

FY2020 Tentative Budget Community Meeting

May 9th, 13th, 16th, and 20th 2019



Agenda

- Meeting Goals
- Timeline
- Key Terms and Acronyms
- Guiding Principles and Budget Parameters
- FY2020 All Funds Overview
- FY2020 General Fund Revenue
- FY2020 General Fund Expenditures
- Compensation
- FY2020 Special Revenue Fund, SPLOST, Nutrition Fund and Student Activity Fund
- Additional Resources and Next Steps



Meeting Goals



Goals

- To offer an opportunity for the public to learn more about the basics of the district's budgeting process, hear the district's current budget challenges and parameters, and provide your feedback.
- To facilitate a transparent and well-organized budget development process as part of the larger commitment to provide a world-class education to all students.



Timeline



Timeline

| | <u><i>Item Description</i></u> | <u><i>Dates</i></u> |
|-----|--|------------------------------|
| ✓1 | Board Meeting | Tuesday, September 5, 2018 |
| ✓2 | Board Budget Commission Meeting | Thursday, September 20, 2018 |
| ✓3 | Board Meeting: Review parameters. | Monday, October 8, 2018 |
| ✓4 | Board Budget Commission Meeting | Thursday, October 18, 2018 |
| ✓5 | Budget and Finance Advisory Committee (BFAC) | Thursday, October 18, 2018 |
| ✓6 | Board Meeting; Board approves parameters | Monday, November 5, 2018 |
| ✓7 | Budget and Finance Advisory Committee (BFAC) | Thursday, November 8, 2018 |
| ✓8 | Board Budget Commission Meeting | Thursday, November 15, 2018 |
| ✓9 | Board Meeting; Board reviews SSF approach. | Monday, December 4, 2018 |
| ✓10 | Board Meeting | Monday, January 7, 2019 |
| ✓11 | Budget and Finance Advisory Committee (BFAC) | Thursday, January 10, 2019 |
| ✓12 | Governor's State of the State Address | Thursday, January 17, 2019 |
| ✓13 | Board Budget Commission Meeting: State of the State; Tax Commissioner | Thursday, January 17, 2019 |
| ✓14 | Board Meeting | Monday, February 5, 2019 |
| ✓15 | Joint BFAC Budget Commission Meeting | Thursday, February 28, 2019 |
| ✓16 | Joint BFAC Budget Commission Meeting | Thursday, February 28, 2019 |
| ✓17 | Board Meeting | Monday, March 4, 2019 |
| ✓18 | Budget and Finance Advisory Committee (BFAC): Gap Analysis | Thursday, March 14, 2019 |
| ✓19 | Board Budget Commission Meeting; Gap Analysis | Thursday, March 21, 2019 |
| ✓20 | Board Meeting | Monday, April 9, 2019 |
| ✓21 | Budget and Finance Advisory Committee (BFAC) | Thursday, April 11, 2019 |
| ✓22 | Board Budget Commission Meeting; Special Revenue, SPLOST, School Nutrition, Debt | Thursday, April 18, 2019 |

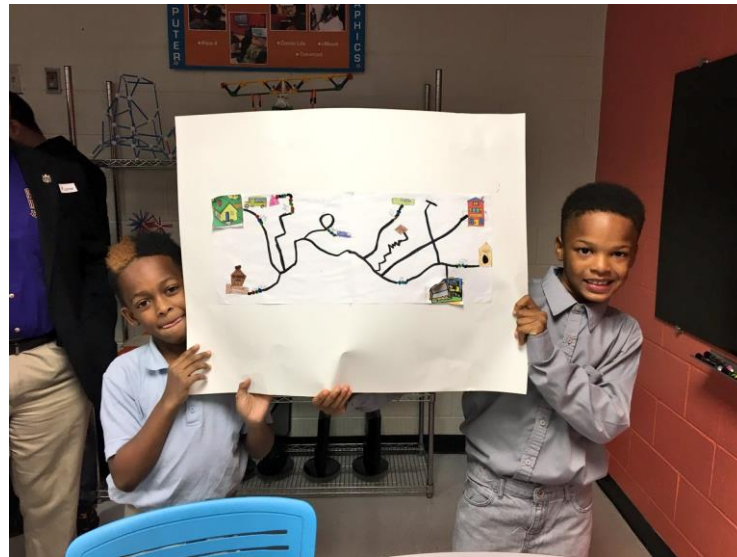


Timeline

| | <i><u>Item Description</u></i> | <i><u>Dates</u></i> |
|------|---|------------------------|
| √ 23 | Board Meeting; Superintendent presents the Fiscal Year 2019 Budget to the Board (Tentative adoption) | Monday, May 6, 2019 |
| √ 24 | First public budget hearing for Fiscal Year 2019 General Fund Budget | Monday, May 6, 2018 |
| 25 | Conduct regional public meeting for Fiscal Year 2019 General Fund Budget (Inman) | Thursday, May 9, 2019 |
| 26 | Conduct regional public meeting for Fiscal Year 2019 General Fund Budget (Benteen) | Tuesday, May 13, 2019 |
| 27 | Board Budget Commission Meeting | Thursday, May 16, 2019 |
| 28 | Conduct regional public meeting for Fiscal Year 2019 General Fund Budget (E Rivers) | Thursday, May 16, 2019 |
| 29 | Conduct regional public meeting for Fiscal Year 2019 General Fund Budget (Best Academy) | Tuesday, May 20, 2019 |
| 30 | Board Meeting; Superintendent presents the Fiscal Year 2019 Budget to the Board (Final Adoption) | Monday, June 3, 2018 |
| 31 | Second public budget hearing for Fiscal Year 2018 General Fund Budget | Monday, June 3, 2018 |
| 32 | Tax assessor provides final appraisal values to the District | TBD |
| 33 | Advertise and publish notice of tax rate and tentative budget | TBD |
| 34 | Advertise the first and second public hearings for the tax millage rates | TBD |
| 35 | Advertise the tax digest for the five year history Fiscal Years 2013-2018 | TBD |
| 36 | Advertise the third public hearing for the tax millage rates | TBD |
| 37 | Hold the first and second public hearing on the tax millage rate | TBD |
| 38 | Final adoption of the tax millage rates for Fiscal Year 2019 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback) | TBD |
| 39 | Hold the third public hearings for the tax millage rate | TBD |
| 40 | Deadline for millage rates to be delivered to Fulton County Tax Commissioner | TBD |



Key Terms and Acronyms



Key Terms and Acronyms

- All Funds – Used when referring to every dollar (\$1.1 billion) the District has allocated to spend during the year
- General Fund –The largest fund (\$851 million) where most of the school spending occurs, which includes consolidated title funds
- Consolidated Fund – Refers to the consolidation of Title funds and General Funds
- Special Revenue Funds - Used to account for the proceeds of specific revenues that are legally restricted or committed for specific purposes
- SPLOST Funds - A special-purpose local-option sales tax (SPLOST) is a financing method for funding capital projects through an optional 1% sales tax
- Nutrition Funds – Used to account for the National School Lunch Program, a federally assisted meal program
- Student Activity Funds – Activity funds are established to direct and account for monies used to support co-curricular and extracurricular student activities
- Student Success Funding (SSF) – Funding model used to allocate resources to schools based on student need
- QBE – Quality Basic Education is the funding formula used by the State of GA to allocate funds to school districts
- Millage – Property tax rate in which 1 mill of tax is equal to \$1 per \$1,000 of assessed valuation



Guiding Principles and Budget Parameters



Guiding Principles for Revenue Consideration

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

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

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

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



FY2020 Resource Parameters

Revised October 1, 2018

1. The District will implement the expenditure parameters using the current millage rate or will set a new millage rate using the Board's Guiding Principles for Revenue Consideration to support the mission and vision of the District.
2. The District will continue to identify grant-generating opportunities, assess the required millage rate, and/or seek additional business, philanthropic and community partnerships in an effort to support the ongoing transformation of APS.
3. The District will maintain a fund balance between 7.5% and the statutory limit of 15% projected expenditures.
4. The District will analyze and explore all funding sources including grants and special revenue to maximize resources and supplement the general fund.
5. The District, with support and collaboration from other stakeholders, will continue to identify and encourage grant-generating opportunities, especially through our Partnerships Office.
6. The District will identify and sunset ineffective programs to redirect human resources and funding where possible.
7. The District will pursue representative oversight and input on all extended or new Tax Allocation Districts (TADs) and will work to maximize the benefit to the district of all current TADs.
8. The District will analyze, track, and minimize the loss to revenue from all proposed abatements by requesting a public cost analysis, not just for the project as a whole, but also for each governmental body that is affected by the abatement.
9. The District will seek to maintain coterminous boundaries with the City in order to protect the APS tax base.



Guiding Principles for Expenditure Consideration

- 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

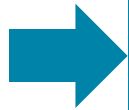


Our Theory of Change

Flexibility & autonomy are means to an end, not ends themselves...

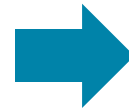
If we...

Build the capacity of school-based leadership teams and empower them...



Then...

They will make decisions that best meet the needs of their unique school communities...



So that...

We will be positioned to achieve our mission of ensuring our kids graduate ready for college & careers.

Schools must look and feel different as a result of flexibility & autonomy if we expect the strategy to produce different outcomes for students



FY2020 Expenditure Parameters

Revised October 1, 2018

1. The District will allocate resources pursuant to the District's definition of equity through the Student Success Funding (SSF) formula and the equity policy.
2. The District will continue investing in the Turnaround Strategy, providing additional support and interventions for schools that have been chronically struggling on the state accountability metric (in support of the District's mission that every student will graduate ready for college and career, and the vision of being a high-performing school District).
3. The District will recruit, develop, retain, and promote high-quality staff by investing in a robust talent strategy that includes a multi-year compensation model, pipeline development work, professional development, and coaching and career pathways (in support of the Talent component in the District's Strategic Plan).
4. The District will continue implementing its charter system operating model and core components of signature programming, cluster and flexibility funds (through SSF), investments in a College and Career Academy, and a community engagement strategy (in support of the District's mission that every student will graduate ready for college and career, and the vision of engaged families) through a coherent District-wide academic system.
5. The District will fund pension obligations in accordance with State statute and actuarial standards.
6. In support of the charter system model, the District will continue funding through SSF a plan to increase transparency distributing funding equitably to drive innovation and autonomy with accountability so that Principals and local GoTeams can make decisions aligned with their specific needs with a focus on:
 - investments in Pre-K through 3rd grade to ensure all students are reading by the end of 3rd grade.
 - whole-child development, including positive behavior supports, arts and athletics.
 - leadership development.access to quality Early Childhood Education.
7. 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).
8. The District will recognize the value of citizen input and communications by investing in an adaptable communication and engagement system.



FY2020 All Funds Overview



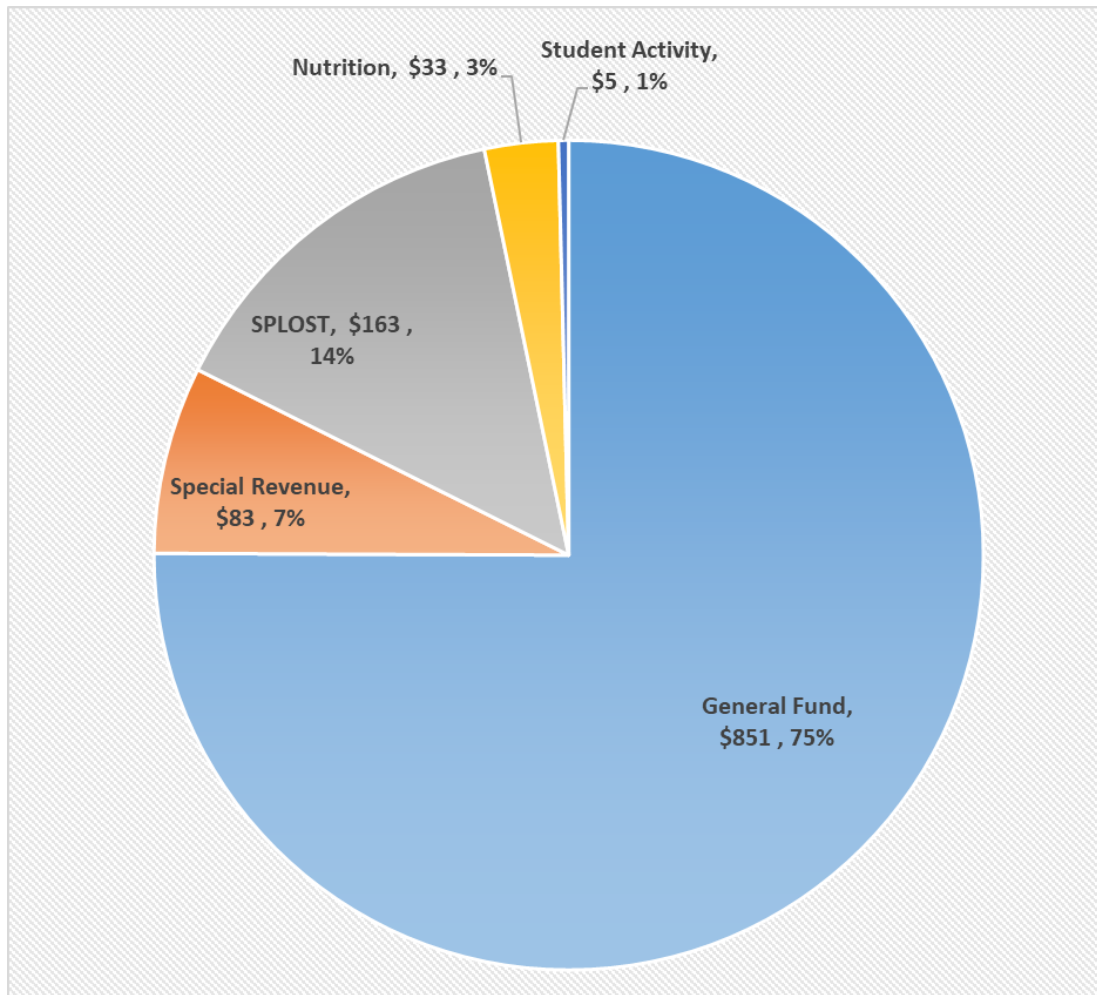
Tentative FY2020 All Funds

Atlanta Public Schools Board of Education
Fiscal Year 2019-2020 Tentative Budgets (in \$)

| | General Fund (Consolidated) | Special Revenue | SPLOST | Nutrition | Student Activity | Total All Funds |
|---|--------------------------------|---------------------|----------------------|---------------------|--------------------|------------------------|
| Est. Beginning Fund Balances, July 1, 2019 | \$70,291,313 | \$5,204,000 | \$79,691,335 | \$14,119,867 | \$0 | \$169,306,515 |
| Revenues: | | | | | | |
| Local Revenues | \$621,006,846 | \$1,216,261 | \$69,879,773 | | | \$692,102,880 |
| State Revenues | \$206,700,000 | \$6,533,449 | | | | \$213,233,449 |
| Federal Revenues | | \$56,805,149 | \$7,323,939 | \$32,568,748 | | \$96,697,836 |
| Other Revenues | \$7,795,000 | \$12,060,684 | \$5,859,151 | | \$4,500,000 | \$30,214,835 |
| Transfers | \$15,547,720 | \$6,238,328 | | | | \$21,786,048 |
| Total Revenues | \$851,049,566 | \$82,853,871 | \$83,062,863 | \$32,568,748 | \$4,500,000 | \$1,054,035,048 |
| Total Available Resources | \$921,340,879 | \$88,057,871 | \$162,754,198 | \$46,688,615 | \$4,500,000 | \$1,223,341,563 |
| Appropriations: | | | | | | |
| Instruction | \$559,072,188 | \$42,033,807 | | | \$4,500,000 | \$605,605,995 |
| Pupil Services | \$47,568,469 | \$7,236,507 | | | | \$54,804,976 |
| Improvement of Instructional Services | \$40,780,470 | \$4,389,272 | | | | \$45,169,742 |
| Instructional Staff Training | \$463,931 | \$6,160,050 | | | | \$6,623,981 |
| Educational Media Services | \$6,474,518 | \$430,911 | | | | \$6,905,429 |
| Federal Administration | \$2,870 | \$6,102,776 | | | | \$6,105,646 |
| General Administration | \$7,924,820 | \$6,716,145 | | | | \$14,640,965 |
| School Administration | \$42,088,359 | \$2,110,412 | | | | \$44,198,771 |
| Support Services - Business | \$8,798,069 | \$117,680 | | | | \$8,915,749 |
| Maintenance and Operation | \$79,951,206 | \$2,671,179 | \$20,788,169 | | | \$103,410,554 |
| Student Transportation | \$32,582,126 | \$1,759,768 | \$1,945,000 | | | \$36,286,894 |
| Support Services - Central | \$20,403,596 | \$1,987,818 | | | | \$22,391,414 |
| Other Support Services | \$68,187 | \$297,061 | | | | \$365,248 |
| School Nutrition Program | \$379,015 | \$840,000 | | \$32,568,748 | | \$33,787,763 |
| Construction & Capital Expenditures | | | \$126,455,657 | | | \$126,455,657 |
| Operating Transfers | | | | | | \$0 |
| Transfer to Capital Projects | | | | | | \$0 |
| Other Outlays | \$3,325,000 | \$484.00 | | | | \$3,325,484 |
| Debt Services | \$1,166,742 | | \$13,565,372 | | | \$14,732,114 |
| Total Appropriations | \$851,049,566 | \$82,853,871 | \$162,754,198 | \$32,568,748 | \$4,500,000 | \$1,133,726,383 |
| Est. Ending Fund Balance, June 30, 2019 | \$70,291,313 | \$5,204,000 | \$0 | \$14,119,867 | \$0 | \$89,615,181 |
| Total Appropriations & Ending Fund Balance | \$921,340,879 | \$88,057,871 | \$162,754,198 | \$46,688,615 | \$4,500,000 | \$1,223,341,563 |



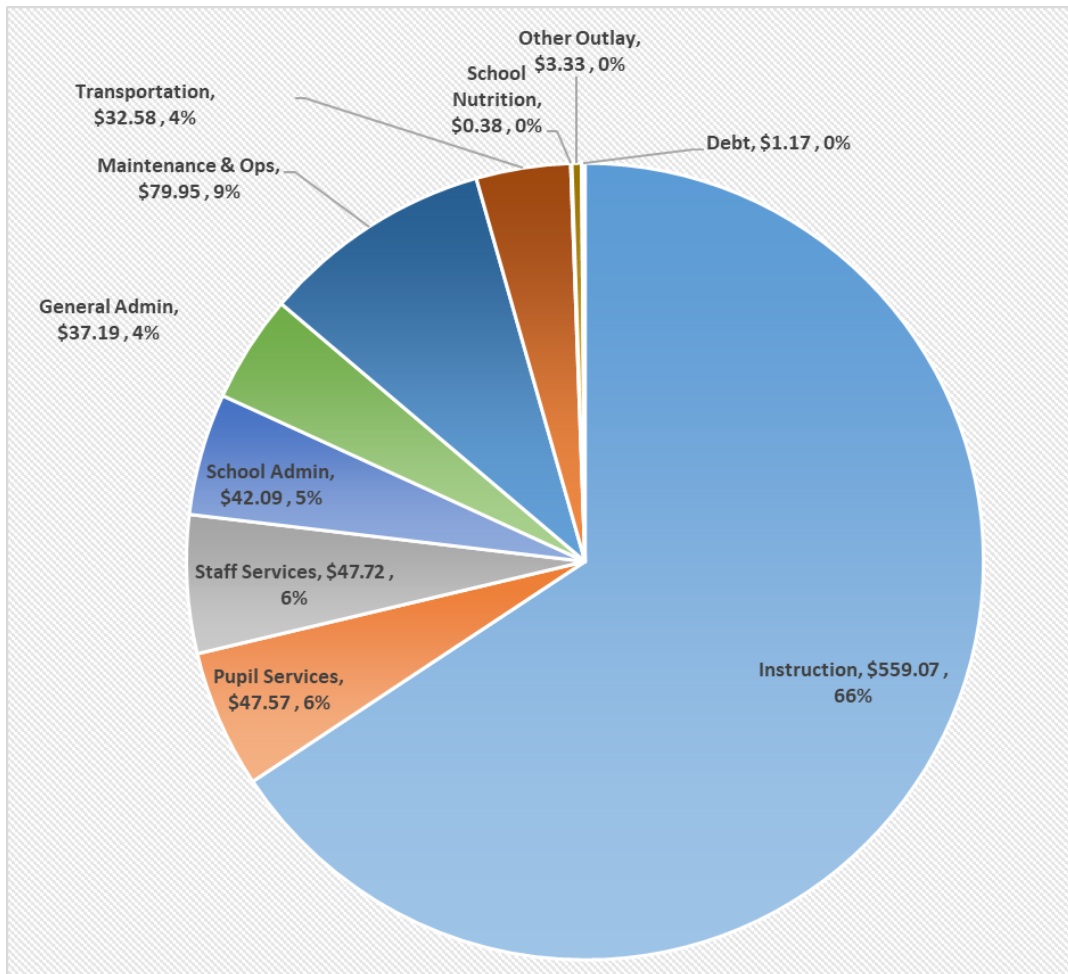
All Fund Overview



- ▶ General Fund account for 75% of the District's spending



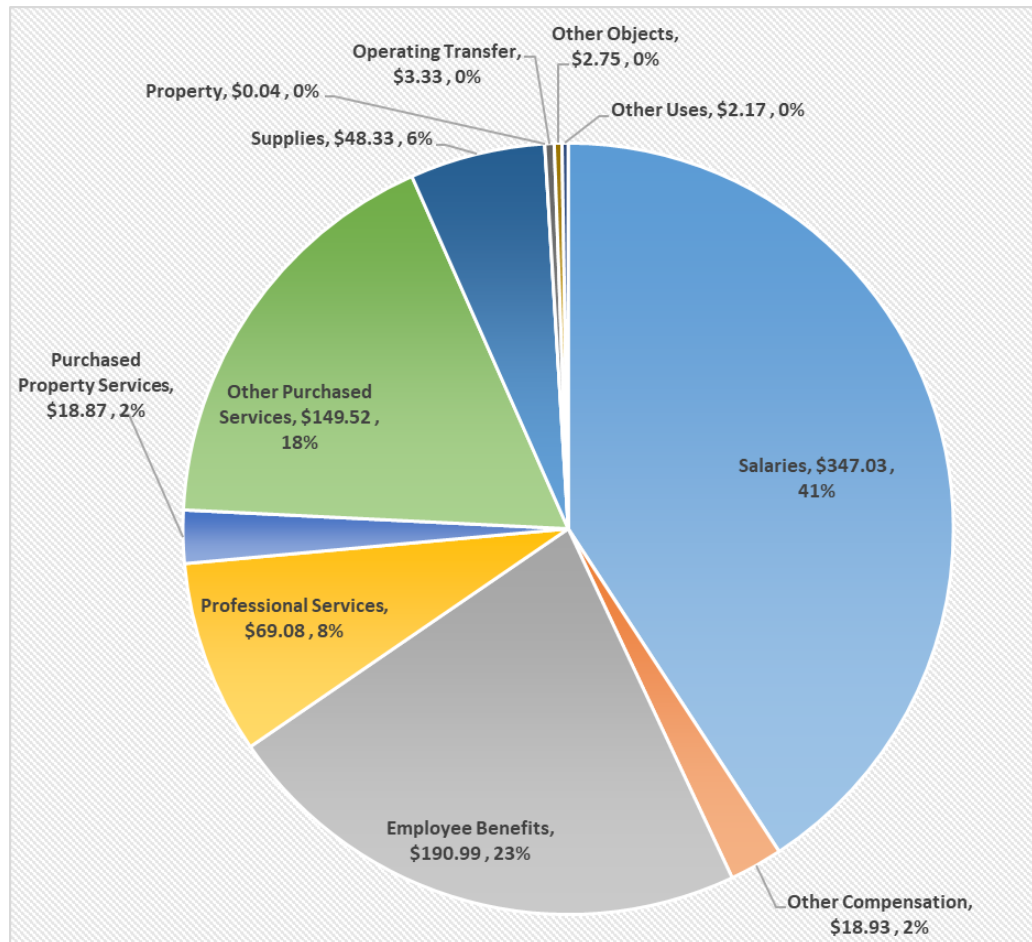
General Fund by Function



- ▶ When you break down the General Fund, the majority (66%) is spent on instruction
- ▶ General Administration (4%) is one of the smallest categories



General Fund by Object



- ▶ The vast majority (76%) of the General Fund is spent directly on employee compensation & benefits



FY2020 General Fund Revenue



Local

- ▶ Approximately 73% of general fund revenue comes from local property taxes
- ▶ Millage rate reduced in FY2019 to 20.74
- ▶ An increase to the homestead exemption for all properties of \$20,000 (from \$30,000 to \$50,000) removes approximately \$20 from APS revenue
- ▶ Working through negotiations regarding City of Atlanta intergovernmental agreement

State

- ▶ Funding for Teacher salary increase driving growth in total QBE
- ▶ QBE allocation for \$3,000 teacher raises does not cover APS cost
- ▶ Local 5 Mill Fair Share increased \$12.6 million, which is held back by the State based on the value of our property tax base

Other

- ▶ Includes tuition, investment interest, rental of facilities, sale of assets, lost and damaged reimbursements, charter buy-back, field trips, and other sources
- ▶ Federal Reimbursement Rate declining annually
- ▶ Assumes flattening in buy-back services from charter and partner schools

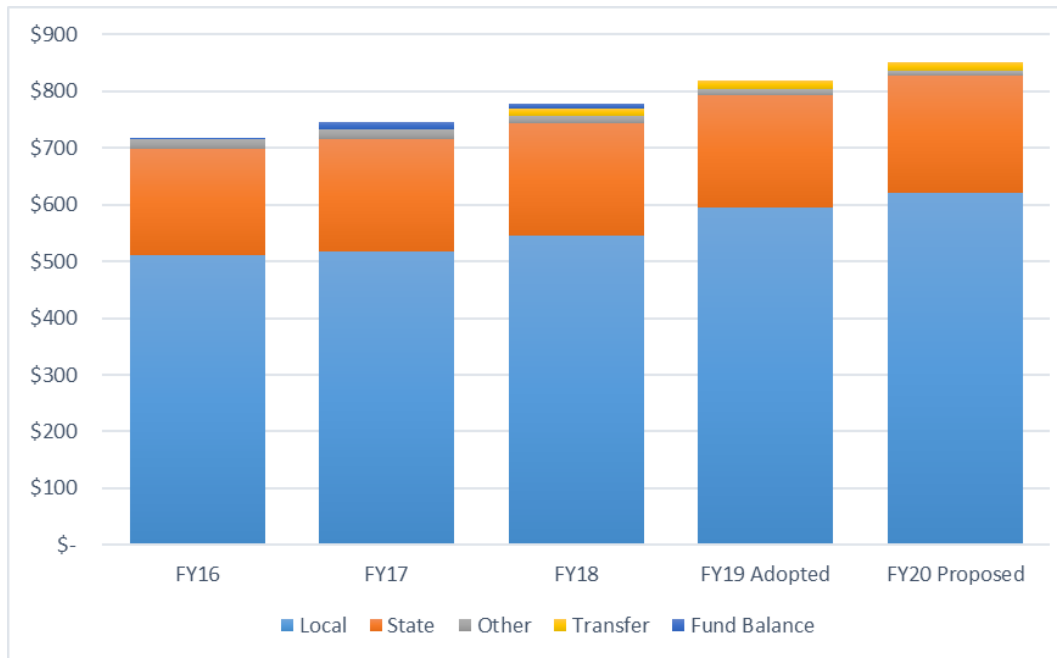


Local Fair Share Impact

| | FY2019 Midterm | FY2020 Preliminary | Change |
|--------------------|-----------------------|---------------------------|-----------------|
| Enrollment | 51,404 | 51,403 | (1) |
| QBE Earnings | \$ 326,705,019 | \$ 349,754,136 | \$ 23,049,117 |
| Charter | \$ 4,410,572 | \$ 4,500,000 | \$ 89,428 |
| Total QBE Earnings | \$ 331,115,591 | \$ 354,254,136 | \$ 23,138,545 |
| | | | |
| Local Fair Share | \$ (141,360,227) | \$ (153,998,993) | \$ (12,638,766) |
| Austerity | \$ - | \$ - | \$ - |
| Nursing | \$ 1,143,269 | \$ 1,160,091 | \$ 16,822 |
| Transportation | \$ 2,985,668 | \$ 3,010,720 | \$ 25,052 |
| Total QBE | \$ 193,884,301 | \$ 204,425,954 | \$ 10,541,653 |



FY2020 Revenue Discussion



| Revenue Type | FY16 | FY17 | FY18 | FY19 Adopted | FY20 Proposed |
|--------------------|----------|----------|----------|--------------|---------------|
| Local | \$511.49 | \$518.22 | \$545.54 | \$595.39 | \$621.00 |
| State | \$187.97 | \$196.88 | \$197.54 | \$197.80 | \$206.70 |
| Other | \$ 16.58 | \$ 17.72 | \$ 13.49 | \$10.81 | \$7.80 |
| Transfer | \$ - | \$ - | \$ 12.43 | \$14.45 | \$15.55 |
| Fund Balance | \$ 2.80 | \$ 13.05 | \$ 8.44 | \$0.00 | \$0.00 |
| General Fund Total | \$718.84 | \$745.87 | \$777.44 | \$818.45 | \$ 851.05 |
| Percentage Change | | 3.8% | 4.2% | 5.3% | 4.0% |

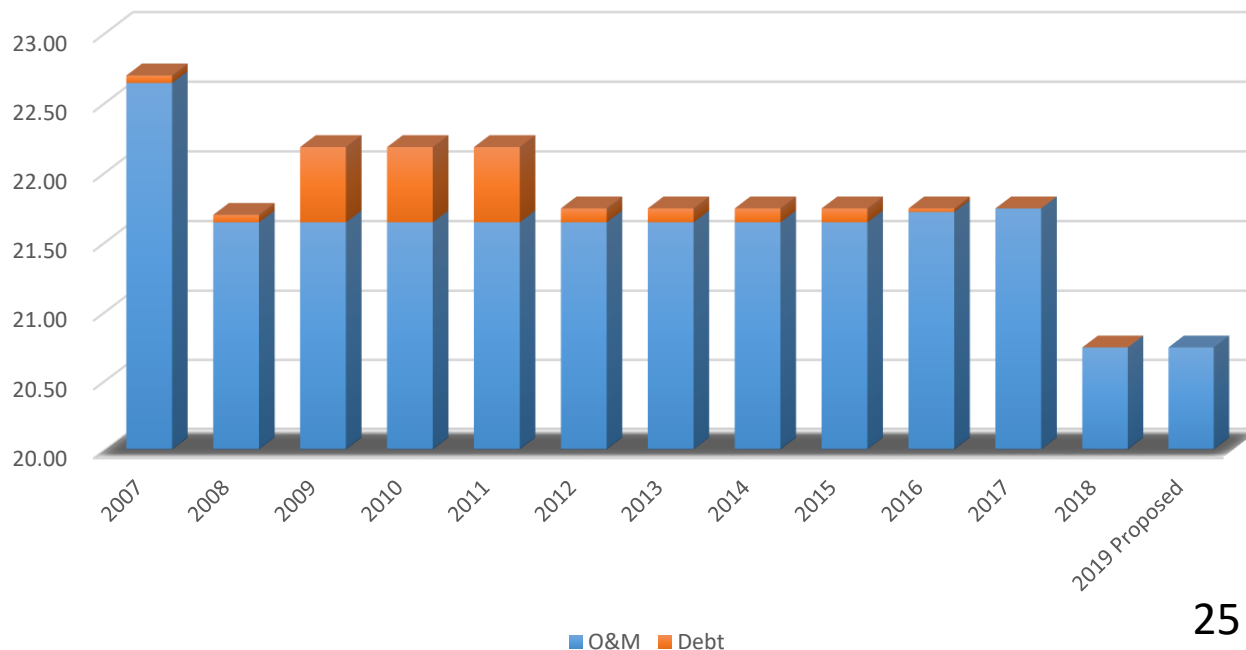


Considerations for Discussion / Millage Rate

Local

- ▶ A mill of tax is equal to \$1 per \$1,000 of assessed valuation
- ▶ 1 mill generates approximately \$30 million
- ▶ Total millage has decreased 1.440 mills or 6.4% since 2009
- ▶ The current rate is 20.740 mills
- ▶ It is at the lowest rate since the Great Recession

APS Consolidated Millage Rate



TAD Intergovernmental Agreement Update

2019

- \$10,000,000, one time payment

2020

- \$1,250,000 PILOT of APS Increment of Westside TAD outside of Gulch
- 100% PILOT of APS Increment of Eastside TAD through termination of TAD

2024

- 50% PILOT of APS Increment of Westside TAD outside of Gulch

2028

- 100% PILOT of APS Increment of Atlantic Station TAD through termination of TAD

2039

- 100% PILOT of APS Increment of Westside TAD outside of Gulch through termination of TAD

2042

- 100% PILOT of APS Increment of Perry Bolton through termination of TAD



TAD Intergovernmental Agreement Update

- Eastside – Starting in 2020, 100% PILOT of APS increment
- Westside (Outside of Gulch) – Starting 2020 \$1.25 million PILOT of APS increment
- Westside (Outside of Gulch) – Starting 2024 50% PILOT of APS increment
- Atlantic Station – Starting 2028 100% PILOT of APS increment
- Westside (Outside of Gulch) – Starting 2039 100% PILOT of APS increment
- Perry Bolton – Starting 2042 100% PILOT of APS increment
- Establish participation in the following Corridor TADs:
Campbellton Road, Hollowell/M.L.King, Metropolitan Parkway and Stadium



Fund Balance Analysis

- All of the discussion so far has been about bringing the budget into balance; thereby, not making a concerted effort in increasing fund balance
- The District could close the gap and begin efforts at restoring fund balance
- With the current budget only having the gap closed to zero, the reserve would be approximately 8.26%

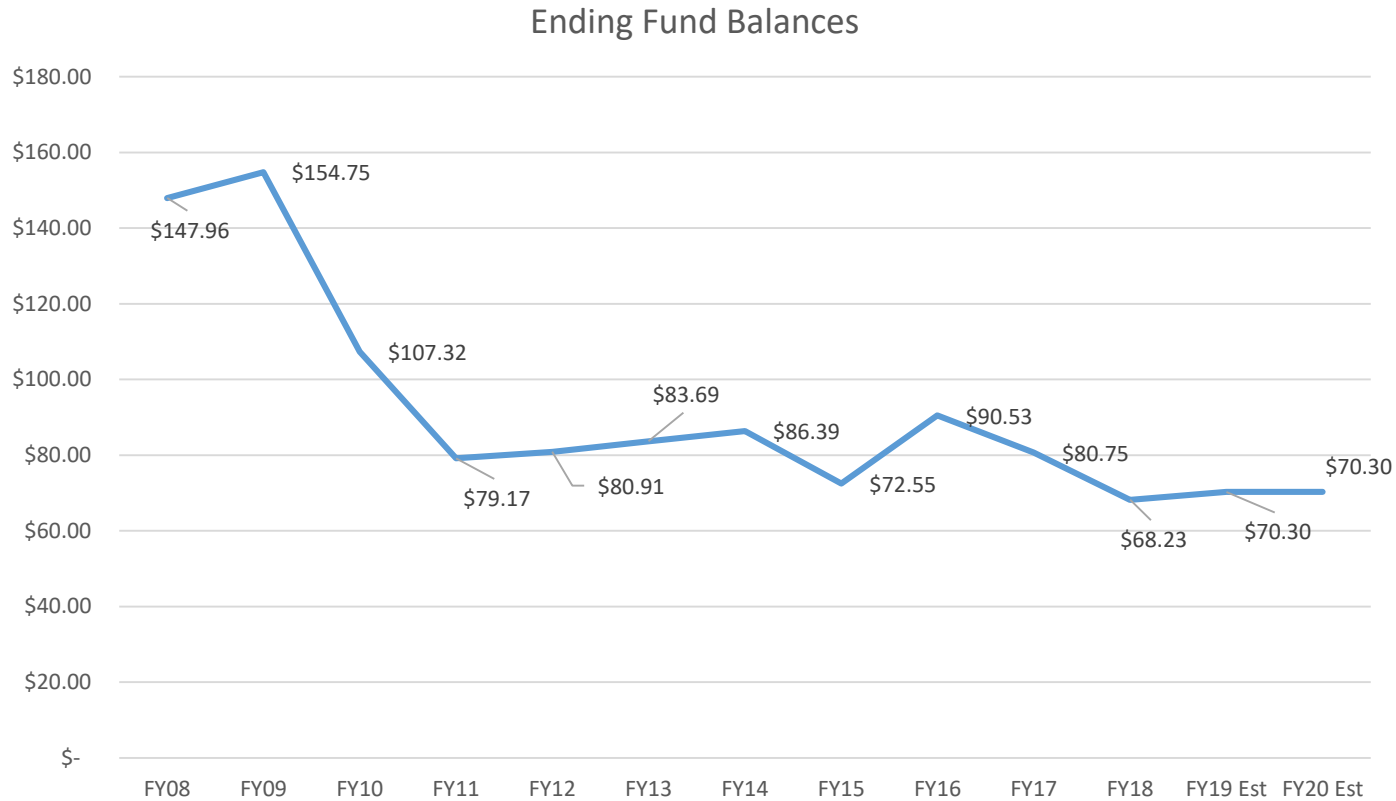
| | |
|---|-----------|
| FY2020 Beginning Fund Balance | \$ 70.30 |
| FY2020 Potential Gain/Use of Fund Balance | \$ - |
| FY2020 Ending Fund Balance Estimate | \$ 70.30 |
| FY2020 Expenditures | \$ 851.05 |
| % of Expenditures | 8.26% |

- To increase the fund balance to 10% of anticipated expenditure, \$14.81 million must be identified and added to fund balance

| | |
|---|-----------|
| FY2020 Beginning Fund Balance | \$ 70.30 |
| FY2020 Potential Gain/Use of Fund Balance | \$ 14.81 |
| FY2020 Ending Fund Balance Estimate | \$ 85.11 |
| FY2020 Expenditures | \$ 851.05 |
| % of Expenditures | 10.0% |



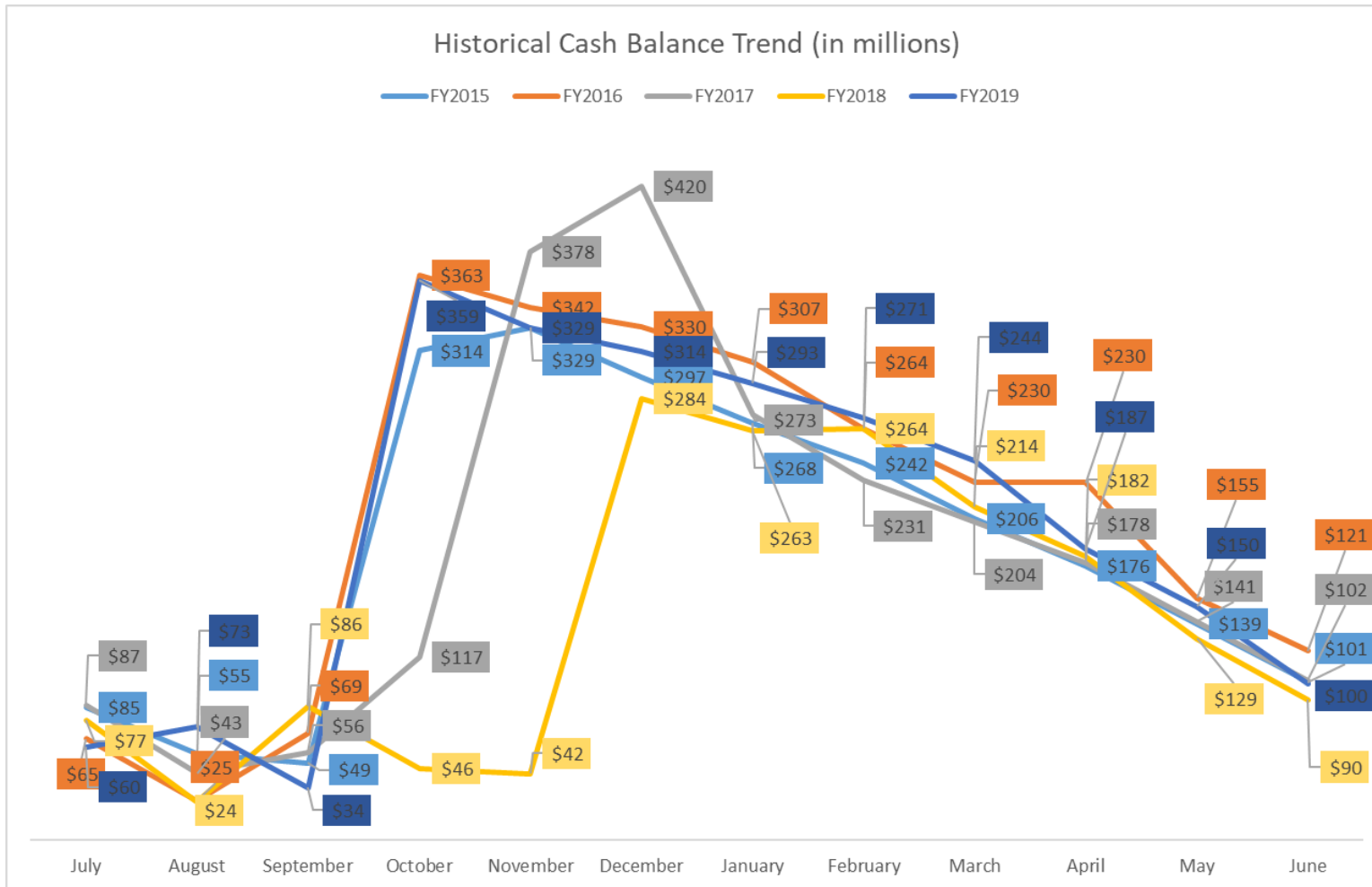
Fund Balance History



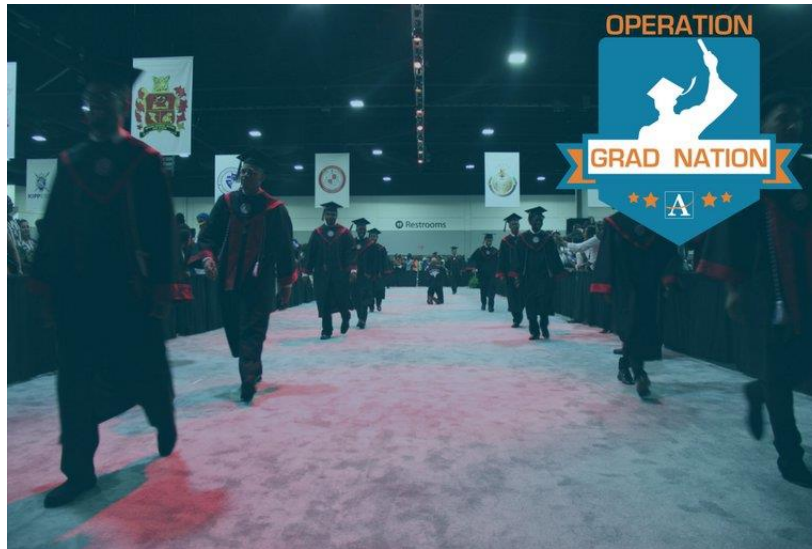
- In FY2009, the General Fund fund balance topped out at 157.9 million or 24.2% of that year's budgeted expenditures. In more recent year's fund balance has hovered between 9-14% of expenditures. For reference, the GFOA recommends as best practice to maintain two months-worth of expenditures within the 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 \$851 million, the reserve range is between \$64 and \$128 million



Cash Flow



FY2020 General Fund Expenditures



Expenditure Assumptions

- Neighborhood school enrollment flattening districtwide but pockets of growth and decline
- Charter schools will continue to scale-up, receive a portion of all new revenue, and receive increasing enrollment
- City Employee Pension increases will continue based on the approved actuarial payment plan; 3% increase annually
- CRCT Remediation will continue to decline as students matriculate
- Continued support of turnaround strategy and additional partner school
- School Allotments and Student Success Funding Formula
 - Textbook adoption included in FY2020 formula
 - Teacher stipends and IEP/REP funding included in the formula for school flexibility
- Central Office after years of scaling back, central office cost are now below 10% of General Fund cost
- Compensation Strategy - \$12 million equating to \$2,000 per teacher (3.3%) and a step plus 1% for non-instructional support



FY2020 Budget Highlights

| FY2020 Expenditure Parameter | Comments |
|--|---|
| 1. The District will allocate resources pursuant to the District's definition of equity through the Student Success Funding (SSF) formula and the equity policy. | For FY2020 the district continued to develop school budgets using the Student Success Funding (SSF) formula which weights funding based on student attributes. This year weights were increased for poverty and ELL, EIP/REP was included in SSF, and the small school supplement (based on school attributes, not student attributes) was decreased. \$281m |
| 2. The District will continue investing in the Turnaround Strategy, providing additional support and interventions for schools that have been chronically struggling on the state accountability metric (in support of the District's mission that every student will graduate ready for college and career, and the vision of being a high-performing school District). | Nearly \$10.2m has been invested in the Turnaround Strategy (excluding partner schools) for the FY2020 school year. Deepest investments continue to provide targeted academic and wraparound support for targeted-tier schools; as well as schools transitioning from the targeted-tier to the intensive-tier due to demonstrated gains on the state accountability metric. |
| 3. The District will recruit, develop, retain, and promote high-quality staff by investing in a robust talent strategy that includes a multi-year compensation model, pipeline development work, professional development, and coaching and career pathways (in support of the Talent component in the District's Strategic Plan). | The FY2020 tentative budget invests in a \$12m compensation strategy, as detailed in the April Budget Commission meeting. This compensation strategy includes an average teacher pay raise of 3.3%, a step increase for those not on the teacher salary scale, and other investments in pay parity. |
| 4. The District will continue implementing its charter system operating model and core components of signature programming, cluster and flexibility funds (through SSF), investments in a College and Career Academy, and a community engagement strategy (in support of the District's mission that every student will graduate ready for college and career, and the vision of engaged families) through a coherent District-wide academic system. | The FY2020 budget continues to support site-based autonomy and flexibility by pushing an additional \$3.5m into schools for textbook adoptions, including \$23.7m of EIP/REP in SSF formula, allowing additional flexibility with turnaround funds, pushing \$2.7m of stipends from CLL to school budgets, and continuing to invest \$12.4 , in signature programs. |
| 5. The District will fund pension obligations in accordance with State statute and actuarial standards. | The district will continue to fund the annual 3% increase of pension obligations in FY2020, adding an additional \$1.6m and totaling over \$56.6m . |



FY2020 Budget Highlights, cont.

| FY2020 Expenditure Parameter | Comments |
|--|---|
| 6. In support of the charter system model, the District will continue funding through SSF a plan to increase transparency distributing funding equitably to drive innovation and autonomy with accountability so that Principals and local GoTeams can make decisions aligned with their specific needs with a focus on: | |
| <ul style="list-style-type: none"> investments in Pre-K through 3rd grade to ensure all students are reading by the end of 3rd grade. | The SSF model supplements the per pupil allocation at grade levels K through 3 to ensure a \$22.6m is targeted in support of this parameter. The FY2020 budget also includes a transfer to Pre-K in the amount of \$1.3m to pay Pre-K teachers at the APS salary schedule. |
| <ul style="list-style-type: none"> whole-child development, including positive behavior supports, arts and athletics. | The FY2020 budget includes funding for Arts (\$6m), Music/ Band/ Orchestra (\$7.7m), Performing Arts (\$2.2m), Athletics(\$4.8m), SEL (\$1.7m). Total = \$22.4m , an increase of \$1m from FY2019. |
| <ul style="list-style-type: none"> leadership development. | \$600,000 investment in fully developing out the leadership development initiative; Budget supports refined leadership development strategy including Relay partnership; development of Teacher Leader, Aspiring AP, and Aspiring Principal programs; training for new School Business Managers; and leadership development of existing principals and assistant principals. |
| <ul style="list-style-type: none"> access to quality Early Childhood Education. | Continued \$1.3m is invested in the FY2020 budget in support of ensuring all APS Pre-K teachers are certified and paid on the APS teacher salary scale. |



FY2020 Budget Highlights, cont.

| FY2020 Expenditure Parameter | Comments |
|--|--|
| 7. 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). | Facilities Master Planning ongoing... |
| 8. The District will recognize the value of citizen input and communications by investing in an adaptable communication and engagement system. | Purchase of Let's Talk Software at \$57,500 |



Tentative FY20 Budget by Function

Consolidated General Fund

| Millions \$ | FY2019 Adopted | | | FY2020 Preliminary | | | Change |
|----------------------------------|-----------------|----------------|-----------------|--------------------|----------------|-----------------|----------------|
| | Budget | % of Exp | Per Pupil | Budget | % of Exp | Per Pupil | |
| Instruction ¹ | \$526.37 | 64.31% | \$10,252 | \$559.07 | 65.69% | \$10,869 | \$32.70 |
| Pupil Services ² | \$46.30 | 5.66% | \$902 | \$47.57 | 5.59% | \$925 | \$1.27 |
| Staff Services ³ | \$50.86 | 6.21% | \$991 | \$47.72 | 5.61% | \$928 | (\$3.14) |
| Federal Grant Admin ⁴ | \$0.00 | 0.00% | \$0 | \$0.00 | 0.00% | \$0 | \$0.00 |
| School Admin ⁵ | \$40.78 | 4.98% | \$794 | \$42.09 | 4.95% | \$818 | \$1.31 |
| General Admin ⁶ | \$37.41 | 4.57% | \$729 | \$37.19 | 4.37% | \$723 | (\$0.22) |
| Maintenance & Ops ⁷ | \$80.34 | 9.82% | \$1,565 | \$79.95 | 9.39% | \$1,554 | (\$0.39) |
| Transportation ⁸ | \$31.94 | 3.90% | \$622 | \$32.58 | 3.83% | \$633 | \$0.64 |
| School Nutrition ⁹ | \$0.38 | 0.05% | \$7 | \$0.38 | 0.04% | \$7 | \$0.00 |
| Other Outlay ¹⁰ | \$2.90 | 0.35% | \$56 | \$3.33 | 0.39% | \$65 | \$0.43 |
| Debt ¹¹ | \$1.18 | 0.14% | \$23 | \$1.17 | 0.14% | \$23 | \$0.00 |
| Total | \$818.46 | 100.00% | \$15,940 | \$851.05 | 100.00% | \$16,545 | \$32.60 |

1. Increase to charters, partners, TRS, textbooks and average teacher salary (with placeholder for other compensation)
2. School-based investments in wrap-around services
3. Restructuring of Turnaround and annual scaling down of CRCT Remediation; less instructional coaches
4. No change
5. Increase to average salaries; schools purchasing Business Manager, Bookkeeper, etc.
6. Continued scaling down of central office costs
7. Minimal change
8. Increase to align to actual expenditures
9. Minimal change to General Fund related school nutrition expenses, does not affect Nutrition Fund.
10. Transfer to Office of Innovation for increase to charter school administration
11. Morningside annex, bus leases, etc.



Tentative FY2020 Budget by Object

Consolidated General Fund

| Millions \$ | FY2019 Adopted | | | FY2020 Preliminary | | | Change |
|--|-----------------|----------------|-----------------|--------------------|----------------|-----------------|----------------|
| | Budget | % of Exp | Per Pupil | Budget | % of Exp | Per Pupil | |
| Salaries ¹ | \$341.45 | 41.72% | \$6,650 | \$347.03 | 40.78% | \$6,746 | \$5.59 |
| Other Compensation ² | \$16.87 | 2.06% | \$329 | \$18.93 | 2.22% | \$368 | \$2.06 |
| Employee Benefits ³ | \$187.21 | 22.87% | \$3,646 | \$190.99 | 22.44% | \$3,713 | \$3.78 |
| Professional Services ⁴ | \$61.38 | 7.50% | \$1,195 | \$69.08 | 8.12% | \$1,343 | \$7.70 |
| Purchased Property Services ⁵ | \$19.06 | 2.33% | \$371 | \$18.87 | 2.22% | \$367 | (\$0.19) |
| Other Purchased Services ⁶ | \$137.52 | 16.80% | \$2,678 | \$149.52 | 17.57% | \$2,907 | \$12.00 |
| Supplies ⁷ | \$48.83 | 5.97% | \$951 | \$48.33 | 5.68% | \$940 | (\$0.50) |
| Property ⁸ | \$0.06 | 0.01% | \$1 | \$0.04 | 0.00% | \$1 | (\$0.02) |
| Operating Transfer ⁹ | \$2.90 | 0.35% | \$56 | \$3.33 | 0.39% | \$65 | \$0.43 |
| Other Objects ¹⁰ | \$3.18 | 0.39% | \$62 | \$2.75 | 0.32% | \$53 | (\$0.43) |
| Other Uses ¹¹ | \$0.00 | 0.00% | \$0 | \$2.17 | 0.25% | \$42 | \$2.17 |
| Total | \$818.45 | 100.00% | \$15,940 | \$851.05 | 100.00% | \$16,545 | \$32.60 |

1. Step and placeholder for teacher salary increases offset by Woodson Park moving from traditional to partner school; also reflects move of the compensation reserve in FY19 from other purchased services to salaries.
2. Restructuring of Turnaround
3. Increase to TRS, unfunded pension, state health, and workers compensation
4. Increasing due to Woodson Park moving from traditional to partner school
5. Continued scaling down of central office costs
6. Charter School increases; also reflects move of the compensation reserve in FY19 from other purchased services to salaries.
7. Decreases in supplies, netted against increase textbooks.
8. Minimal change
9. Increased transfer for Innovations Office
10. Continued scaling down of central office costs
11. Money set aside as a reserve for schools to utilize during leveling

NOTE: In the budget document for departments, the adjustment to school reserves is being reflected in the districtwide accounts pending final board approval.



Tentative FY2020 Budget Proposal

Consolidated General Fund

| Revenue | FY19 Adopted | FY20 Proposed | FY2020 v FY2019 | Percent Change |
|------------------------|-----------------|-----------------|--------------------|-------------------|
| Local | \$595.39 | \$621.00 | \$25.61 | 4.30% |
| State | \$197.80 | \$206.70 | \$8.90 | 4.50% |
| Other | \$10.81 | \$7.80 | (\$3.01) | -27.84% |
| Transfer | \$14.45 | \$15.55 | \$1.10 | 7.61% |
| Fund Balance | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| Total Resources | \$818.45 | \$851.05 | \$32.60 | 3.98% |

| Expenditures | FY19 Adopted | FY20 Proposed | FY2020 v FY2019 | % Change |
|----------------------------|-----------------|-----------------|--------------------|--------------|
| Instruction | \$526.37 | \$559.07 | \$32.70 | 6.21% |
| Pupil Services | \$46.30 | \$47.57 | \$1.27 | 2.74% |
| Staff Services | \$50.86 | \$47.72 | (\$3.14) | -6.17% |
| Federal Grant Admin | \$0.00 | \$0.00 | \$0.00 | 0.00% |
| School Admin | \$40.78 | \$42.09 | \$1.31 | 3.21% |
| General Admin | \$37.41 | \$37.19 | (\$0.22) | -0.59% |
| Maintenance And Operations | \$80.34 | \$79.95 | (\$0.39) | -0.49% |
| Transportation | \$31.94 | \$32.58 | \$0.64 | 2.00% |
| School Nutrition Prog | \$0.38 | \$0.38 | \$0.00 | 0.00% |
| Other Outlay | \$2.90 | \$3.33 | \$0.43 | 14.83% |
| Debt | \$1.17 | \$1.17 | \$0.00 | 0.00% |
| Total | \$818.45 | \$851.05 | \$32.60 | 3.98% |

| | | | | |
|-------------------------------|---------------|---------------|---------------|--|
| Impact to Fund Balance | \$0.00 | \$0.00 | \$0.00 | |
|-------------------------------|---------------|---------------|---------------|--|



Compensation



The full compensation package (scenario 1) recommended for FY20 costs \$18 million and would create a \$6 million budget gap.

| Compensation strategy | What is included | Cost (with benefits) |
|--|---|----------------------|
| Teacher & Instructional Support Pay Raises | <ul style="list-style-type: none"> Average teacher pay raise \$3,000 (4.85%) Step & 1.5% (3.2% total) for Instructional Support \$3,000 one-time payment for eligible off-step | \$13,173,262* |
| Teacher Stipends | <ul style="list-style-type: none"> Increase stipend amounts for career pathway roles: <ul style="list-style-type: none"> Department Chair (Middle & High School) Grade Level Team Lead (Elementary) Cooperating Teacher New stipend for new teacher mentor (1 per school) | \$295,500 |
| Non-Teacher Pay Raises | <ul style="list-style-type: none"> Step & 1% increase for pay grades 111-124 (total 2.45%) Step & 1% increase for pay grades 125-140 (total 2.2%) \$1,000 one-time payment for eligible off-step | \$3,327,744 |
| Pay Parity | School resource officer holidays, JROTC instructor work schedule & stipends, 42 bus monitors to full time, 38 special ed paraprofessionals to full time, position reclassifications | \$1,631,000 |
| | | \$18,427,506 |

*Anticipated revenue from state salary proposal is \$8m



Therefore, a reduced compensation package (scenario 2) is included in the FY20 budget in order to balance the budget. If revenue from intergovernmental agreements is received, scenario 1 will be implemented and employees will be paid the difference retroactively, if necessary.

| Compensation strategy | What is different from Scenario 1 | Cost (with benefits) |
|---|--|----------------------|
| Teacher & Instructional Support Pay Raises | <ul style="list-style-type: none"> Decreases average teacher pay raise to \$2,000 (3.3%) Decreases average instructional support pay raise to 2.3% Reduces one-time payment to \$1,000 for off-step | \$9,073,752* |
| Teacher Stipends | <ul style="list-style-type: none"> Removes all teacher stipend increases | - |
| Non-Teacher Pay Raises | <ul style="list-style-type: none"> Removes 1% pay scale increase for pay grades 125-140 Reduces one-time payment to \$700 for off-step | \$2,534,394 |
| Pay Parity | Removes JROTC local supplement and stipend adjustments, bus monitor and special ed paraprofessional conversion to full time | \$376,000 |
| *Anticipated revenue from state salary proposal is \$8m | | \$11,984,146 |



Additional Compensation Details

- Although the tentative budget includes teacher pay raises, they are not at the level approved by the General Assembly and the Governor earlier this year.
- While we appreciate the attention paid to low teacher pay in public education, the FY20 state budget does not provide funding to school districts equivalent to the \$3,000-per-teacher pay raises. The state funding formula is reduced for all districts by something called the “local fair share” or “local five-mill share.” Because of large increases in this state hold-back, we only expect about \$8.9 million of new funding from the state. It would cost \$13.1 million to fund teacher pay raises at the state-recommended level. The current compensation proposal costs \$9 million and dedicates the entire increase in state revenue to teacher pay raises.
- We employ hundreds more teachers (and other crucial wrap-around staff) than is funded through the state Quality Basic Education (QBE) funding formula, and raises for all these employees must be 100% paid for from local funds.
- APS does not utilize the state minimum salary schedule for any positions. APS’ teacher pay scales are 25% higher than the state schedule and were uniquely established as part of the compensation study to address systemic pay parity issues in 2015. The state minimum salary schedule is waived for charter systems under OGCA § 20-2-2065.
- Input from staff and community is welcome. The most recent details of the compensation investments for each employee group are available in the full presentation from the April 2019 Budget Commission meeting available on APS’ budget website.



FY2020 Special Revenue Fund, SPLOST, Nutrition Fund and Student Activity Fund



FY2020 Summary of Special Revenue

Special Revenue Funds are used to account for the proceeds of specific revenues that are legally restricted or committed for specific purposes.

The School System's Special Revenue Funds have been established primarily on the basis of program purpose and are broken out into four major categories: Federal Title, Direct Federal, State, and Other Special Revenue programs. **\$82.9 million**

Some of the major and primary projected funding sources for FY2020 are:

- **Title I-A Improving the Academic Achievement:** Provide remedial education in the areas of reading and mathematics **\$ 26.00 million**
- **Title II-A:** Improving teacher quality and increasing the number of highly qualified teachers, paraprofessionals, and principals **\$ 2.40 million**
- **Title IV-A SSAE:** To provide all students with access to a well-rounded education; improve school conditions for student learning; and improve the use of technology to improve the academic achievement and digital literacy of all students **\$2.00 million**
- **Title VI-B:** Provide special education programs for children in PreK-12th grade **\$10.63 million**



Title I-A Improving the Academic Achievement

Title I, Part A (Title I) of the Every Student Succeeds Act (ESSA), provides financial assistance to local educational agencies (LEAs) and schools with high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. APS currently has 75 schools operating under Title I programming.

Looking ahead:

- For FY 2020, APS continues to participating in the Consolidated Funds Pilot with the state of Georgia. This allows for certain federal and state funds to be consolidated with local funds in a school wide program. Once these funds are consolidated, the federal funds lose their identity as federal funds, and expenditures of these funds are no longer limited to the federal requirements for the individual programs.
- The projected Title I FY 2020 award is **\$26 million**. The district will consolidate approximately \$15.2 million to allow our schools more flexibility. Another \$3.6 million will be allocated to non traditional schools. Approximately \$7 million will remain in fund 402. These funds are allocated to our required set asides and district initiatives. Official preliminary notification from the State of Georgia is expected later this Spring. Any additional funding will be allocated to the schools.

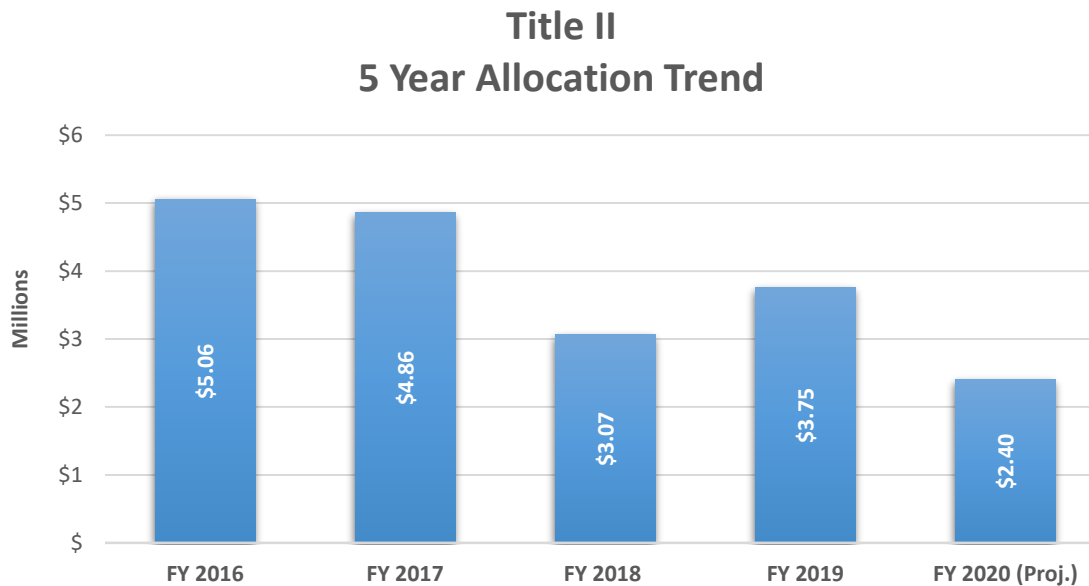


Title II-A Improving Teacher Quality

Title II is a federal grant that provides technical assistance, resources and program monitoring of school districts to ensure all teachers and paraprofessionals improve equity for low-income and minority students, in addition to improving teacher and leader effectiveness and retention. All school districts must have equitable distribution of highly experienced, highly qualified, and highly effective teachers and leaders.

Looking Ahead:

- The Title II FY 2020 award is estimated to remain around **\$2.40 million**. Congress approved the overall funding for Title II heading into FY 2019 at the FY 2018 level. We will continue to monitor updates coming out of Washington, DC.

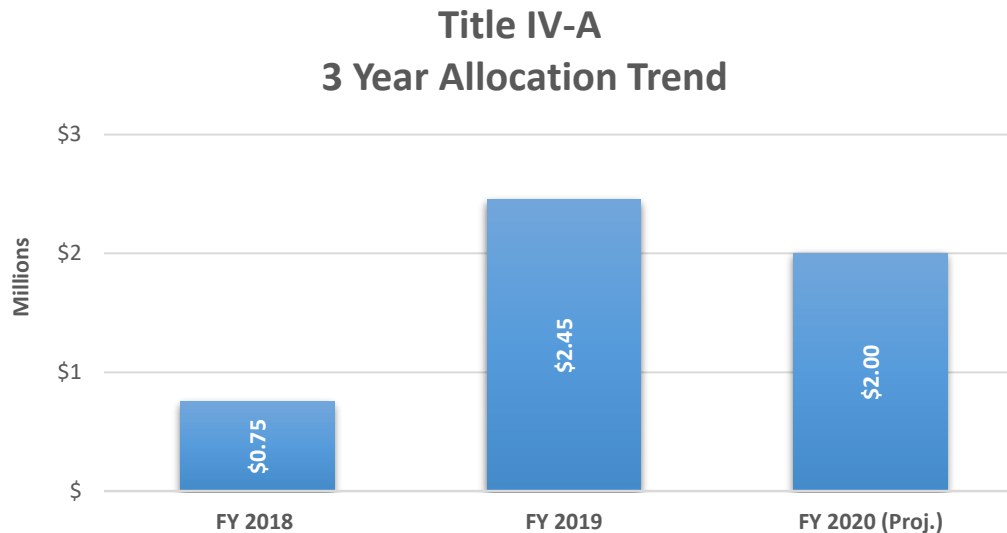


Title IV-A Student Support and Academic Enrichment

Title IV part A (SSAE) is a federal grant that is intended to improve students' academic achievement by increasing the capacity of States, LEAs, schools, and local communities to: provide all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology in order to improve the academic achievement and digital literacy of all students. (ESEA section 4101).

Looking Ahead:

- The Title IV (SSAE) FY 2020 award is estimated to remain around **\$2.0 million**. We will continue to monitor updates coming out of Washington, DC.



Title VI-B IDEA Special Ed

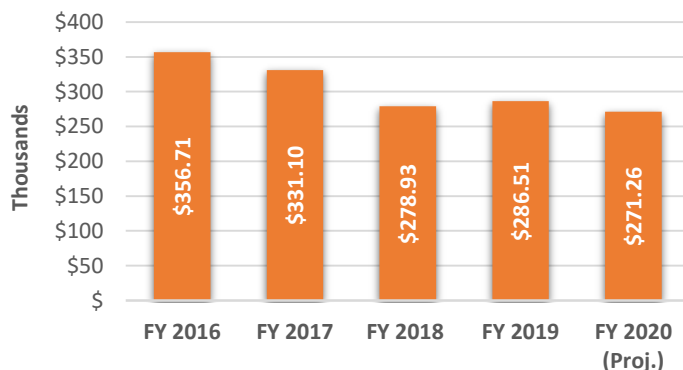
Title VI-B of the Individuals with Disabilities Education Act is a federal program that provides funding for districts to supplement the level of special education and relation services to students with disabilities. It covers ages 3-21.

The Federal Preschool budget supports the Special Education Preschool department in the following areas: daily operations, preschool staff, maintenance repairs for audio logical equipment and instructional materials for preschool students.

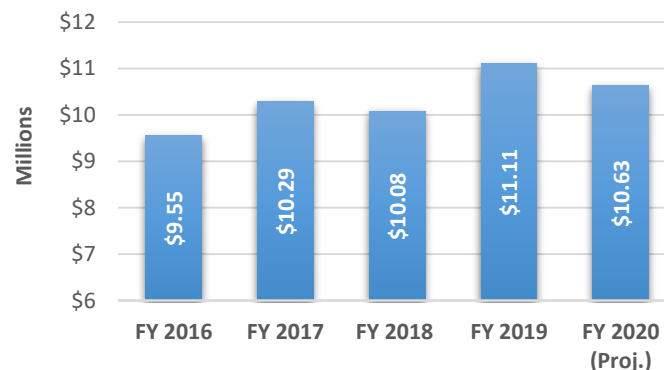
Looking ahead:

- **Personnel:** The majority of the Title VI-B funds are used for personnel cost and there will not be any substantial changes to the current positions based at the Central Office. For school-based personnel, the district is continuing to expand regional programming options available in each School Cluster. Plans include new staff person for MOID, SID/PID and Autism classrooms in the Douglass and North Atlanta Clusters.
- **Instructional Programming:** APS opened our first Grady Health Transition class in January 2016. In FY18, we opened a second class at GADOE and a new class at the Georgia Aquarium for FY19. These programs prepare students with disabilities for careers. Students require teacher and paraprofessional support for each job site. The supportive employment agency (Briggs and Associates) follows these students throughout their adult careers. In FY20, the Department of Special Education will be expanding Transition Programming throughout the district through school based enterprises such as coffee shops and print shops in high schools. Instructional supplies and additional staffing have been included to address these initiatives in the Title VI-B budget as well.

**Title VI-B Federal Preschool
5 Year Allocation Trend**

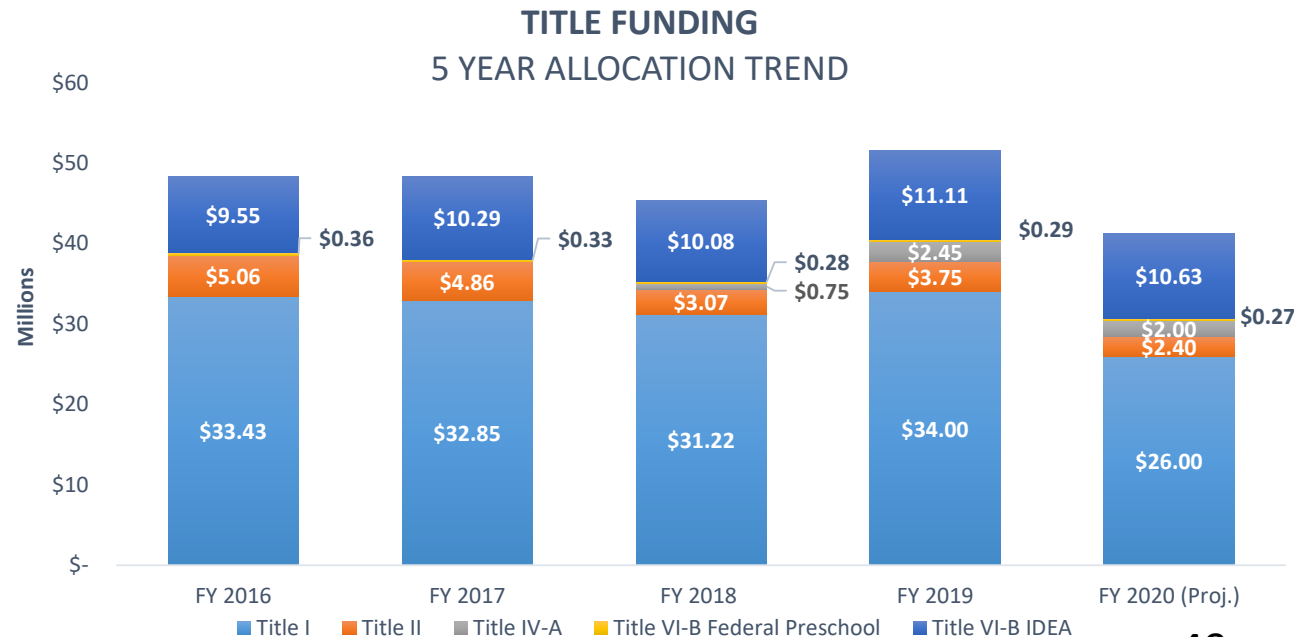


**Title VI-B IDEA
5 Year Allocation Trend**



Top Federal Funds 5 year Trend

Federal funds have been declining over the past five years due to cuts from the Federal government. The proposed budget from the Federal Government plans to decrease or eliminate funding for teacher training, summer and after school programs, and aid programs to first-generation and low-income students. While Title VI-B shouldn't be impacted as much, Title I and Title II will continue to have declining revenue.



FY2020 Summary of Other Funds

This section provides an overview of additional budgeted funds for the upcoming year. These include SPLOST, School Nutrition, and Student Activity Funds, to total **\$199.8 million**

- **School Nutrition (Fund 600)** - (The National School Lunch Program) is a federally assisted meal program operating in over 100,000 public and non-profit private schools and residential child care institutions. The Food and Nutrition Service administers the program at the Federal level. At the State level, the National School Lunch Program is usually administered by State education agencies, which operate the program through agreements with school food authorities. **\$32.6 million**
- **SPLOST (Fund 355)**- A special-purpose local-option sales tax (SPLOST) is a financing method for funding capital outlay projects in the U.S. state of Georgia. It is an optional 1% sales tax levied by any county for the purpose of funding the building of parks, schools, roads, and other public facilities. **\$162.8 million**
- **Student Activity Funds** - Activity funds are established to direct and account for monies used to support co-curricular and extracurricular student activities. As a general rule, co-curricular activities are any kinds of school-related activities outside the regular classroom that directly add value to the formal or stated curriculum. Two classifications are commonly recognized: student activity funds, which belong to the students and are used to support student organizations and clubs; and district activity funds, which belong to the school district and are used to support district programs **\$4.5 million**



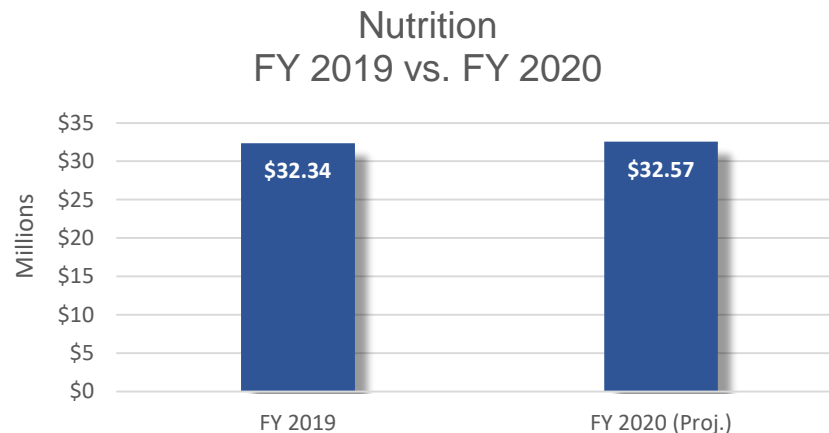
FY2020 School Nutrition Program

The Atlanta Public Schools Nutrition Department provides all students healthy school meals that meet their daily nutritional needs and support optimal academic performance at school for student success. The National School Lunch and Breakfast programs are federally funded meal programs that provide well balanced meals at free, reduced and paid meal eligibility statuses to children each school day. The Child and Adult Care Food Program will be included in the FY2019 allocation to provide federally funded meals and snacks for before/after school programs. Atlanta Public Schools also participates in the Fresh Fruit and Vegetable Program, which promotes the consumption of fresh fruits and vegetables by elementary students during the school day. **\$32.6 million**

Looking Ahead:

APS Nutrition Department does not expect any reductions in the SY20 federal reimbursements for school meals. We anticipate that USDA will publish the reimbursement rates for school year 2019-20 in July 2019 . Typically there is an increase in the range of 3-8 cents to the current rate which is \$3.39 for lunch; however, the rate could remain the same as the previous year.

While the uncertainty of a federal shut down remains unclear, APS has been compliant in the federal guidance for fund balance retention. The recommendation is the retention of a 3 month fund balance for Food Services operation expenditures by local school districts, to ensure continued meal services without use of District general funds if there is a delay in the distribution of federal reimbursements.

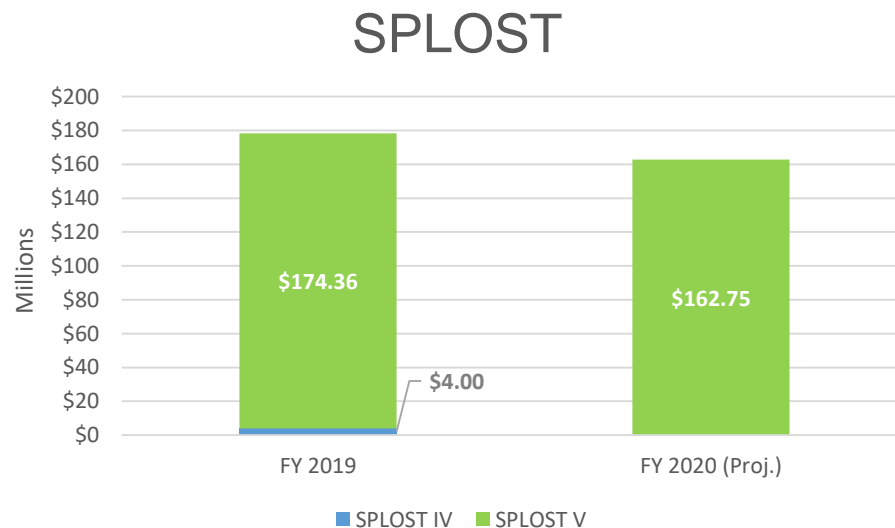


SPLOST

The FY2020 SPLOST supports the district's ongoing efforts to enhance educational opportunities for our students. SPLOST provides the resources to upgrade school campuses through:

- ▶ Addition and renovation construction projects
- ▶ Complete major building systems and component replacements, including critical HVAC replacements
- ▶ Safety and security enhancements
- ▶ Upgrades to athletic fields and playgrounds
- ▶ Upgrades to technology infrastructure and equipment
- ▶ Demolition of buildings
- ▶ Replacement of school buses
- ▶ Retirement of COPS debt service

Facilities and Budget staff will monitor incoming revenues carefully in accordance with completed and planned projects for the upcoming year. **\$162.75 million**



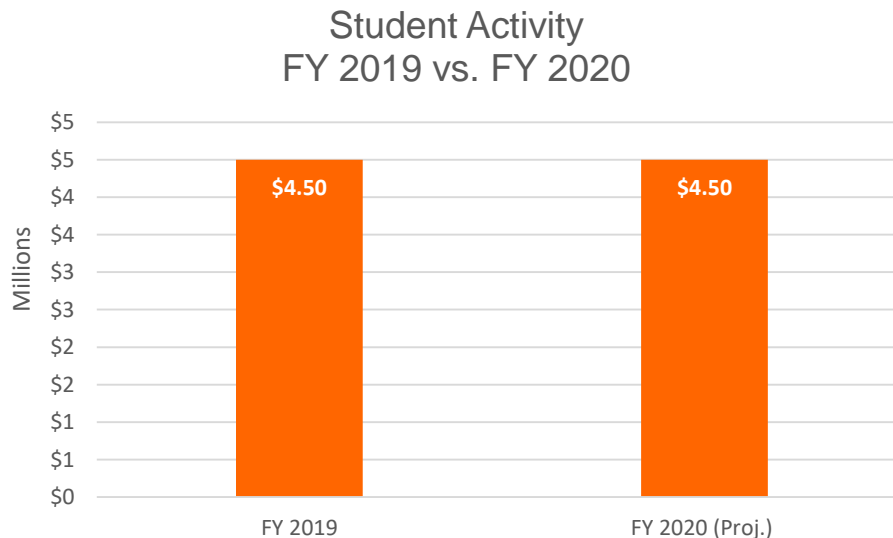
- ▶ SPLOST IV (**354**) will not be utilized in FY2020 as we are no longer receiving funding from the state and all projects are complete. Hence, the decrease in budget.



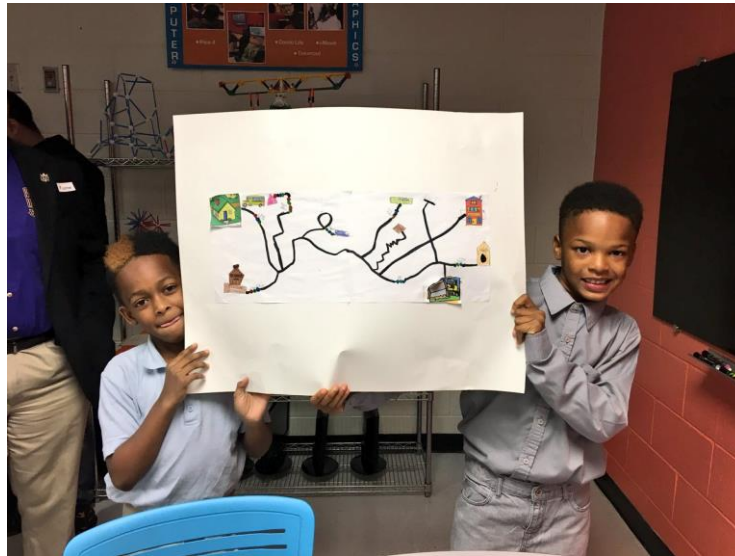
School Activity Funds

School Activity Funds are bank accounts at individual schools under the control of school principals or club advisors. These funds are a combination of sums of money, that flow through in the form of school board funds, student-generated funds, receipts and disbursements related to athletics, and the myriad co-curricular and extracurricular events sponsored by school districts. **\$4.5 million**

- School Activity Accounts are required to be reported within the District's financial statements
- FY2020 projected appropriations are provided for Board approval



Additional Resources and Next Steps



Budget Website

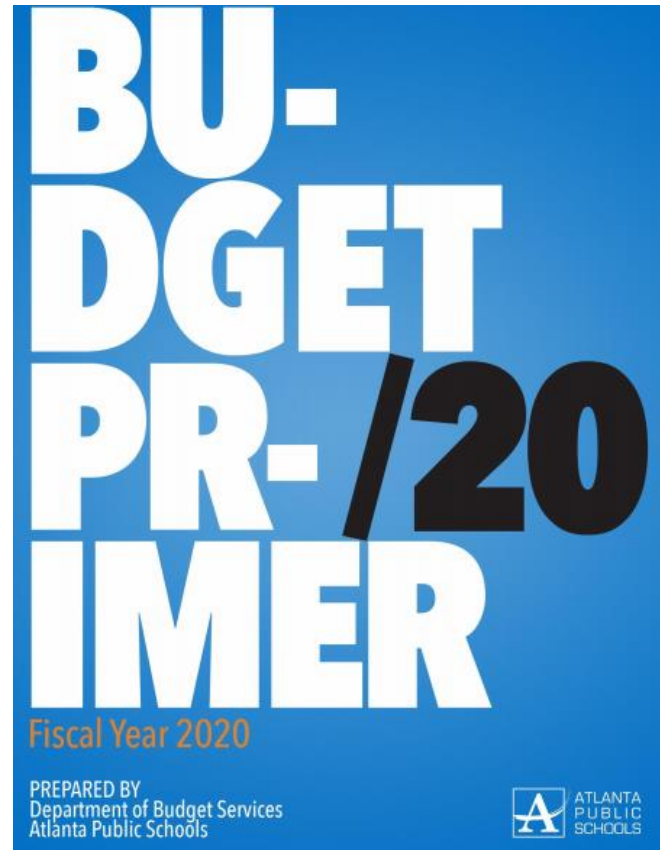
Posted Resources

- Budget Commission Presentations
- BFAC Presentations
- School Allotments
- FY2020 Budget Primer
- Budget Contacts



FY2020 Budget Primer

- Executive Summary
- About Atlanta Public Schools
- About Budget Process
- Economic Context
- Expenditure Assumptions
- Expenditure History



Primer Highlights

- FY2020 Revenue and Expenditure parameters and guiding principles
- Overview of APS and current year district highlights including strategic plan overview, operating model, and investments including turnaround, signature programs, etc.
- Resource Rethink including discussion of the SSF model, consolidation of funds, strategies related to TADs and abatements, etc.
- Overview of the budget process, timeline and calendars, and review of current year FY2019 adopted budget
- Overview of current local, state, and federal economic context
- Discussion of known increasing mandatory costs and known revenue pressures



Wrap-Up and Next Steps

- Conduct Regional Public Meetings on FY2020 Budget. All at 6 p.m.
 - May 9, 2019 - Inman MS (Grady Cluster/District 3)
 - May 13, 2019 - Benteen ES (Jackson Cluster/District 1)
 - May 16, 2019 – E. Rivers ES (N. Atlanta Cluster/District 4)
 - May 20, 2019 – BEST Academy (Douglass Cluster/District 5)
- Second public budget hearing for Fiscal Year 2020 General Fund Budget and Final Adoption
 - June 3, 2019

