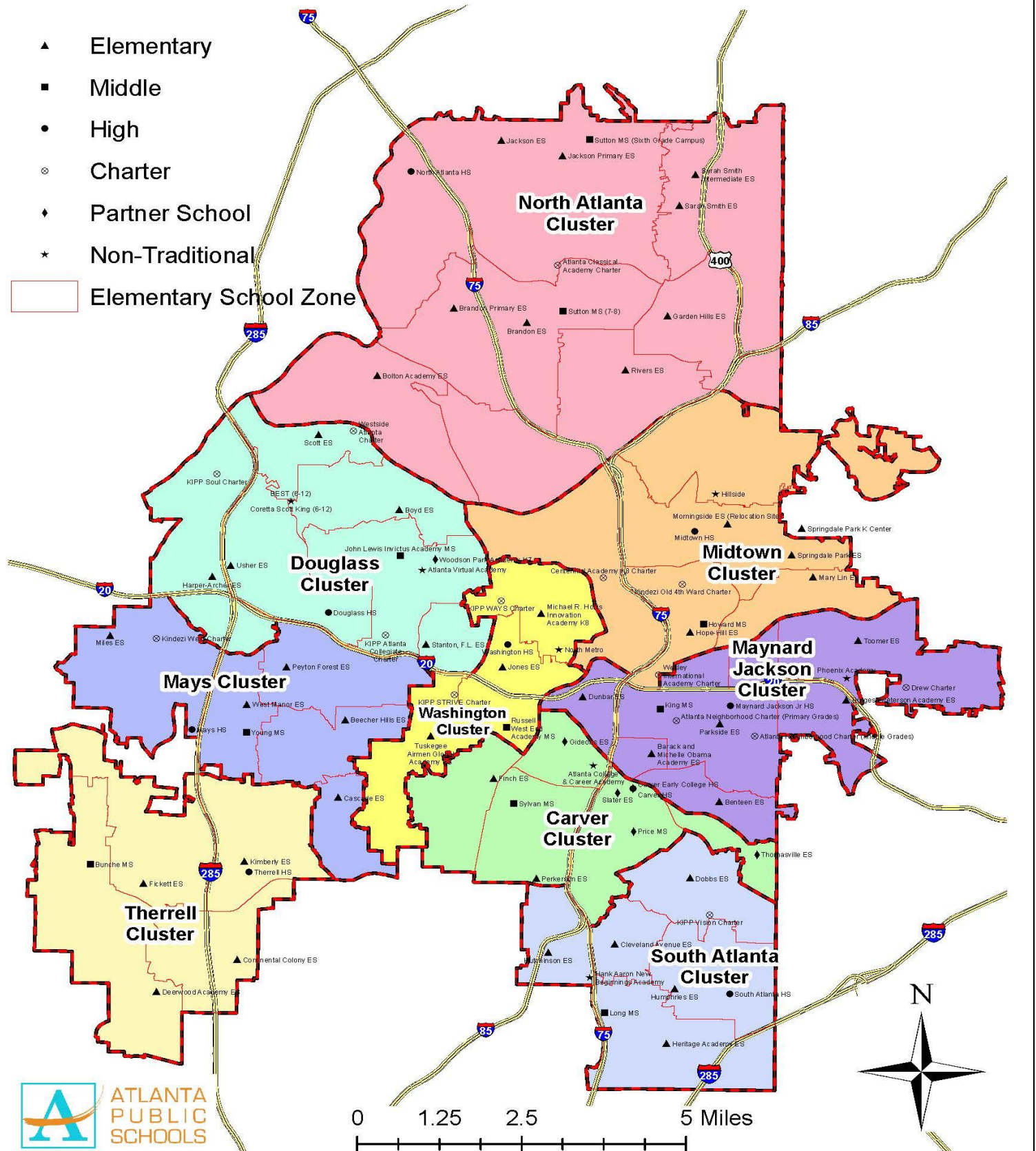
- This College and Career Preparatory curriculum is based on the essential skills, knowledge, and dispositions that children need to succeed as citizens and workers in today's world.
- Participating clusters: Carver and Midtown

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

Atlanta Public Schools: 2021-22 SY



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 must 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 and life.

As the district prepares for FY2023 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 district's strategic priorities by allocating millions in support of investments in quality early childhood education (PAACT), 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 compensation and retention efforts: a historic minimum wage hike for full time workers to \$15 per hour, a 5.8% pay increase, which is the largest teacher pay raise in over 12 years, Step raises for all eligible employees on a pay grade, \$3,000 extended day stipends for full-time salaried, exempt staff in elementary schools (\$150 per check August 31, 2021, through June 15, 2022), and a recent \$1,000, one-time stipend for all employees
- Atlanta Public Schools (APS) achieved an 83.1% graduation rate for cohort 2021, according to graduation data released today by the Georgia Department of Education. By achieving its all-time high graduation rate, APS has narrowed the gap with the state rate of 83.7% by 2.9 percentage points to a difference of 0.6 percentage points.



In times of increasing budget pressure and limited resources, it is important to think creatively about different funding sources. As a result, APS established the 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
- Established Get Our Kids Connected Program with Comcast and raised \$2M for devices and hotspots for students
- Partnered with the Urban League of Greater Atlanta to launch Race2Read 2.0 a campaign to make Atlanta a City that Reads including securing over \$2M investment in Orton Gillingham
- Secured funding from the Annie E. Casey Foundation to anchor the first ever, Center for Equity and Social Justice and microgrant program for black male achievement.

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 provides:

- 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 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, Administrative Assistant II stcallier@apsk12.org

Upenda Dubose, Partnerships Manager, udubose@apsk12.org

Joi Hunter, Executive Director joi.hunter@apsk12.org

FY2023 DEVELOPMENT

FY2023 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

These are the guiding principles under which the Board will consider using a millage rate increase 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 year's 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

The district will:

1. Alleviate pressure from the general fund and taxpayers while supporting the continued operations of APS by:
 - maximizing all available funding streams including federal grants and other special revenue where appropriate and specific to the purpose of the program
 - continuing to identify grant-generating opportunities
 - protecting the tax base through maximizing benefits to the district of all current TADs and through scrutiny of tax abatements
 - seeking additional business, philanthropic and community partnerships in a manner that is data driven and equity guided to ensure we do not perpetuate inequities within and across clusters
 - leveraging the OTIS Indexes, when available, to guide and prioritize partnerships and resource allocation moving into FY23 and beyond
 - assessing the required millage rate
2. Maintain a fund balance of 15% of the total general fund expenditure budget net of any committed, assigned, or reserved fund balance
3. Strategically utilize the fund balance to ensure operational integrity of district programs, support expenditure parameters, and offset potential decreases in revenue

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

These budget parameters may represent an additional or recurring cost to the district.

The district will:

1. Evaluate and reprioritize existing and previous funding commitments (i.e., allocations and spend) at the top of the budget development process and use data to determine if the district will need to make deeper investments or reprioritize key district priorities, including:
 - the APS 5 (Data, Curriculum and Instruction, Signature Programming, Whole Child and Intervention, Personalized Learning)
 - the Turnaround strategy
 - cluster and flexibility funds through SSF
 - investments in early learning (including PAACT)
 - investments to advance district equity commitments and priorities

2. 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, preventative, and deferred maintenance) in support of Facilities Master Planning
3. Continue a scaling annual 3% contribution to the General Employee pension plan
4. Continue to invest in recovery initiatives and student/staff well-being to identify and close gaps caused by the extended impacts of COVID-19 on the system
5. Continue investment in equipping and empowering educators including:
 - recruiting, developing, retaining, and promoting high-quality staff, especially in high needs areas, like special education, and underrepresented demographic groups, like male educators
 - pipeline development, professional development, coaching, and career pathways including leadership development in the APS leader equity dispositions incorporated in definitions of leader excellence
 - a compensation strategy that positions APS competitively in the market, provides a living wage, and supports the retention and well-being of high-quality employees
6. Allocate resources pursuant to the district's definition of equity (through a lens 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

These budget parameters represent a commitment to improving the budget process but may not represent a substantial commitment of additional or recurring cost to the district.

The district will:

1. Develop a multi-year resource forecast to ensure sustainability of initiatives
2. Develop a multi-year strategy plan that indicates the district's plan for aligning resources with the APS 5 and equity commitments to ensure overall sustainability of the initiatives
3. Continue the work of GFOA's best practices in school-based budgeting by incorporating processes in the budget development process that will allow the district to begin tracking academic return on investment starting in FY2023
4. Continue the work as identified in the 2020-2025 Strategic Plan
5. Develop dashboards for increased financial transparency
6. Identify tools to better report, manage, and monitor the budget
7. Use the findings from the equity audits to determine improvements to resource allocation and expenditures
8. Develop OTIS Indexes and leverage data to identify initiatives that produce change and warrant deeper investment

TIMELINE OF BUDGET DEVELOPMENT

FY2023 GENERAL FUND BUDGET DEVELOPMENT	
Item Description	Dates
Board Meeting	September 7, 2021
Board Meeting	October 4, 2021
Board Budget Commission Meeting	October 21, 2021
Board Meeting	November 1, 2021
Board Budget Commission Meeting	November 15, 2021
Board Meeting	December 6, 2021
Board Meeting	January 3, 2022
FY2023 School & Department Budgets Released	January 11, 2022
Budget Development Training with Principals	January 12, 2022
Governor's State of the State Address and Education Budget	January 13, 2022
GO Team Initial Budget Presentation	January 12, 2022 - Early February
Board Meeting	February 7, 2022
Board Budget Commission Meeting	February 24, 2022
Academic and Staffing Conferences	February 22 - March 1, 2022
FY2023 School and Department Budgets Locked	March 1, 2022
Board Meeting	March 7, 2022

GO Team Final Budget Approval Begins	February 1 - February 28, 2022
Board Budget Commission Meeting	March 17, 2022
GO Team Final Budget Approval Ends	Late February – March 18, 2022
FY2023 Senior Cabinet Budget Proposal Meeting	March 29-30, 2022
Board Meeting	April 11, 2022
Board Budget Commission Meeting	April 21, 2022
Board Meeting; (Tentative adoption)	May 2, 2022
First public budget hearing for FY2023 Budget	TBD
Conduct regional public meeting for FY2023 Budget	May 12, 2022-Tentative
Conduct regional public meeting for FY2023 Budget	May 17, 2022-Tentative
Board Budget Commission Meeting	May 19, 2022
Board Meeting; (Final Adoption)	June 6, 2022
Second public budget hearing for FY2023 Budget	TBD
Advertise and publish notice of tax rate and budget	TBD
Advertise the first and second public hearings for the tax millage rates	TBD
Advertise the tax digest for the five-year history FY2017-22	TBD
Advertise the third public hearings for the tax millage rates (If necessary)	TBD
Deadline for millage rates to be delivered to Fulton County Tax Commissioner	TBD
Final adoption of the tax Millage rates for FY2023 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback)	TBD
Hold the first and second public hearing on the tax millage rate	TBD
Hold the third public hearings for the tax millage rates (If necessary)	TBD

ABOUT THE BUDGET PROCESS

Planning

The planning activities include identifying and prioritizing educational needs and forecasting available resources to meet those needs. This process 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 the SSF taskforce and based on Budget Commission discussions
- *Principal Proposal*- Principals align their strategic plans and new year earnings through a collaborative process with GOTeams
- *Department Budgets*- Departments use modified zero-line-item budgeting to support their strategic plans and new and ongoing operations and initiatives

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*- GoTeams assist in the decision-making process to maximize the educational opportunities of students and align 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. Subsequently, the Superintendent presents the recommended budget to the Board, public, and media.
- *Tentative Adoption*- Superintendent presents the new fiscal year budget to the Board of Education. 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.
- *Final Adoption*- The budget is presented to the Board of Education for the final adoption. 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.

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 fiduciary duties and responsibilities in a timely and appropriate manner.

Fiscal Responsibility

As custodians of public funds, our purpose and commitment are to manage those funds with honesty and integrity to ensure that the district continues to function smoothly, and to build and maintain public trust. 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 this budget season has met with members of the GOTeam, the Executive Director of Budget Services and/or Chief Financial Officer, 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.

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



TIMELINE/CALENDERS

Budget Finance Advisory Committee Meeting Dates:	
	December 9, 2021
	April 21, 2022

Board Budget Commission Meeting Agenda:	Date:
FY2023 Budget timeline, anticipated financial changes for FY2023, preliminary FY2023 Resource and Expenditure parameters	October 21, 2021
Finalize FY2023 parameters & Student Success Formula review	November 15, 2021
Review revenue and expenditure assumptions, align on SSF recommendations	Board Meeting December 6, 2021
Deep dive on revenue assumptions & budget process update	Board Meeting February 7, 2022
Draft Budget primer, legislative update, and compensation strategy	February 24, 2022
Local revenue (Fulton County Tax Assessor and Fulton County Tax Commissioner), legislative update, revenue vs expenditure analysis	March 17, 2022
Non-general fund budget presentations, recommendation for tentative budget	April 21, 2022
Recommendation for final budget	May 19, 2022

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 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 renewal of our charter system was approved in July 2021; greater flexibility in serving the students, more flexibility in using local and state resources, and greater accountability by the school system to the community were all reasons for the APS charter system renewal. 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 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 Plan (2020-2025)

Strategic Priorities

- Fostering Academic Excellence for All
- Building a Culture of Student Support
- Equipping & Empowering Leaders & Staff
- Creating a System of Support for Schools

Equity Commitments

- ★ Improving Access to High-Quality Instructional Programming & Materials
- ★ Leveraging School Improvement to Advance Equity
- ★ Integrating Social, Emotional, & Academic Practices
- ★ Ensuring Equitable Learning Environments
- ★ Increasing Access to Effective Leaders & Teachers
- ★ Ensuring Equitable Funding
- ★ Partnering with Families & Communities

Strategic Initiatives

- Data Curriculum & Instruction Signature Programming
- Whole Child & Intervention Personalized Learning
- Strategic Staff Support
- Equitable Resource Allocation
- Collective Action, Engagement & Empowerment

APS Five

Essential Supports

STRATEGIC PRIORITIES

We will continue to fund our strategic priorities, including the Turnaround Strategy, Signature Programs and School and Cluster 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.

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

Intensive Tier	Phase
Continental Colony	TSI
Washington HS	TSI
Cascade	Promise School
Toomer	Promise School
Mays	Promise School
Hollis Innovation Academy	TSI
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

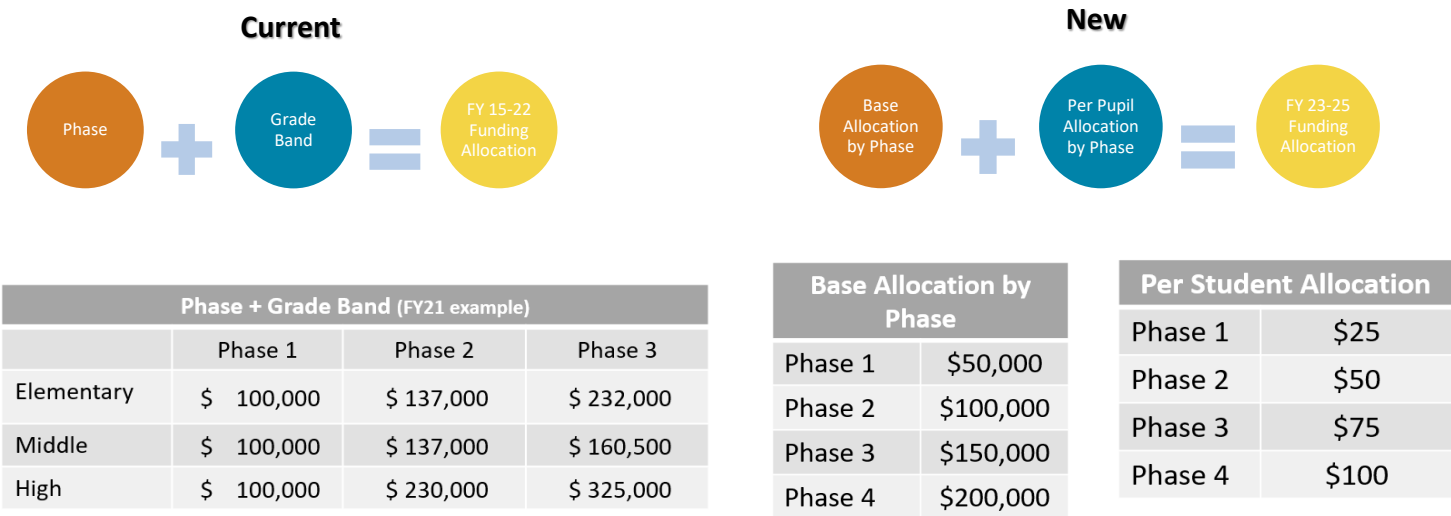
SIGNATURE PROGRAMS

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. Since signature programming inception in 2015, it has aligned to the APS strategic plan, supported authorization/certification requirements from agencies, focused on three phases of progression based on level of implementation (1--Beginning, 2--Intermediate and 3--Advanced), and paid close attention to phase 3 which focuses on schools that are progressing toward and/or have achieved certification/authorization.

Moving forward, signature programming is implementing an additional phase (phase 4) and including a new funding formula. This new concept will add the additional phase and reassign schools based on level of implementation (1--Beginning, 2--Intermediate, 3--Advanced and 4—Post Authorization/Certification), it assesses implementation every year using the new phasing rubric and it will adjust the school phase designation based on progression and observation.

The breakdown below shows the current funding formula for signature programs vs the new funding formula moving forward.



This change to the funding formula and new phase, allow for students served and number of teachers to have a greater impact on Signature Program budgets than grade-band and per pupil allocation will address the resource gap that schools serving more students have experienced.

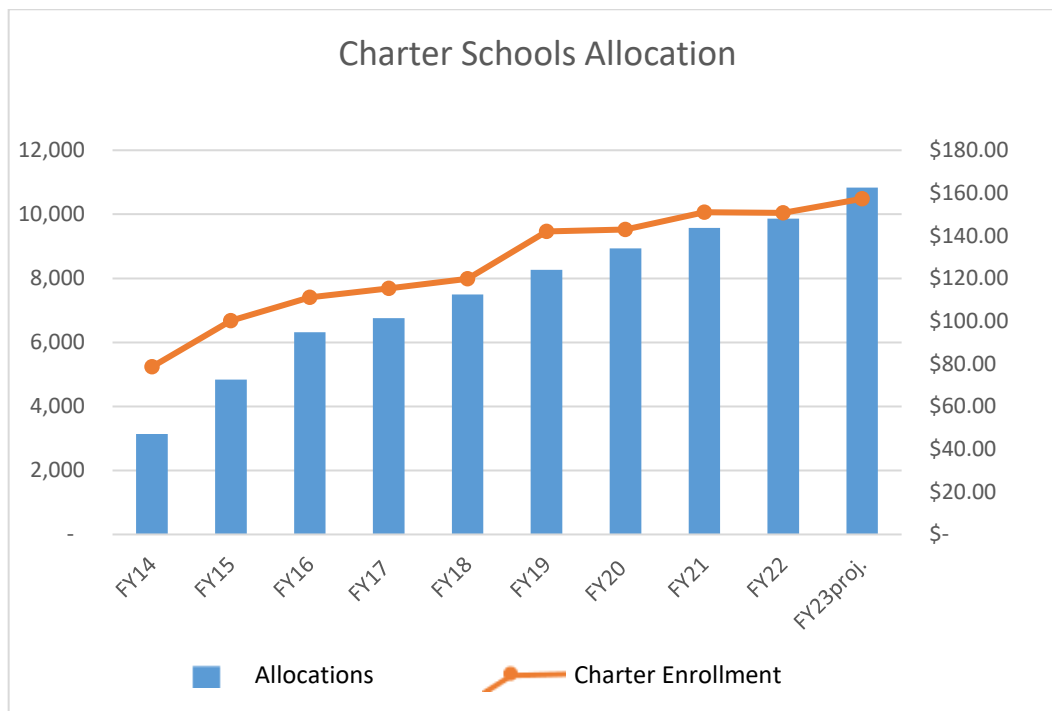
The College and Career Readiness signature program has emphasis on critical thinking, communication, collaboration, creativity, and citizenship. Students will have multiple opportunities to engage in accelerated learning via the Early College Initiative (Carver cluster) and the Advanced Placement curriculum (Midtown cluster). Students may earn college credit during high school and graduate with distinction as advanced academic pathway completers. STE(A)M education is implemented at all grade levels and is based on a rigorous curriculum that integrates subjects (e.g., math and science) as opposed to teaching them in isolation. STEM teachers plan and work collaboratively as a team to deliver instruction that is driven by innovation, real-world problem solving, exploratory, and student-centered development of creative ideas and solutions. STEM education is not a prescribed curriculum, but a combination of several research-based best practices proven to improve student achievement: Inter disciplinary instruction, standards-based, problem and project-based learning, inquiry-based learning, collaborative learning, laboratory investigations, and research projects.



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. Next school year, two of our charter schools KIPP Soul Primary and KIPP Soul Academy will each be adding a grade level. However, enrollment levels should remain stable across the other schools. Charters also receive a portion of local revenue and fund balance. The information below gives a closer look at our charter enrollment, allocated dollar amounts and percentage of charter enrollment compared to our district's total enrollment.



Fiscal Year	Enrollment	% of total Enrollment	Allocation (millions)	% of total Budget
FY14	6,413	10%	\$47.00	8%
FY15	7,927	13%	\$72.50	11%
FY16	8,154	14%	\$94.70	13%
FY17	8,455	15%	\$101.30	14%
FY18	9,139	15%	\$104.40	13%
FY19	9,353	18%	\$118.00	15%
FY20	9,529	18%	\$134.00	16%
FY21	10,060	19%	\$143.60	17%
FY22	10,040	20%	\$148.03	16%
FY23proj.	10,485	22%	\$162.50	n/a

INNOVATIONS AND STRATEGY

STUDENT SUCCESS FUNDING MODEL (SSF)

School district leaders face several 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.

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 is building its sixth school-based budget using SSF for FY2023. While we continue to strive for a balanced approach to adjusting the allotment model, each year we strive to 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 FY2023 school-based budgets, we continue to make efforts towards equitable funding. These include continuing investments in school-based funding as highlighted in the budget parameters. We are also continuing to use two average salary bands (instead of one district-wide average salary) to budget resources in alignment with the actual costs of positions in certain high-need, high-poverty schools. 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. Once these 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 individual programs. 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.

DEPARTMENTAL BUDGETING

While APS continues to make gains across the district, many more of our 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. In FY2022, we moved 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. FY2023, we will continue to use strategic budgeting to further track our spending keeping in mind the district's strategic plan.

DEPARTMENT BUDGET DEVELOPMENT TIMELINE

FY23 Department Budget Development Timeline	Dates
Release budget templates	Jan. 11th
FY23 Budget Training Sessions for Departments	Jan. 18 th , Jan. 27 th , Feb. 2nd
Budget support sessions (Tues., Wed., Thurs.)	Jan. 20 th - Feb. 10
Mid-point Check-in	Week of February 15 th
Deadline: BUDGETS CLOSE 5PM	March 1 st
Chief Budget Review	Mar. 2nd – Mar. 11th
BCMs may use this week to prepare budget proposals for Senior Cabinet review	Week of Mar. 14th
BCMs present budget proposals to Senior Cabinet	Mar. 29-30 th
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	Mar. 30-Apr. 1 st

DEPARTMENTAL BUDGETING - STRATEGIC BUDGETING

STRATEGIC BUDGETING is planning with goals and initiatives in mind. Creating a plan and aligning those resources to achieve those short-term or long-term initiatives. Last year we began the process of aligning our expenditures with district priorities and strategies and this year we will continue modified Zero-based budgeting (ZBB). This process will assist in the district's initiative to begin tracking academic return-on-investment.

This modified zero-based budgeting approach is designed to get the budget center managers (BCMs) to think about prioritizing resources for those initiatives that are working and eliminating resources to those initiatives that are not. This method will require BCMs to justify non-personnel line items and identify 2-3 SMART goals that align to the strategic plan, district wide operational needs, budget parameters or other existing priorities.

BCMs will present their budget proposal to senior cabinet. Senior cabinet will use a transparent criteria-based decision-making matrix to prompt discussion about 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 (CLL) to ultimately make deeper investments in specific priorities instead of distributing funds over too many initiatives.

This highlights our incremental approach to strengthening our resource alignment efforts over the next five years, so that we will be positioned to build a five-year strategic resource plan in concert with APS' 2026-2030 Strategic Plan. The following outcomes will determine success for our FY2023 efforts:

1. All central office budget center managers will list at least one goal for FY2023 and tie their budget proposal(s) to one or more district priorities.
2. Modified zero-based budgeting will encourage budget center managers to think about how they are allocating funds year over year.
3. All central office budget proposals will be presented to senior cabinet to increase awareness of programmatic needs and transparency.
4. Senior Cabinet will review all budget proposals, challenge assumptions as necessary and make recommendations for tentative budget adoption based on key discussions and a priority-based decision-making matrix.

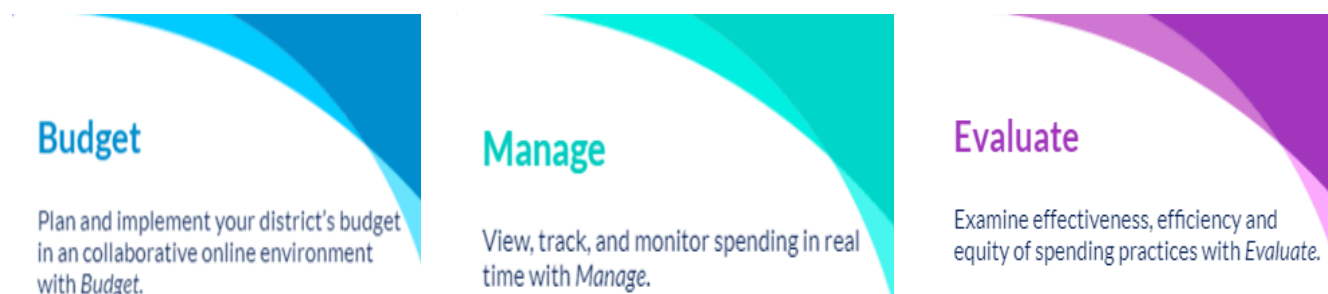
By implementing these change management efforts, our hope is to reduce inefficiencies, increase strategic alignment, accountability, and cross-departmental collaboration to improve outcomes. Ultimately, we anticipate these changes will position us to begin tracking academic return on investment (AROI). 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

In FY2022 we began using Allovue to build department budgets. This year, we will continue to build those budgets in Allovue. Our goal is to:

- 1) create a more effective and efficient central office and in alignment with GFOA's best practices in school-based budgeting, and
- 2) make 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 are now 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.



Allovue will help us better serve our students and community by providing transparency and 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. We hope to:

- Align resources with strategic initiatives
- Enhance user experience
- Utilize software to determine how to make deeper investment in district priorities

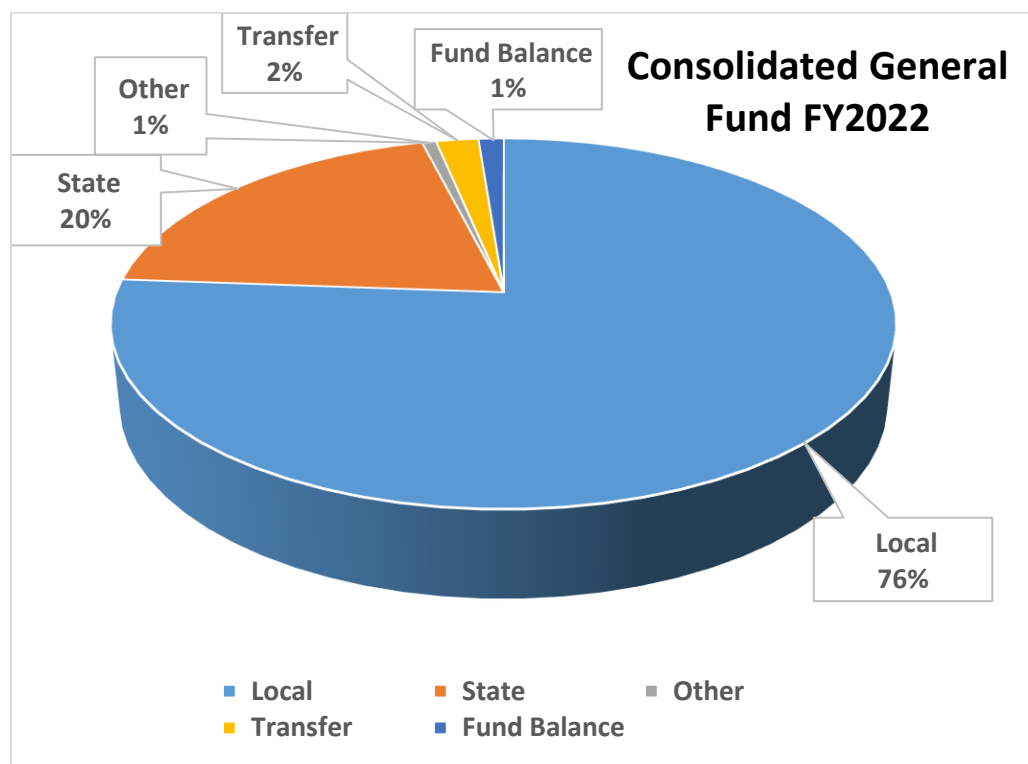
Most importantly, this software provides a more user-friendly experience for our users. This will allow them to strategically build their budgets and easily manage their allocations while staying focused on putting students and schools first and staying committed to our core values.

FY2022 CURRENT BUDGET RECAP

The district's FY2022 consolidated General Fund Budget, as adopted by the Atlanta Board of Education is \$904 million, which is about \$62 million more than FY2021. The district's FY2022 budget also includes \$363 million for special revenue, \$94 million for SPLOST funds, and \$33 million for school nutrition and \$4.5 million for student activities.

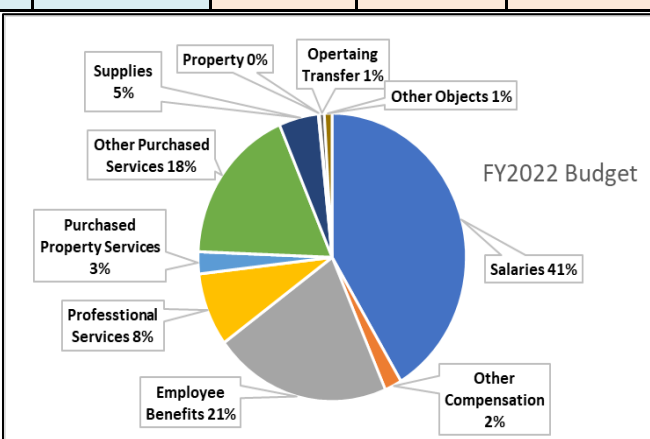
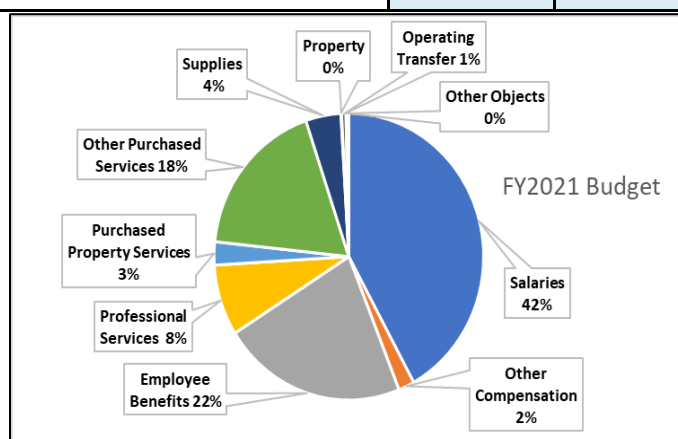
FY2022 BUDGET HIGHLIGHTS

Resources	FY2022 Budget
Local	\$688,878,713
State	\$180,007,059
Other	\$6,122,560
Transfer	\$18,527,799
Fund Balance	\$11,062,653
Total Available Resources:	\$904,598,784



FY2022 CONSOLIDATED GENERAL FUND BUDGET BY OBJECT GROUP

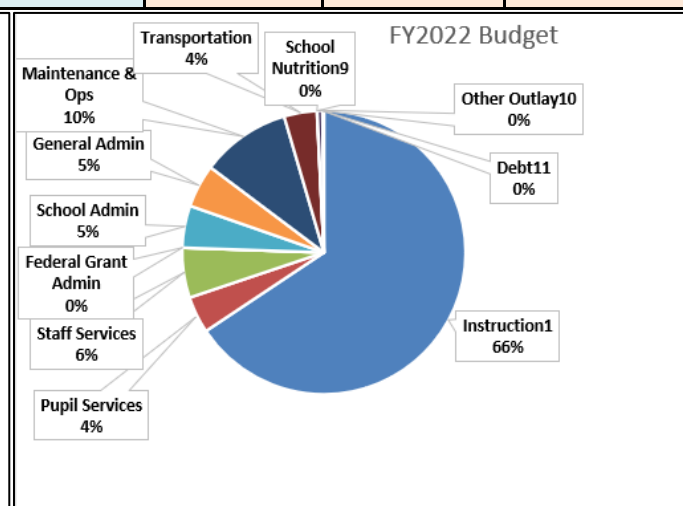
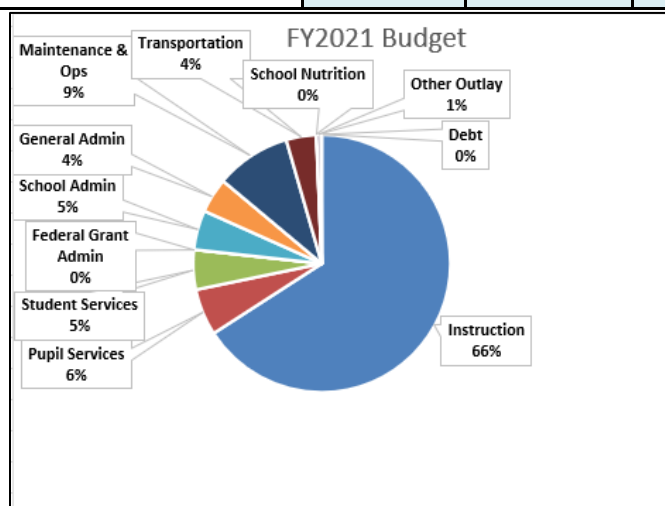
	FY2021 Approved			FY2022 Preliminary		
Budget in millions	Budget	% of Exp	Per Pupil	Budget*	% of Exp	Per Pupil
Salaries ¹	\$354.04	42.00%	\$6,789	\$374.79	41.43%	\$7,360
Other Compensation ²	\$16.20	1.92%	\$311	\$18.77	2.08%	\$369
Employee Benefits ³	\$186.44	22.12%	\$3,575	\$193.70	21.41%	\$3,804
Professional Services ⁴	\$67.53	8.01%	\$1,295	\$74.55	8.24%	\$1,464
Purchased Property Services ⁵	\$22.06	2.62%	\$423	\$22.30	2.46%	\$438
Other Purchased Services ⁶	\$153.11	18.16%	\$2,936	\$162.42	17.96%	\$3,190
Supplies ⁷	\$35.61	4.23%	\$683	\$43.07	4.76%	\$846
Property ⁸	\$0.70	0.08%	\$13	\$1.25	0.14%	\$25
Operating Transfer ⁹	\$4.44	0.53%	\$85	\$5.31	0.59%	\$104
Other Objects ¹⁰	\$2.78	0.33%	\$53	\$8.44	0.93%	\$166
Total	\$842.92	100.00%	\$16,163	\$904.60	100.00%	\$17,765



1. Increase to compensation strategy, Academics re-organization and expansion, IT, and Equity and Chief of Staff
2. Increase to hourly teachers for compensatory and braille services for special education, subs, and Ops
3. TRS rate increase, increase to pension, along with TRS and FICA increases due to salary adjustment
4. Increase to IT, Operations, and Academics
5. Increase to Operations in contract services, custodial services, ground and pest control, electrical, and environmental services
6. Increase to charter and partner school allocations
7. Increase to increase in digital resources (including textbooks) and supplies
8. Increase vocational construction and schoolhouse furniture in Operation, and office refurbishing for incoming chief's and cube configuration for department moves
9. Increase to GF supplement for Pre-K teacher salary increases, school nutrition transfer, admin fee for charters and partners

FY2022 CONSOLIDATED GENERAL FUND BUDGET BY FUNCTION GROUP

	FY2021 Approved			FY2022 Preliminary		
Budget in millions	Budget	% of Exp	Per Pupil	Budget*	% of Exp	Per Pupil
Instruction ¹	\$555.40	65.89%	\$10,650	\$593.94	65.66%	\$11,664
Pupil Services ²	\$49.31	5.85%	\$946	\$37.90	4.19%	\$744
Staff Services ³	\$42.16	5.00%	\$809	\$51.53	5.70%	\$1,012
Federal Grant Admin ⁴	\$0.00	0.00%	\$0	\$0.00	0.00%	\$0
School Admin ⁵	\$41.70	4.95%	\$800	\$43.34	4.79%	\$851
General Admin ⁶	\$36.98	4.39%	\$709	\$44.43	4.91%	\$872
Maintenance & Ops ⁷	\$79.71	9.46%	\$1,528	\$92.48	10.22%	\$1,816
Transportation ⁸	\$31.90	3.78%	\$612	\$33.86	3.74%	\$665
School Nutrition ⁹	\$0.38	0.04%	\$7	\$0.38	0.04%	\$7
Other Outlay ¹⁰	\$4.44	0.53%	\$85	\$5.31	0.59%	\$104
Debt ¹¹	\$0.93	0.11%	\$18	\$1.44	0.16%	\$28
Total	\$842.92	100.00%	\$16,163	\$904.60	100.00%	\$17,765



- Salary increases for schools, increase to charters and partners, school reserve, increase in digital resources and supplies, 3% annual pension growth*
- School Social Workers, Nurses and Psychologist positions moved to CARES for FY22*
- Increase to Academics due to re-organization, SLPs and assessments for special education, new instruments and equipment for fine arts, transportation for special education and fine arts*
- No change from current year
- Salary increases for schools
- Increase to support network security and repair contracts and Equity and Chief of Staff
- Increase in Operations due to contracted services, custodial services, ground and pest control, electrical, and environmental services
- Increase to Transportation due to upgrading bus drivers from 4 hours to 6 hours and cost of fuel
- No change from current year
- Increase to GF supplement for Pre-K teacher salaries
- Minimal changes from current year

FY2023 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.

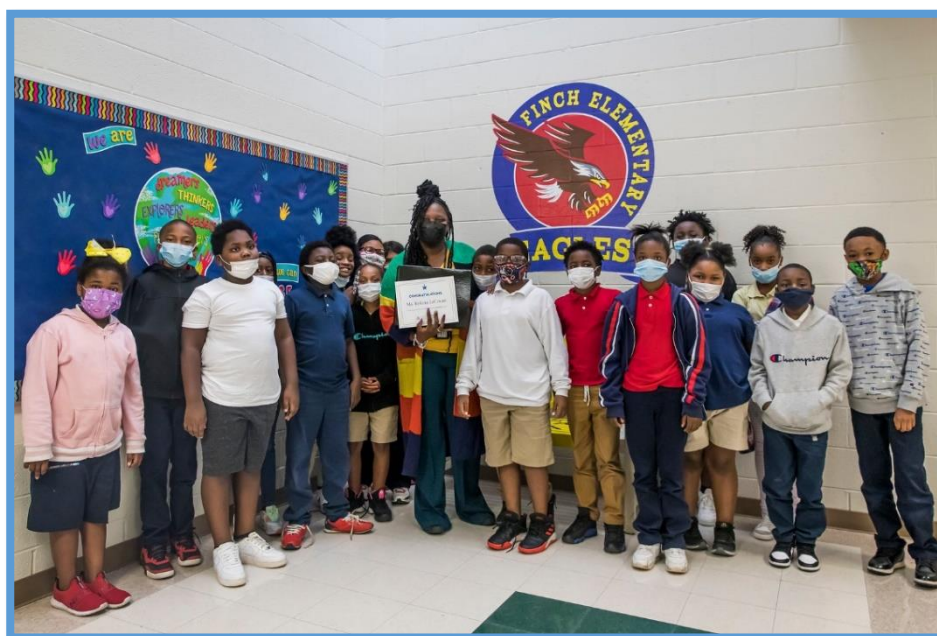
Maintenance and Operations – Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This includes the activities of maintaining safety in buildings, on the grounds, 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 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. APS has a long-standing practice of maintaining a fund balance above 7.5% of revenue, but below the statutorily required cap of 15%. In more recent years fund balance has hovered between 9-18% 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 will use the excess fund balance to bridge the gap in 2024 when CARES funding begins to deplete to 2027 when our pension funds are paid off.
- 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 \$904.59 million for FY2022, this year's beginning fund balance totaled \$182,709,214. For FY2022 the anticipated change to the fund balance will be a decrease of around \$14.3 million with an ending fund balance of \$168,406,800.



ECONOMIC CONTEXT

FEDERAL

The FY2022 President's budget request reflects the Biden-Harris Administration's commitment to ensuring that student success remains at the heart of the Department of Education's work. It demands Congress to prioritize the physical and mental health of students and close education equity gaps, especially in underserved communities. The budget request for FY2022 focuses on not only recovering from the pandemic but also look towards students' education after the pandemic to ensure there are improved resources to build the education system back better than before. This budget ensures all students have access to high-quality, affordable postsecondary education, while also improving career pathways for students of all ages and levels. President Biden's FY2022 budget request includes student-centered and education-centered provisions, reverses years of underinvestment in Federal education programs and begins to address the significant inequities that millions of students—primarily students of color—and teachers confront every day in underserved schools across America. No programs were eliminated or consolidated. [1]

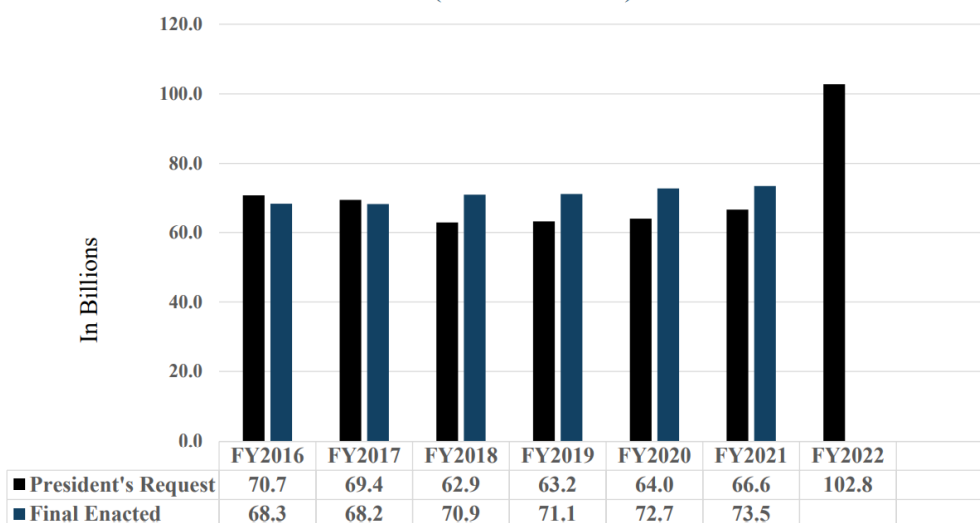


President Biden's budget request further includes a request of \$102.8 billion in new discretionary Budget Authority, a \$29.8 billion or 41 percent increase above the fiscal year 2021 appropriation. A request of \$50 billion over 5 years to rebuild and renovate public K-12 schools to help close the gap created by unsafe and ill-equipped schools in high-poverty district's and two years of free education for pre-k (3- and 4-year old's) totaling \$200 billion over 10 years are also among the President's budget requests. Looking further to the administration for FY2022 budget requests, the Biden-Harris platform for education includes:

- \$36.5 billion for Title I programs, including level-funding the traditional Title I program at \$16.5 billion and providing \$20 billion in Title I "Equity Grants," which aim to "direct a larger share of resources to highest poverty districts."
- \$15.5 billion for Individuals with Disabilities Education Act grants to states, a \$2.56 billion increase over FY 2021. [2]

The illustration below highlights the past six years of the requested discretionary fund amount verses what the final enacted amount is. [1]

FY 2016 – FY 2022 Department of Education Discretionary Budget Requested vs. Enacted Levels (dollars in billions)



STATE

Georgia maintained a pattern of cutting the state education budget and underfunding specific grants for FY22. Although cuts to state funding were minimum, the pandemic worsened some of Georgia's existing problems and the results are understaffed schools across the state and areas requiring additional funding. Some quick facts to highlight Georgia's current FY2022 budget include:

- 1,693,971 – Total enrollment in Georgia K-12 public schools in October 2021 (1,686,318 in October 2020)
- \$5,751.10 – The amount allocated in the Quality Basic Education (QBE) school formula per student in FY 2022 (\$5,757 in FY 2021)
- \$383,024,889 – The amount cut from state funding in the QBE formula in FY2022 (FY 2021 budget also included a cut of \$383 million)
- -\$2,211 – The gap between the amount of funding per student in Georgia and the national average (lower than the amount of \$2,291 in 2020, representing an improvement)
- 39.5%– The portion of Georgia's state budget allocated to K-12 public education in FY2022 (marginally down from 39.8 percent)
- \$0 – The amount of additional funding Georgia provides for schools specifically to serve students living in poverty, making Georgia one of only eight states that fail to do so [3]

During Governor Kemp's State of the State address, he proposed a few budget adjustments and proposals for FY2022 and FY2023. His amended fiscal year 2022 budget will recommend a one-time pay supplement of \$2,000 for full-time, state-funded instructional staff, school support staff, and school administration and a \$1,000, one-time supplement for school bus drivers, nurses, nutrition workers, and part-time employees. The upcoming FY2023 proposed budget will include a final installment of \$2,000 to finish out the largest teacher pay raise in state history - a total of \$5,000 since 2019. This \$2,000 raise will impact K-12 teachers, assistant teachers, and pre-k teachers. [4] Overall, Governor Kemp recommended that \$1.4 billion be placed back into the state's public education between the midterm FY2022 budget and the FY2023 budget.

LOCAL

APS is composed of local revenue. 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. The district currently maintains a millage rate of 20.740.

ESSER FUNDING

In response to the economic outcome of the COVID-19 pandemic in the United States, Congress passed three bills that provided immediate and direct economic assistance to local educational agencies through the Elementary and Secondary School Emergency Relief funds. The ESSER funds were provided to school district's that had the greatest impact due to COVID-19 and to support local school district's efforts to safely reopen schools. The funds allow us here at APS to address significant gaps in learning and support measures that will continue to reduce the effects of COVID-19 on students and families.

Under the law, CARES funding may be used for any activity authorized by ESEA, IDEA, the Adult Education and Family Literacy Act, the Perkins Act (CTE), or the McKinney-Vento Homeless Assistance Act, in addition to other activities to help with the response to COVID-19 (including preparedness and response efforts, sanitation, professional development, distance learning, and others).

The district received approximately \$23 million, \$90 million, and \$201 million over three individual federal COVID response packages and these funds must be spent by September 2023. At APS, we will be using CARES funds to:

- allocate for computers, software, and connectivity for students and staff,
- compensatory services for students with disabilities,
- academic recovery, universal screeners, and a robust multi-year intervention program,
- COVID-19 surveillance testing,
- mental health supports for students and staff,
- long-term recruitment of teachers,
- nutrition costs,
- facilities including improvements to HVAC systems,
- summer learning and summer enrichment,
- psychologists, social workers, and nurses,
- and additional allocations under consideration

[1] U.S. Department of Education. (2021). President's FY2022 Budget Request for the U.S. Department of Education. Retrieved from [FY 2022 President's Budget for the U.S. Department of Education \(PDF\)](#)

[2] National Conference of State Legislatures. (2021). President's FY 2022 Budget Request. Retrieved from [President's FY 2022 Budget Request \(ncsl.org\)](#)

[3] Georgia Budget & Policy Institute. (2022). State of Education Funding. Retrieved from [State of Education Funding \(2022\) - Georgia Budget and Policy Institute \(gbpi.org\)](#)

[4] Georgia.Gov (2022). Governor Brian P. Kemp's 2022 State of the State Address. Retrieved from [Governor Brian P. Kemp's 2022 State of the State Address | Governor Brian P. Kemp Office of the Governor \(georgia.gov\)](#)

EXPENDITURE ASSUMPTIONS

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 was 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-\$62 million on an annual basis and the annual required payments will escalate by 3% annually over the next several years, topping out at \$69.9million in 2026 then dropping off to \$2.7million in 2027.

The pension liability payments for FY2022 are 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 45.98% for this year, compared to the prior year ratio of 35.88%. 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. 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.

TEACHERS RETIREMENT SYSTEM OF GEORGIA

The Teacher Retirement System's board voted to increase the "employer," or government, contribution rate to the fund from 19.81% to 19.98% for FY2023.

APS Compensation and Benefits are approximately 65% of General Fund total expenses. The table below shows the employer contribution rates in TRS from FY2018 to present:

Fiscal Year	Employer Rate
2023	19.98%
2022	19.81%
2021	19.06%
2020	21.14%
2019	20.90%
2018	16.81%

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. APS also implemented a historic minimum wage hike for full time workers. Some of the budget highlights of compensation are:

- Step raises for all eligible employees on a pay grade/step (ranges from 1% to 17%)
- \$15 minimum wage increase for all hourly employees
- Daily rate increase for substitute employees
- Additional market increases for the teacher pay scale, resulting in 2% to 9% pay raises, depending on years of experience
- Increase the number of steps on the instructional support pay scale from 24 to 28 and the doctorate degree stipend from \$2,000 to \$4,000
- \$3,000 retention stipends for special education teachers
- \$500-\$2,000 retention stipends for all staff in high poverty schools (with >65% direct certification)
- Converting some hourly special education paraprofessionals to full time with benefits

