

Fiscal Year 2017 Budget Primer



Prepared by:

Department of Budget Services

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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. The District is also home to Booker T. Washington High School, the oldest high school in Atlanta built to educate African-American students.

Established by ordinance of the Atlanta City Council, the Atlanta Independent School System opened two high schools and three grammar schools in 1872 in order to educate the youth of the city. These openings brought the total number of schools offering free education to the city's children to seven, as the Freedman's Bureau had established two schools for "African American" children in 1866.

APS is one of the largest school districts in the state of Georgia, serving approximately 50,000. The district is organized into nine K-12 clusters with 87 schools, 17 charter schools and two citywide single-gender academies, where students are offered rigorous instructional programs that foster success in school and life. There are 106 learning sites & programs.



MEASUREABLE OUTCOMES

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

INTRODUCTION TO THE BUDGET PROCESS

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

The fiscal year 2017 General Fund Budget not only outlines the APS revenue and expenditure plan for school year 2016-2017, this budget also positions the District for a new direction. This new direction seeks to increase instructional quality and efficiency to assure successful achievement of the District's vision and mission statements.

This budget is not only a balanced budget, but a strategic and more efficient plan that drives the District to higher student outcomes and sets the course for APS to operate in the proper capacity and at the right-size for many years to come. The budget book illustrates to stakeholders how the District demonstrates organizational integrity and fiduciary responsibility in the way it generates revenue and allocates funds in an equitable manner.

In short, this budget is a result of a close examination of the APS mission, vision, and strategic plan with a goal of addressing equity and enabling all students to graduate ready for college and career.

As the District prepares for its implementation of a charter system operating model, The District has adopted a

multi-year budget strategy that features the following:

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

Due to numerous budget parameters and an increase to mandatory costs, we anticipate the budget to continue to grow. The increase is primarily due to funding the strategic priorities, in particular the Turnaround Strategy, Signature Programs and Pay Parity and a focus on operational efficiency to assure successful achievement of the District's vision and mission. The focus on instructional quality provides funding for Turnaround, CRCT Remediation, Pay Parity and Signature program allocations.



Under previous administrations, APS underwent a major overhaul from 2012-2014, which has resulted in a much more stable school district in the aftermath of the CRCT investigation of 2011. As the district prepares for FY17 and looks to FY18 and beyond, we are positioning to take on obstacles we are likely to encounter—while fulfilling our mission—to prepare every student for college and career success. Student success is our top priority, and our students and programs are seeing initial movement and are making headlines for improvements:

- APS Unveiled Strong Schools Start With Me! Community Engagement Campaign to Support Charter System Transitions. The first goal of the campaign is to ensure that parents, educators and community members are invited to participate in Local School Governance Teams (GO Teams) at each school to share in the decision-making process.
- WestEd, Atlanta Public Schools (APS) and Georgia State University today announced receipt of a nearly \$7.5 million National Institute of Justice (NIJ) grant to support the research and development, implementation, and evaluation of a comprehensive school safety initiative. The organizations will partner over five years to create safe and supportive learning environments for children and staff at APS campuses.
- Over \$500,000 in Grant Funds Awarded to APS Charter Schools. In an extraordinary decision, the Georgia State Board of Education awarded APS charter schools the lion's share of \$1.4 million in facilities grant funds. Atlanta Neighborhood Charter Schools (\$199,762), Charles R. Drew Charter School (\$149,994), KIPP Strive Academy (\$125,463), KIPP Vision Academy

(\$77,781), and The Kindezi School (\$150,000) each received grants totaling more than \$553,000

- Chelsea Clinton visits Martin Luther King, Jr. Middle School to share her new book, "It's Your World: Get Informed, Get Inspired & Get Going"



- Five APS Schools Made GDOE List of Highest Performing, Progress Schools. The Highest-Performing Schools included Charles Drew Charter School, KIPP Strive and West Manor Elementary School. The Highest-Progress Schools included The Kindezi School and KIPP West Atlanta Young Scholars (WAYS) Academy.

Additionally, APS made praiseworthy progress with increased graduation rates of 12.4 percentage points to 71.5%. With large increases and high performance, the following APS schools led the way in the rise in graduation rates: Coretta Scott King Young Women's Leadership Academy (94 percent), Henry Grady (89.7 percent), North Atlanta (81.5 percent), Benjamin E. Mays (81.9 percent), and the South Atlanta Schools of Health (87.9 percentage points) and Computer Animation and Design (77.8

percent). While the rate for Carver Early College (98.6 percent) did not increase, it continues to achieve the highest graduation rates in the district. KIPP Atlanta Collegiate (92.9 percent) achieved one of the highest rates with its first graduating class.

The District continues to be committed to student performance. Operations has set five critical goals to “Reinvest in APS Kids”

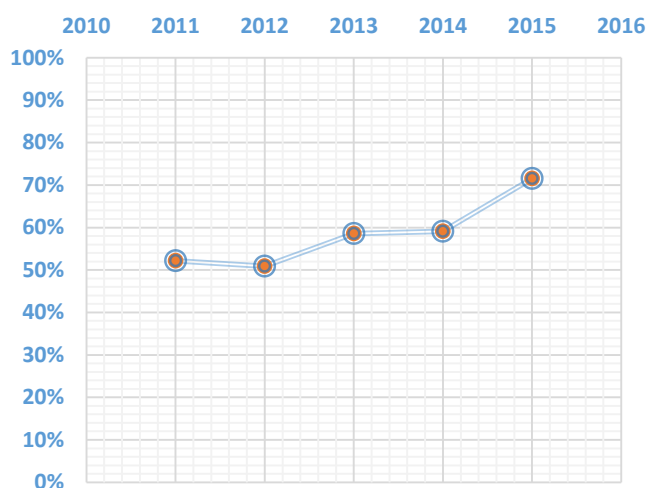
- Ensure students being served in APS-leased facilities (including APS charter school students) have access to equitable learning environments by investing in infrastructure improvements for select APS leased facilities.

We are still recovering from more than five years of budget reductions and redirections, furlough days and a five-year freeze on employee salaries. Therefore, fiscal discipline and a stronger prioritization on student programs will help us move closer to achieving this goal in FY17.

We will ensure that we develop measurable outcomes which include quantifiable performance indicators directly related to the District’s mission. APS must be focused on the goals and strategies that will best prepare all students for college, career and life in a globally competitive environment. This means being fully transparent in the decisions guiding the district, setting priorities, and concentrating resources on the programs, practices and staffing that will best serve students in achieving academic success.

- Ensure students have access to learning environments that meet their academic needs by ensuring infrastructure is aligned to new signature program designs.
- Ensure students are not in overcrowded schools by addressing capacity challenges in high-growth areas.
- Ensure students are in facilities that are safe, comfortable and conducive to learning by maintaining community’s \$1.78 Billion “Build Smart” investment with building infrastructure and system upgrades.

ATLANTA PUBLIC SCHOOL'S 4-YEAR GRADUATION RATE



STRATEGIC PLAN

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

Strategic Planning

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

Cluster Planning

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

Operating Model

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

Next Steps

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



STRONG SYSTEM DISTRICT PLANNING PROCESS

STRATEGIC
PLANNING

OPERATING
MODEL

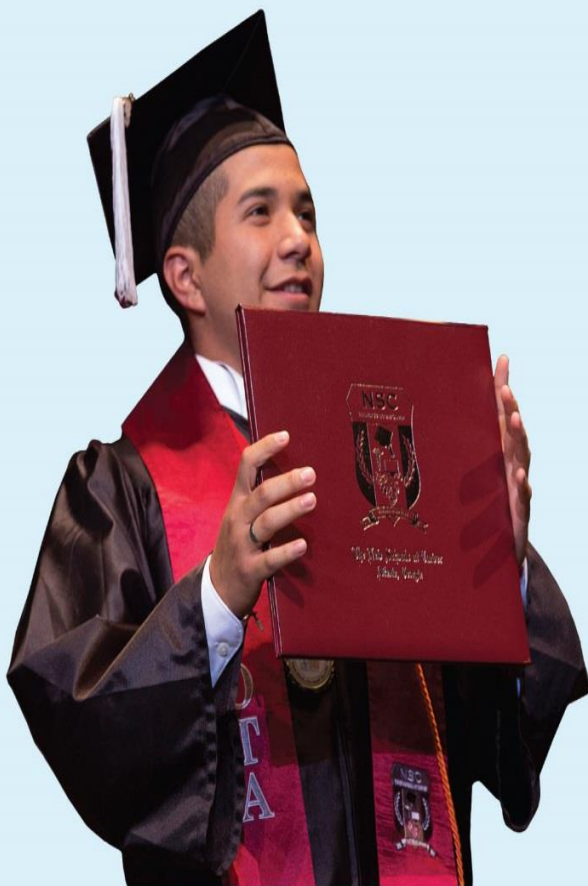
CLUSTER
PLANNING

Strategic Goals

2015-2020

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

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



ACADEMIC PROGRAM ...

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



TALENT MANAGEMENT ...

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



SYSTEMS AND RESOURCES ...

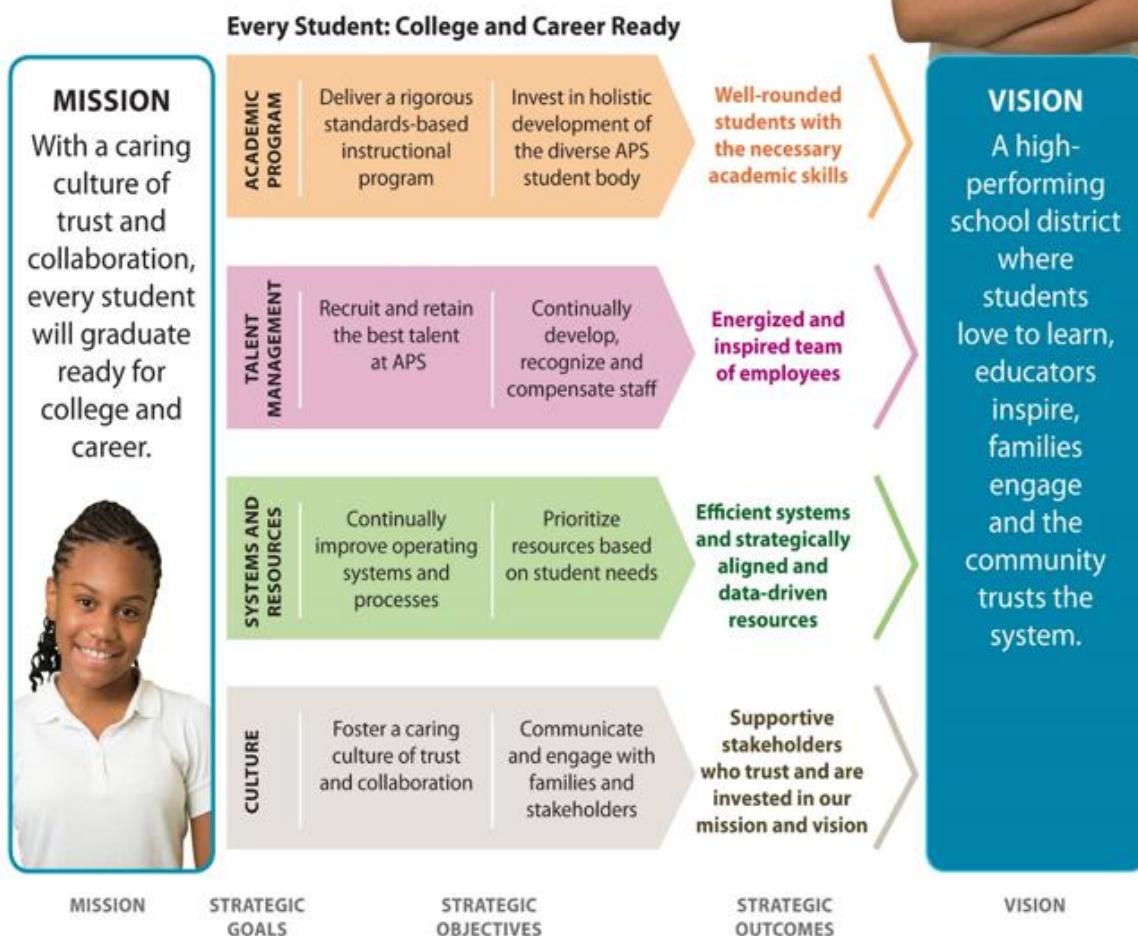
We will improve efficiency (productivity, cost, etc.) while also making decisions (including resource allocations) that are grounded in a strategic academic direction and data.



CULTURE ...

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

APS uses the strategy map below to illustrate relationships between strategic goals, objectives and outcomes. The map visualizes how various components of the strategy align with the mission (what we do every day) and our vision (what we strive to become).



STRATEGIC PRIORITIES

Pay Parity

In particular, APS wants to ensure that we are able to sustain our long-term fiscal responsibilities around our strategic priorities. The purpose of the APS Classification and Compensation Program is to attract, reward and retain the most qualified employees by offering an equitable, competitive and attractive program. We believe that a robust compensation strategy is essential to our success and a key component for progressing as a system. APS understands that our greatest potential for growth comes from our investment in quality people who are properly trained and compensated. “Having strong students, strong schools, strong staffs and a strong system” requires that we continually develop, recognize and compensate staff. In fiscal year 2015, APS partnered with an outside consulting group to analyze its compensation model, practices and relationship to competitive markets. The study yielded results that indicated that APS salary schedules were not only competitive, but were on average 10% higher than competitive districts. However, it also identified pay parity issues that exist amongst employees.

Each fiscal year, the Atlanta Public School District is required to submit and pass a balanced budget. Salary schedules may need to be adjusted and/or created to reflect changes made during the budget process (i.e. Cost of living adjustments, salary freezes, etc.). As a result, in order to maintain equity on how employees are compensated, annual maintenance of the salary schedule may occur in one of the following manners:

1. Salary schedules and open ranges will remain intact. When this occurs, employees will receive salary increases based on an additional year worked.
2. Salary schedules and open ranges will be adjusted to reflect no additional compensation. When this occurs, employees receive a year of experience, but will not receive a salary increase. This allows for internal equity to be maintained with internal and external hiring for that particular fiscal year. (Board Salary Hearings as required by General Code of Laws may be necessary)
3. Salary schedules and open ranges will be modified to include cost of living adjustments or other increases. When this occurs employees will receive increases based on an additional year worked and increases to salary schedule/range.

Pay parity for FY16 was approximately \$11 million. However for FY17, we are assuming a budget that would potentially include a 1% COLA, a paid step increase for all employees and \$4 million to address pay parity for non-instructional outside experience credit.



CRCT Remediation/Enrichment

APS has entered into a contract with Communities in Schools of Atlanta, Inc. (CISA) to deliver remediation, enrichment and academic support within a community-based service model which also includes social, emotional and mental health services to students who were potentially impacted by the 2009 CRCT crisis. Over the past school year, APS launched district wide intervention programs in reading and mathematics, unit recovery programs for all students in grades 6 through 12 and flexible scheduling options. While these programs are designed for all students who are not succeeding



academically, or who are already out of school or are at risk of dropping out, they are also assisting many of those students who have been impacted by teacher cheating in 2009. With the majority of the District's resources going into the classroom it is a priority to ensure that these resources are assisting students in academic areas. Standardized testing is one measure used to ensure that students are receiving and retaining information in the classroom for core subjects. Georgia law, as amended by the A+ Education Reform Act of 2000, required that all students in grades one through eight take the CRCT in the content

areas of reading, English/language arts and mathematics. Students in grades three through eight were also assessed in science and social studies. Due to budget constraints, the CRCT was no longer administered in grades one and two beginning in spring 2013. Beginning in fiscal year 2015 the CRCT was replaced with the Georgia Milestones Assessment System: Georgia Milestones. Georgia Milestones consist of both end of grade (EOG) and end of course (EOC) measures.

Now that the district has identified specific students who may have been impacted by the cheating (i.e., alteration of student answer documents in 2009), APS is examining the programs and data for those students to determine the services that may still be required to assist them through graduation. To assist with planning and tracking student progress, the APS Office of Accountability and Information is providing data for individual students and will continue to provide regular progress reports for these students as they complete courses, local formative assessment and state achievement tests. This information includes: on-track to graduate data, state and local test results and participation in support and remedial programs such as reading plus and ALEKS math programs.

CRCT Remediation/Enrichment for FY16 was approximately \$5 million to support the salaries and unanticipated CRCT expenditures. Estimated costs for FY17 support will be used to provide numerous community and on site services for students, tutors and parents that were affected during this crisis.

Turnaround Strategy

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

Turnaround Strategy for FY16 was approximately \$5 million. FY17 assumptions increase greatly and are distributed across the 16 initiatives. APS will continue to support the turnaround and positive results in the districts lowest performing schools.

Signature Programs

Signature programming derived from a branch of Cluster planning and funds that are allocated based on enrollment. Cluster planning was set in place to provide flexibility and autonomy at the cluster level for principals to invest resources in alignment with the District's academic standards of service. It specifically addresses each clusters



academic programming needs and support for future signature programming mandated by the state. College Readiness works to ensure college and workplace readiness for all students by providing professional learning and technical assistance to teachers, counselors, and administrators. STEM Education is defined as an integrated curriculum (as opposed to science, technology, engineering, and mathematics taught in isolation) that is driven by problem solving, discovery, exploratory project/problem-based learning, and student-centered development of ideas and solutions. IB Program offers a K-12 continuum of international education that emphasizes second language learning beginning at age 7. The programs encourage both personal and academic achievement, challenging students to become critical and engaged thinkers who are well prepared for the workplaces of the 21st century global economy. IB offers four programs including the Primary Years Program (K-5), Middle Years Program (6-10), Diploma Program (11-12) and Career-Related Program (11-12). There are currently 13 authorized IB programs in APS, more than any other school district in Georgia. Of these, 11 are housed at traditional schools and 2 programs are located at Wesley International Academy. Signature Programs, and Cluster Funds for FY16 was approximately \$6 million.

BUDGET PROCESS

Despite several years of financial adversity as a result of the national recession, the District has been able to maintain core programs while adding new programs that focus more on the classroom and less on administrative functions. The upward trend in students' academic achievement is at the forefront of every new program we develop and every increase we make to the budget. Charter school expansion in the district has increased our budget, but it allows us to work in partnership with our charter schools, and extends our offerings for superior educational opportunities and options to the citizens of Atlanta.

The District is committed to increasing the level of transparency that surrounds a complex budget process. As discussed, the Strategic Plan, which is the product of a genuine consensus-building process, and embodies the vision of the community, drives the annual budget process. At every step of the process the focus remains on the mission, vision and strategic plan with the goal of addressing equity and enabling all students to graduate ready for college and career.

Developing the annual budget is an iterative process. During a collaborative process, the Board and superintendent adopts the budget parameters in the fall and then approves the budget calendar. In November, the Board approves the budget assumptions and staffing formulas, which predict the school-based expenditure needs for the upcoming year. The Board also sets the District's Strategic Plan priorities during this time. These actions take place early in the process so expenditure requirements can be included in the district's long-range financial plan. The Board also takes into account the out-year

financial impacts of policy decisions, long range expenditure needs and projected fund balance levels in January. The Board has established a practice that requires the District to maintain a minimum of 7.5% of operating expenditures in its general fund balance, (the maximum allowable fund balance is 15%) which is a driving factor in the budgeting process.



FY17 Budget Parameters

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

A. Resource Parameters

1. The district will establish a millage rate consistent with the Board's mission and vision.
2. The district will maintain a fund balance between 7.5% and the statutory limit of 15% of projected expenditures.
3. The district will fully realize all funds coming in from intergovernmental agreements.
6. The district will ensure that the budget is aligned to the Board's mission and vision and that resources are allocated against key district strategic priorities in the areas of:
 - a. Academic Program
 - Ongoing implementation of district's CRCT remediation & enrichment efforts
 - Improvement in student achievement in math, science, and literacy, including a comprehensive materials of instruction strategy (inclusive of textbook adoption and online student and teacher resources)
 - Ongoing implementation of signature programming across clusters
 - Ongoing implementation of positive behavior supports programming

B. Expenditure Parameters

1. Allocation decisions will be made to prioritize achieving a more equitable distribution of resources pursuant the district's equity audit.
2. The district will allocate resources to implement effectively the system's move to a "charter system" operating model.
3. The district will fund pension obligations in accordance with State statute and actuarial standards.
4. The district will invest in a multi-year school turn-around strategy that provides additional support and interventions for schools at risk of state take-over.
5. The district will make investments in early childhood education based on findings from research study.
- b. Talent Management
 - Strategies to recruit, professionally develop, and retain high quality staff
 - Continued implementation of multi-year compensation study recommendations to address pay parity
- c. Systems & Resources
 - The safety, security, and well-being of students and staff (including the implementation of a new safety/security model)
 - Preventative maintenance of support infrastructure (including buildings, buses and technology)
- d. Culture
 - Continued implementation cultural transformation strategy, including strengths based programming
 - Implementation of District's external communications strategy

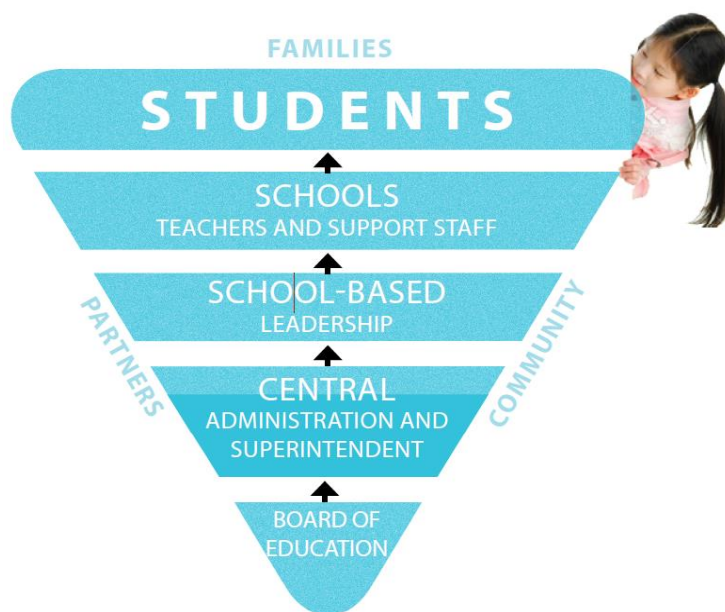
Guiding Principles for Revenue Consideration

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



BFAC & BUDGET COMMISSION

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

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

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

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

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

In February, the Superintendent presents the tentative budget to the Board, the public and the media. The tentative budget provides a first glance of the investment plan for the upcoming school year. It evolves as the budget process advances and presents opportunities for input from key stakeholders including parents, students, citizens and staff. In April, the district holds interactive meetings with the community and staff regarding the tentative budget to receive additional input to be incorporated before the numbers are finalized. Subsequently, the Superintendent presents the recommended budget to the Board, public, and media. Traditionally, the Board conducts multiple public hearing on the proposed budget and millage rate and then adopts the budget and tax rate in the month of June. After community, staff and Board feedback is incorporated, the Superintendent presents the updated budget to the Board in June.





FISCAL YEAR 2017 GENERAL FUND BUDGET DEVELOPMENT CALENDAR

BOARD COMMISSION	DATE	BFAC	DATE
Board Budget Commission Meeting to Discuss Multi-year Budgeting Strategy	11.12.2015	Budget and Finance Advisory Committee	11.12.2015
Board Budget Commission Meeting to Discuss Multi-year Budgeting Strategy	1.21.2016	Budget and Finance Advisory Committee, second meeting	12.17.2015
Superintendent presents the Fiscal Year 2017 Budget Primer to the Board Budget Commission meeting	2.18.2016	Budget and Finance Advisory Committee, third meeting	1.21.2016
Board Budget Commission Meeting	2.29.2016	Budget and Finance Advisory Committee, fourth meeting	2.18.2016
Board Budget Commission Meeting	3.17.2016	Budget and Finance Advisory Committee, fifth meeting	3.28.2016
Board Budget Commission Meeting	3.28.2016		

NOVEMBER							DECEMBER							JANUARY						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7			1	2	3	4	5						1	2
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
29	30						27	28	29	30	31			24	25	26	27	28	29	30
														31						

FEBRUARY							MARCH						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6			1	2	3	4	5
7	8	9	10	11	12	13	6	7	8	9	10	11	12
14	15	16	17	18	19	20	13	14	15	16	17	18	19
21	22	23	24	25	26	27	20	21	22	23	24	25	26
28	29						27	28	29	30	31		

■ Board Commission Meetings
 ■ Both Meeting
 ■ BFAC Meeting

ATLANTA PUBLIC SCHOOLS FISCAL YEAR 2017 BUDGET PRIMER

ATLANTA PUBLIC SCHOOLS		
FISCAL YEAR 2017 GENERAL FUND BUDGET DEVELOPMENT CALENDAR		
Item #	Item Description	Dates
1	Board/Superintendent workshop- Initial Academic and Operating Goals and Priorities for Budget Parameters	August 27, 2015
2	Senior Executive Leadership Team review of the Fiscal Year 2017 budget planning framework and timeline	September 1, 2015
3	Budget parameters identified and finalized by Senior Executive Leadership Team	September 1, 2015
4	Fiscal Year 2017 Budget Planning Parameters and Timeline presented and approved by the Board	September 8, 2015
5	Expanded Cabinet discusses budget framework, parameters and timeline	September 17, 2015
6	Senior executive leadership team discussion of the budget	October 27, 2015
7	Board reviews/discusses Fiscal Year 2017 budget assumptions, staffing formulas and strategic priorities	November 2, 2015
8	Departments receive Fiscal Year 2017 Budget templates	November 11, 2015
9	Board Budget Commission Meeting to Discuss Multi-year Budgeting Strategy	November 12, 2015
10	Budget and Finance Advisory Committee, initial meeting (CFO only)	November 12, 2015
11	Expanded Cabinet discusses budget approach, options and provides feedback	November 19, 2015
12	Board approves Fiscal Year 2017 budget assumptions, staffing formulas and strategic priorities	December 14, 2015
13	Budget and Finance Advisory Committee, second meeting	December 17, 2015
14	Fiscal Year 2015 Mid-Year adjustment	January 11, 2016
15	Departments submit completed budgets	January 14, 2016
16	Governor's State of the State Address and Education Budget (OMB)	January 14, 2016
17	Board Budget Commission Meeting to Discuss Multi-year Budgeting Strategy	January 21, 2016
18	Budget and Finance Advisory Committee, third meeting	January 21, 2016
19	Budget Office compiles budget	January 29, 2016
20	Senior Executive Leadership Team budget retreat to complete preliminary budget proposal	February 2, 2016
21	Budget and Finance Advisory Committee, fourth meeting	February 18, 2016
22	Superintendent presents the Fiscal Year 2017 Budget Primer to the Board Budget Commission meeting (at call of Committee chair)	February 18, 2016
23	Board Budget Commission meeting (at call of Committee chair)	February 29, 2016
24	FC Tax Commissioner and FC Chief Assessor Board Presentation	February 29, 2016
25	Superintendent presents the Fiscal Year 2017 Budget Primer to the Board	March 7, 2016
26	Conduct regional public meeting for Fiscal Year 2017 General Fund Budget	March 10, 2016

ATLANTA PUBLIC SCHOOLS FISCAL YEAR 2017 BUDGET PRIMER

27	Conduct regional public meeting for Fiscal Year 2017 General Fund Budget	March 17, 2016
28	Board Budget Commission meeting (at call of Committee chair)	March 17, 2016
29	Conduct regional public meeting for Fiscal Year 2017 General Fund Budget	March 24, 2016
30	Board Budget Commission meeting (at call of Committee chair)	March 28, 2016
31	Budget and Finance Advisory Committee, fifth meeting	March 28, 2016
32	Conduct regional public meeting for Fiscal Year 2017 General Fund Budget	March 31, 2016
33	Conduct Public Hearing on FY17 Budget	April 11, 2016
34	Superintendent presents the Fiscal Year 2017 Budget to the Board (Tentative adoption)	April 11, 2016
35	First read of the tax Millage rates for Fiscal Year 2017	April 11, 2016
36	Salary Hearing #1 (If necessary)	May 5, 2016
37	Tax assessor provides preliminary appraisal values to District	May 6, 2016
38	Salary Hearing #2 (If necessary)	May 12, 2016
39	Superintendent presents the Fiscal Year 2017 Budget to the Board (Final Adoption)	June 6, 2016
40	Final adoption of the tax Millage rates for Fiscal Year 2017 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback)	June-16
41	Advertise the tax digest for the five year history Fiscal Years 2011-2016	June-16
42	Advertise and publish notice of tax rate and budget	June-16
43	Advertise the first and second public hearings for the tax Millage rates	June-16
44	Hold the first and second public hearing on the tax Millage rate	June-16
45	Advertise the third public hearings for the tax Millage rates (If necessary)	June-16
46	Hold the third public hearings for the tax Millage rates (If necessary)	June-16
47	Deadline for millage rates to be delivered to Fulton County Tax Commissioner	June-16
48	Tax assessor provides final appraisal values to the District	August 1, 2016

CHALLENGES

Governor's Proposed State Takeover Opportunity School District

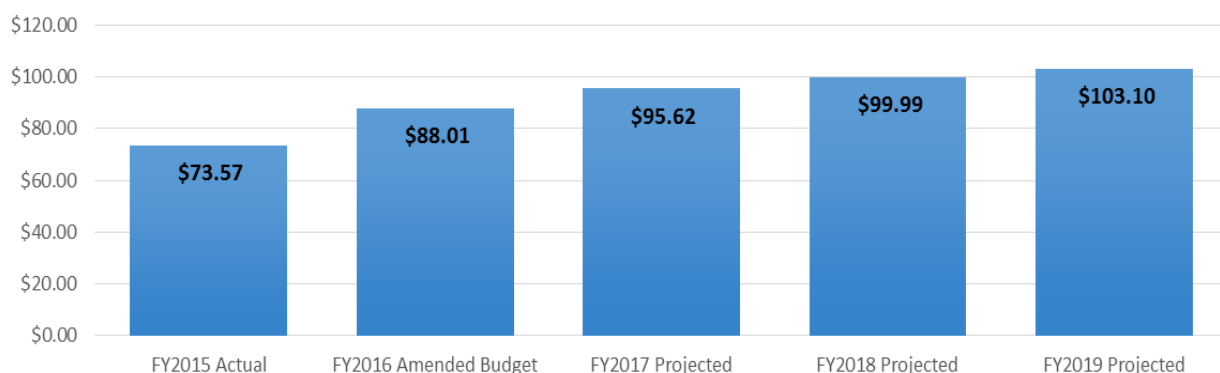
In order to turn around struggling schools, Gov. Nathan Deal proposed creation of an Opportunity School District (OSD). Based on similar initiatives in Louisiana and Tennessee, it would authorize the state to temporarily step in to assist chronically failing public schools and rescue children languishing in them.

- In the governor's proposal, persistently failing schools are defined as those scoring below 60 on the Georgia Department of Education's accountability measure, the College and Career Performance Index, for three consecutive years.
- The OSD would take in no more than 20 schools per year, meaning it would govern no more than 100 at any given time.
- Schools would stay in the district for no less than 5 years but no more than 10 years, and would then return to local control.
- Of our current schools, 26 would currently be eligible for the Governor's proposed state takeover opportunity school district based on the criteria outlined above.

Charter School Scaling

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

Charter School Scaling



Increased Healthcare Cost

The Appropriations Act for FY2016 establishes maintenance of the employer contributions for the Teachers Plan. The FY2016 annualized teachers plan employer contribution rate is a monthly amount of \$945.00 for each certified employee enrolled in the plan and continuing until changed by Board resolution. The FY2016 annualized rate is a monthly amount of \$746.00 for each non-certified employee enrolled in the plan.

The Governor has recommended in his FY2017 proposed budget an increase to the non-certified rate of \$100.00 per month per employee effective January 2017. This was done in order to support the ongoing financial stability of SHBP.

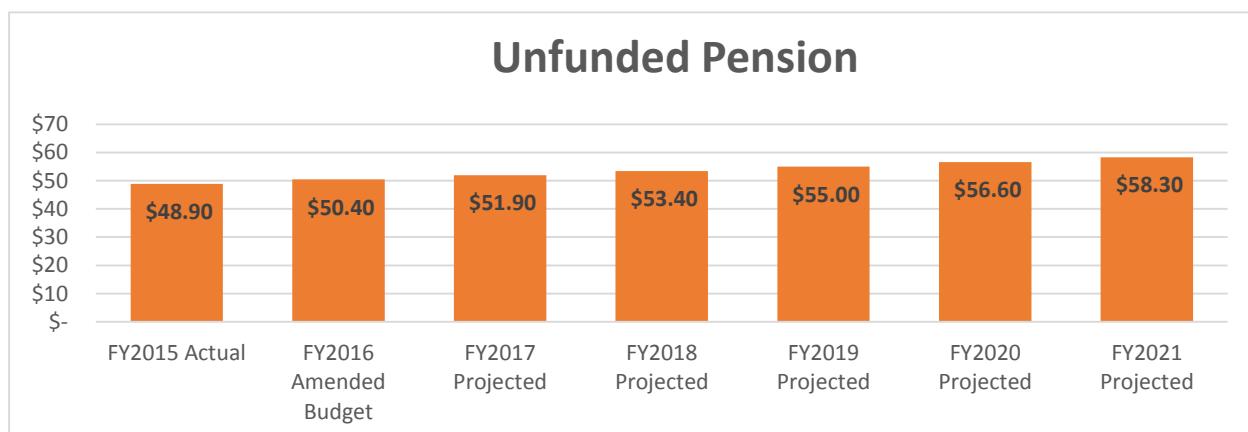
We anticipate the additional cost to APS to be roughly \$2.5 million.

Unfunded Pension

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

The pension liability payments for fiscal year 2016 are currently coming out of the General Fund and the annual payment represents 7.2% of total General Fund spending. The current annual payments are approximately \$1,000 per student and the payment amounts could go as high as approximately \$1,400 per student in future years. As such, these amounts cannot be spent for educational purposes.

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

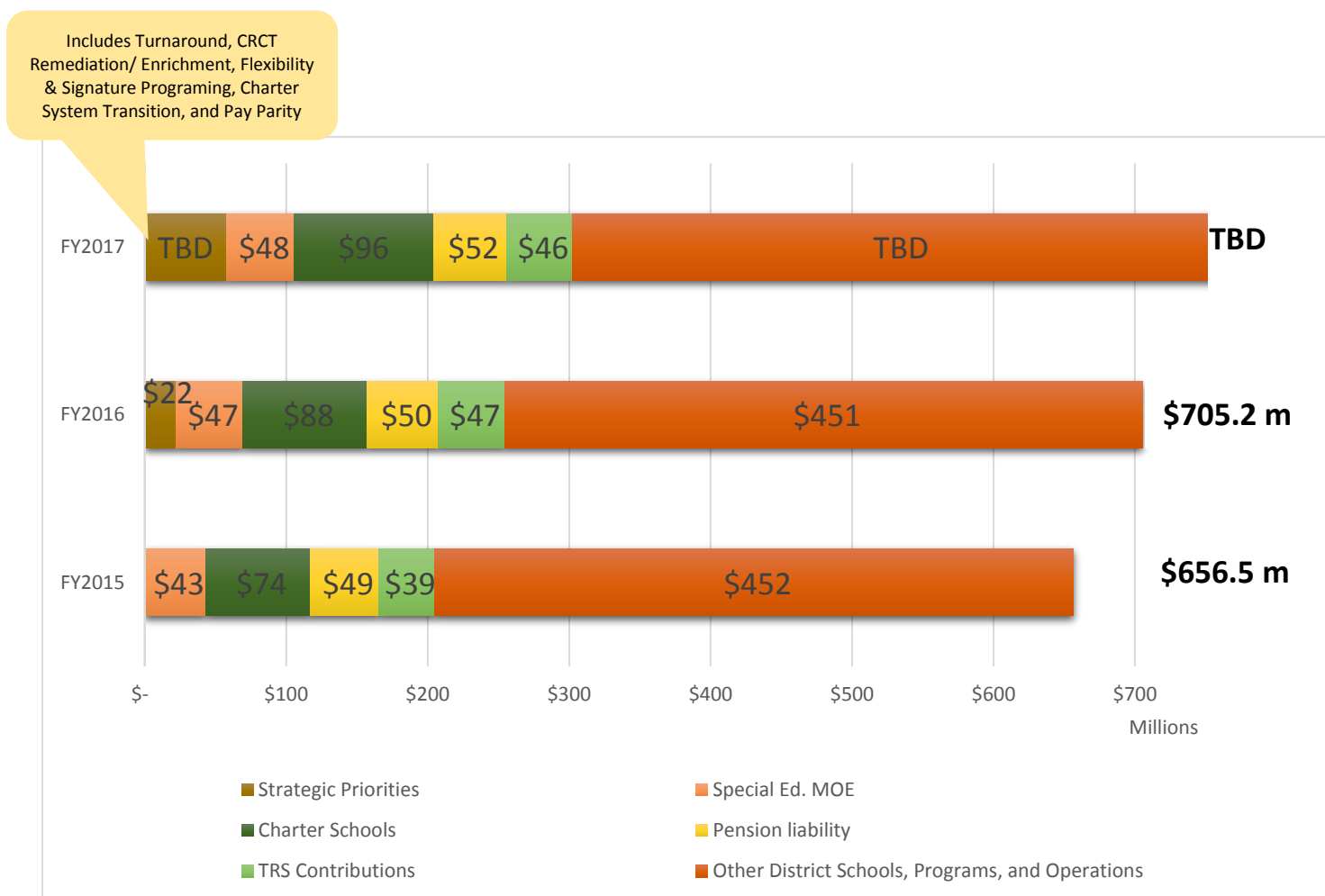


LOOKING AHEAD TO FY17

As identified in the chart below, the District projects over \$45 million in mandatory increased expenditures for special education, charter schools, pension funding, teacher retirement contributions and strategic priorities. A significant portion of the mandatory increases are due to the District's anticipation of increased enrollment in Atlanta Public Schools charter schools.

On the revenue side, the District projects to have about \$24.0 million more in new resources:

- \$13.4 million from Local
- \$9.5 million from State
- \$1.1 million from Other



ATLANTA PUBLIC SCHOOLS FISCAL YEAR 2017 BUDGET PRIMER

The table below lists the proposed increases/ decreases for each of our budget parameters from FY2016 to FY2017. Some budgeted expenditures overlap; for instance, the budget requests for #9 and #10 are embedded within the turnaround budget in #4.

CURRENT ASSESSMENT		
Item #	Item Description	Increase Amount
1	Allocation decisions will be made to prioritize achieving a more equitable distribution of resources pursuant the district's equity audit.	\$ -
2	The district will allocate resources to implement effectively the system's move to a "charter system" operating model.	\$ 60,500
3	The district will fund pension obligations in accordance with State statute and actuarial standards.	\$ 1,600,000
4	The district will invest in a multi-year school turn-around strategy that provides additional support and interventions for schools at risk of state take-over.	\$ 17,549,070
5	The district will make investments in early childhood education based on findings from research study.	\$ 950,000
6	Ongoing implementation of district's CRCT remediation & enrichment efforts	\$ (984,289)
7	Improvement in student achievement in math, science, and literacy, including a comprehensive materials of instruction strategy (inclusive of textbook adoption and online student and teacher resources)	\$ 2,459,074
8	Ongoing implementation of signature programming across clusters	\$ 5,422,157
9	Ongoing implementation of positive behavior supports programming	\$ -
10	Strategies to recruit, professionally develop, and retain high-quality staff	\$ -
11	Continued implementation of multi-year compensation study recommendations to address pay parity	\$ 9,000,000
12	The safety, security, and well-being of students and staff (including the implementation of a new safety/security model)	\$ -
13	Preventative maintenance of support infrastructure (including buildings, buses, and technology)	\$ 760,000
14	Continued implementation of cultural transformation strategy, including strengths-based programming	\$ -
15	Implementation of District's external communications strategy	\$ -
	Total	\$ 36,816,514

ECONOMIC CONTEXT

National

President Obama's fiscal year 2016 budget request demonstrates the Obama administration's priority on education as a means to strengthen America's middle class, help hard-working families, and ensure that every child has the opportunity to fulfill his or her greatest potential. The budget also emphasizes themes that are critical to a reauthorization of the Elementary and Secondary Education Act (ESEA) of 1965. These themes include equity, support for educators, high-quality preschool, and evidence-based innovations.

To help address these issues, the 2016 budget provides an increase of \$2.7 billion for ESEA programs, including \$1 billion for Title I, to ensure that all students—including minority students, students from low-income families, students with disabilities, and English learners—graduate from high school prepared for college and careers. The budget also provides \$131 million—an increase of \$31 million—for more vigorous enforcement of our nation's civil rights laws by the Department's Office for Civil Rights

State

A proper education can set students on the path to opportunity and success from which circumstances could otherwise deter them. A strong educational foundation is essential for providing economic opportunities for Georgia's children later in life. Instilling a

culture of a lifetime of learning ensures that the children will continue to build and develop important skills for the workplace throughout their careers. Therefore, we must ensure that every child receives the quality education to which he is entitled. The state budget funds growth in K-12 schools by providing \$300 million in additional funds to the Quality Basic Education program to offset the austerity reduction and provide local education authorities with the flexibility to reduce or eliminate furlough days, increase instructional days, or provide salary increases to teachers effective July 1, 2016. A \$26 million increase to the Department of Early Care and Learning budget to implement a new compensation model to retain lead teachers, increase assistant teacher salaries, and maintain classroom quality, effective July 1, 2016 and an additional \$7,927,490 to the Department of Early Care and Learning for pre-kindergarten teachers to be used for employee recruitment and retention initiatives, effective July 1, 2016.



Local

Property values are slowly rising. Residential strength has been tempered by commercial weakness. As the housing market continues its recovery, we can expect a few things to happen in 2016:

- Listing inventory is up 49% from the bottom of February 2013. Inventory is up 5.3% from last month and basically flat compared to the same month last year.
- Closings were up 4.9% from last month and up 12.3% from the same month last year.
- Months of inventory are now 3.5 months based upon the latest closed sales trend. Six months' supply is considered normal.
- Buyer activity remains strong led by baby boomers and first-time buyers. At the same time, the pace of pre-foreclosures (notices of default) and foreclosures has slowed dramatically.
- New Homes are making a significant comeback but that is also showing signs of leveling off as builders are having to pay higher prices for lots and other costs are rising. The spread of prices between new homes and resale is increasing which will benefit resale prices over time.
- Assessments on commercial property are anticipated to be limited and growth is expected to be minimal.



Source: <http://blog.ed.gov/2015/02/the-presidents-fiscal-year-2016-budget-request-building-on-priorities-for-a-strong-elementary-and-secondary-education-act/>

[Georgia senator to propose personal income tax cut](#)

<http://www.atlrealestatescoop.com/metro-atlanta-case-shiller-index-reported-june-2015/>

MAJOR FUND GROUPS

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

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

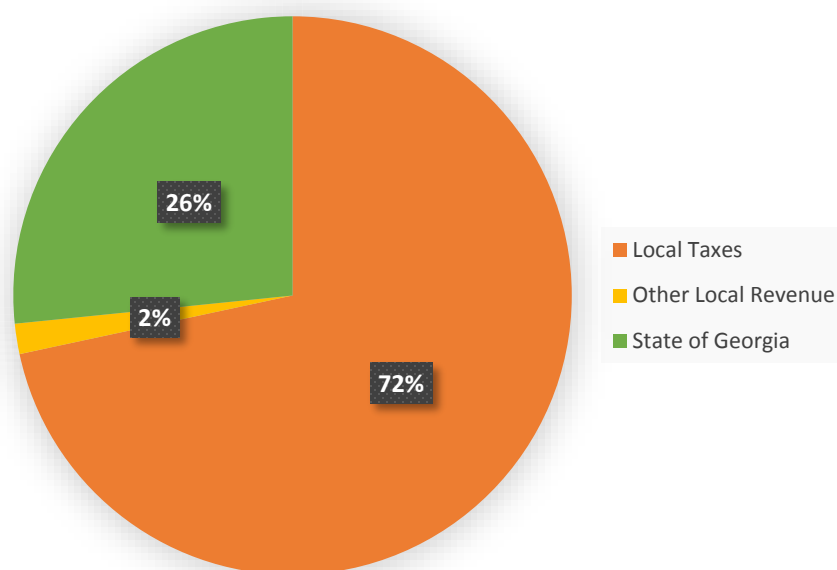
FY16 Governmental Funds

Fund	FY2014 Actuals	FY2015 Actuals	FY2016 Budget	Change
General Fund	\$595,123,803	\$657,591,810	\$705,277,973	7%
Special Revenue Fund	\$102,363,208	\$93,287,982	\$123,895,407	33%
Proprietary Fund	\$27,164,884	\$26,610,973	\$33,339,140	25%
Capital Projects	\$93,552,978	\$94,178,413	\$150,380,417	60%
Debt Service Fund	\$1,930,629	\$2,000,919	\$2,006,359	0%
Total Government Funds	\$818,204,873	\$873,670,097	\$1,014,899,296	16%

GENERAL FUNDS

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

FY 16 General Funds Revenues

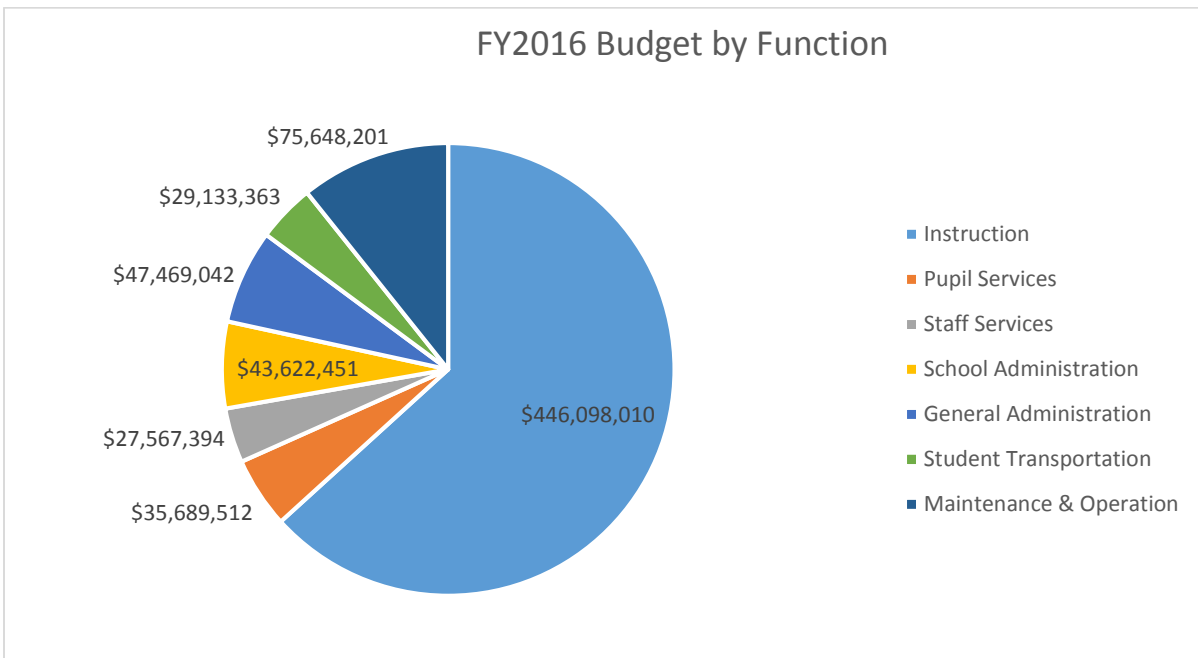


GENERAL FUND REVENUES

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

FY17 Budget by Function

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



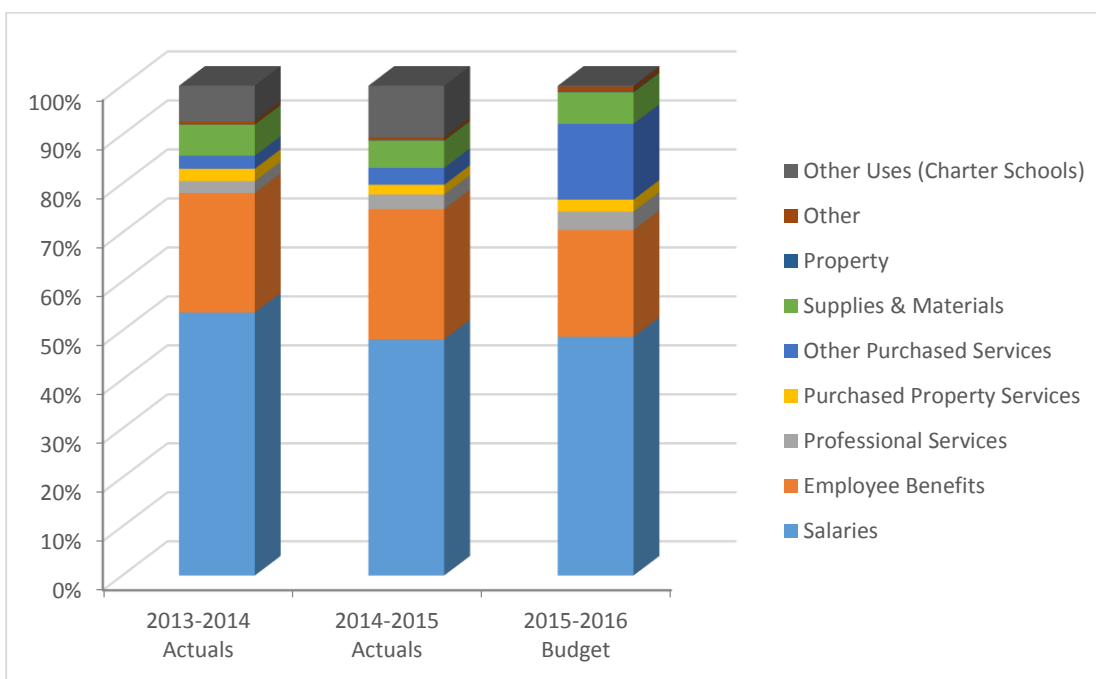
GENERAL FUND FUNCTIONS

- **Instruction** includes activities that deal directly with the interaction between teachers and students. Also, included here are the activities of aides or classroom assistants, who assist in the instructional process. This classification is characterized by using the 1000 series.
- **Pupil Services** include activities that are 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. This series is 2100.
- **Staff Services** include activities designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing challenging learning experiences for students. Activities also include the management and operation of educational media centers. The series utilized are 2210 and 2220.
- **School Administration** includes activities with the overall administrative responsibility for school operations. Also, included are activities of principals, assistant principals, department chairpersons and clerical staff. This series is 2400.
- **General Administration** includes activities with central operations to support schools in key centralized functions. This series is 2300, 2500, 2800, and 2900.
- **Student Transportation** includes activities with the conveyance of students to and from school and trips to school activities. Bus monitors, traffic director, vehicle operation and maintenance fall in this category and series used is 2700.
- **Maintenance and Operation** include activities with keeping the buildings open, comfortable, safe for use, keeping the grounds and equipment in working condition and state of repair. This series is 2600 and 3100.

FY17 General Fund by Object Group

Object	2013-2014 Actuals	2014-2015 Actuals	2015-2016 Budget	Change
Salaries	\$319,441,932	\$316,896,510	\$343,614,917	8%
Employee Benefits	\$145,445,374	\$175,015,973	\$153,913,565	-12%
Professional Services	\$14,240,121	\$19,586,399	\$26,558,654	36%
Purchased Property Services	\$15,087,246	\$13,057,079	\$17,153,536	31%
Other Purchased Services	\$15,781,401	\$22,655,704	\$109,137,734	382%
Supplies & Materials	\$37,866,280	\$36,579,978	\$45,289,419	24%
Property	\$205,100	\$570,100	\$1,143,830	101%
Other	\$3,806,348	\$3,926,773	\$7,041,854	79%
Other Uses (Charter Schools)	\$43,250,000	\$69,303,294	\$1,374,460	-98%
Total General Fund Expenditures	\$595,123,803	\$657,591,810	\$705,227,973	7%

FY17 Budget by Object



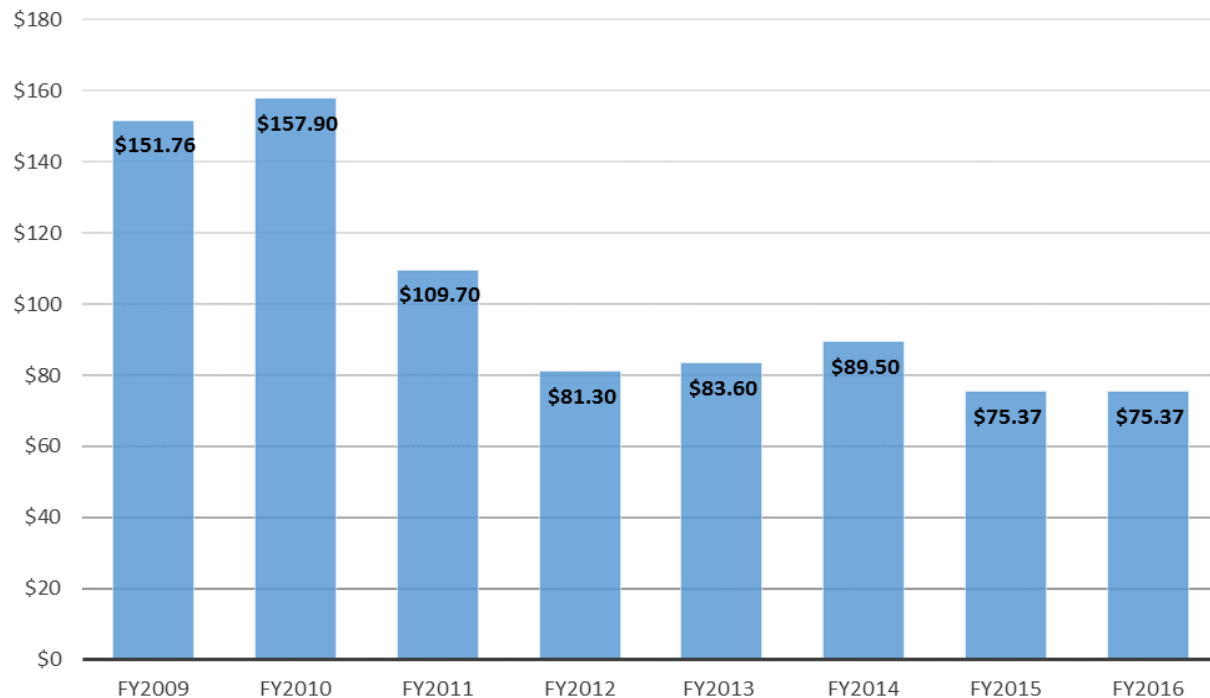
GENERAL FUND OBJECTS

- Salaries are periodic payments from employer to employee. It is designated by the 1000 series. The fourth digit in the series categorizes the type of salary. 0 is regular pay, 1 is part time pay, 2 is overtime, 3 is performance pay, 4 is supplemental/stipends, and 5 is mileage. Teachers, principals, bus drivers, administrative staff, and maintenance personnel are some examples of salaried employees.
- Employee Benefits are classified in the 2000 series. They are the fringe benefits paid on behalf of the employee. Examples of this are health benefits, the retirement system, and workmen compensation.
- Professional Services are classified in the 3000 series. These are services performed by persons or firms with specialized skills and knowledge. Examples are contracted art or music teachers, fingerprinting, or legal services.
- Purchased Property Services are classified in the 4000 series. These are expenditures for services related to the properties such as sewer and cleaning services or maintenance and repair.
- Other Purchased Services are classified in the 5000 series. These include student transportation from another source, insurance other than employee benefits, travel and communication costs.
- Supplies and Materials are classified in the 6000 series. They are all supply items such as technology supplies, textbooks, or computer software.
- Property is classified in the 7000 series. Examples of this are land acquisition, purchase of equipment and busses, building acquisition, and depreciation expenses.
- Other objects are classified in the 8000 series. They are dues and fees, interest, and federal indirect costs.
- Other uses are in the 9000 series. These are funds which are not properly classifiable but require budgetary or accounting control. Examples of this are sales of government capital assets or forgiveness of debt.

FY17 General Fund Balance

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

Fund Balance History



FY17 General Fund Balance Usage

Resources	2014-2015 Actuals	2015-2016 Budget
	2015	2016
Local	\$452.6	\$498.6
State	167.2	181.9
Federal	1.25	1.0
Other	16.0	23.7
Revenue Total	637.1	705.2
Use of Fund Balance	15.4	0.0
Totals Resources	<u>\$652.5</u>	<u>\$705.2</u>

FY17 Atlanta Public Schools Programs

Programs identify specific activities and procedures designed to accomplish a predetermined objective. For the state, this field is used to accumulate the data for the functions used in Quality Basic Education (QBE) program accounting, and for required reporting of the QBE programs and other programs as specified by the GDOE. Specific program codes are to be assigned by the GDOE with a range of codes in the field to be used at the LUA's discretion. In addition to state specified categories, the district is able to define programs. Programs are any group of related activities for which the district wants to track and report for monitoring and administration. APS currently tracks for more than 150 different programs.

Some of APS's programs include Center for Learning and Leadership (CLL) based programs such as Human Resources, Finance, School Board, Office of the Superintendent, Legal Internal Audit and Office of Accountability and Information. School-based programs are used to track funds related to Classroom Instruction, Signature Programs, Fine Arts, Special Ed and other programs.

Our ten largest programs for FY2016 account for more than 68% of our budget at more than \$480.3 million.

Ten Largest Programs for FY2016	FY2016 Current Budget
Classroom Instruction	\$ 178,988,251
Charter Schools	\$ 87,992,523
Unfunded Pension	\$ 50,400,000
Exceptional Children (MOE)	\$ 47,008,045
School Administration	\$ 35,562,464
Student Transportation Services	\$ 23,613,074
Utilities	\$ 17,013,815
Early Intervention Program	\$ 16,489,819
Gifted and Talented	\$ 11,826,412
Counseling	\$ 11,384,242
Total	\$ 480,278,644

APS FAST FACTS – WE INVEST IN OUR STUDENTS

Atlanta Public Schools is organized into nine high school clusters with distinct feeder patterns. Unlike split-feeder patterns, the cluster model allows all students attending a particular elementary school to matriculate to the same middle school, and students enrolled at that middle school will matriculate to the same high school.

There are 106 learning sites & programs including two single-gender campuses and 17 charter schools.

Student Facts

106 Million

Academic and Athletic Scholarships offer to the Class of 2015

3,674

Teachers (Charter and Non-Charter Schools)

92

Title 1 Schools

\$685.6 Million

FY16 Operating Budget

2,066

2015 Graduates

76.03%

Students Eligible for Free and Reduced-Priced Meals

2:3

Computer/Student Ratio

98

Learning Sites and Programs

Elementary Schools (Non-Charter)

- K-2 Primary Campus – 5
- K-5 & Traditional – 47
- 3-5 Intermediate Campuses – 2

Middle Schools (Non-Charter) – 10*

High Schools (Non-Charter) – 14*

Alternative/Nontraditional Programs – 4

Evening School/Adult Education Programs – 2

Charter Schools – 17

* Includes two single-gender campuses

50,754

Projected k-12 student enrollment

Students' Ethnic Distribution

African-American	75.5%
Caucasian	14.7%
Hispanic	6.8%
Asian/American Indian/ Alaskan/Other	1.2%
Multiracial	1.6%

GLOSSARY OF TERMS

This section contains definitions of terms used in this document and additional terms as deemed necessary in order to achieve common understanding concerning financial accounting procedures. School activity funds are defined as all local school funds derived by any public school from all activities or sources. Some of the definitions shown are taken or adapted from the recommendations of the National Committee on Governmental Accounting.

Account - A record of financial transactions that is similar in terms of a given frame of reference such as purpose, objective, or source.

Accrual Basis of Accounting - The basis of accounting under which revenues are recorded when levies are made and expenditures are recorded as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made. See also REVENUE and EXPENDITURES.

Appropriation - An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. Note: An appropriation is usually limited in amount and as to the time when it may be expended.

Balance - The difference between the total debits and the total credits of an account; the total of an account containing only debits or only credits.

BCM – Budget Center Manager

Budget - A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them. The budget usually consists of three parts. The first part contains a message from the budget making authority together with a summary of the proposed expenditures and the means of financing them. The second part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect. The third part consists of schedules supporting the summary. These schedules show in detail the proposed expenditures and means of financing them together with information as to past years' actual revenues and expenditures and other data used in making the estimates.

Budget And Finance Advisory Committee (BFAC) - In advisory body established by the Superintendent to provide guidance and counsel on matters of budget and finance, as determined by the district's administration.

Budget Calendar - The schedule of key dates used in the preparation and adoption of the Annual Budget.

Budget Control - The control or management of the business affairs of the school district in accordance with an approved budget with a responsibility to keep expenditures within the authorized amounts.

Budget Document - The instrument used as a comprehensive financial plan of operations of the Board of Education.

Capital Funds – Monies set aside for the purchase of capital or fixed assets, such as land, equipment, and buildings.

Capital Projects - Used to account for all resources used for acquiring capital sites, buildings, and equipment as specified by the related bond issue. Capital project funds are designated to account for acquisition or construction of capital outlay assets that are not acquired directly by the general fund, special revenue funds, or enterprise funds. Capital project funds have been developed to account for the proceeds of a specific bond issue and revenue from other possible sources which is designated for capital outlay, i.e., for land, buildings, and equipment.

Capital Outlay - Expenditures for land or existing buildings, improvement of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment.

Certified Tax Digest - An annual property tax digest certified by the tax receiver or tax commissioner of a county to the Department of Revenue and approved by the State Revenue Commissioner.

Classification, Function - As applied to expenditures, this term has reference to an activity or service aimed at accomplishing a certain purpose or end; for example, Instruction, School Administration, Plant Maintenance and Operation.

Classification, Object - As applied to expenditures, this term has reference to an article or service received; for example, payroll costs purchased and contracted services, materials, and supplies.

Cost per Student - Financial data (either budget or expenditures) for a given period of time divided by a pupil unit of measure (average daily membership, average daily attendance, etc.).

Debt - An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of local education agencies include bonds, warrants and notes, etc.

Debt Services - Used to finance and account for payment of principal and interest on all long-term general obligation debts. Debt service funds are used to accumulate resources over the outstanding life of the bond issue in an amount equal to the maturity value. Cash of the debt service may be invested in income producing securities that are converted back into cash at the maturity date for use in retiring bonds.

Deficit - The excess of the obligations of an account over its resources.

Disbursements - Payments for goods and services.

Encumbrance - A restriction of available money by issuance of a purchase order.

Encumbrance Accounting - A system or procedure which involves giving recognition in the accounting budgetary expenditure control records for the issuance of purchase orders, statements, or other commitments chargeable to an appropriation in advance of any liability or payment.

Expenditures - Decreases in net financial resources. If accounts are kept on the accrual basis, this includes total charges incurred, whether paid or unpaid. On the cash bases, payments are termed disbursements.

Expenses - Outflows or other using up of assets or incur of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

Fiscal Year - A twelve-month period of time to which the annual budget applies, and at the end of which a local education agency determines its financial position and the results of its operations.

Fund - A fiscal and accounting entity which is comprised of a self-balancing set of accounts which reflect all assets, liabilities, equity, revenue, and expenditures (or expenses) necessary to disclose financial position and the results of operations. Funds are established as individual entities in order to segregate financial records for purposes of legal compliance, different natures of the activities performed, measurement of different objectives, and to facilitate management control.

Fund Balance - The excess of assets of a fund over its liabilities and reserves. During the fiscal year prior to closing, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves and appropriations for the period.

General Administration - Activities are concerned with central operations to support schools in key centralized functions.

General Fund - The fund used to finance the ordinary operations of the local education agency. It is available for a legally authorized purpose and consists of money not specifically designated for some other particular purpose.

Instruction - Direct interaction between students and classroom teachers, paraprofessionals and/or related staff involving teaching students in a teaching/learning environment in a systematic program designed to assist students in acquiring competency in knowledge, skills, and understanding.

Maintenance and Operation - Activities are concerned with keeping the buildings open, comfortable, safe for use, keeping the grounds and equipment in working condition and state of repair. Activities also include maintaining safety in buildings, on the grounds and in the vicinity of schools.

Mill - The rate of taxation based on dollars per thousand of taxable assessed value. A mill is one tenth of a cent (\$.001).

Millage Rate - The ad valorem tax rate expressed in terms of the levy per thousand dollars of taxable assessed value established by the governing authority each fiscal year.

Object - An accounting term used to describe the service or commodity obtained as a result of a specific expenditure or to describe a specific revenue source.

Per Pupil (Allotment) - An allotment to each school for supplies and equipment initially based on the first FTE count of the fiscal year.

Per Student (Expenditure) - An accepted and commonly used norm to compare expenditures between school districts, state spending and national spending.

Program - The definition of an effort to accomplish a specific objective or objectives consistent with funds or resources available. Budgets and actual revenue and expenditure records may be maintained per program.

Program Budget - A budget wherein expenditures are based primarily on programs of work and secondarily on character and object. A program budget is a transitional type of budget between the traditional character and object budget on the one hand, and the performance budget, on the other.

Pupil Services - Activities are 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.

Purchase Order - Document that authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

QBE (Quality Basic Education) – Allotments - Funds are allotted by the state on the basis of "Weighted FTE" (FTE: Full Time Equivalent students) to the local school system.

QBE – Mid Year Adjustment - The adjustment of QBE allotment that reflect the more recent FTE count of a school system in the current school year, to increase or decrease the QBE earning that based on FTE count taken in the previous year.

QBE – Austerity - The QBE formula reduction to decrease the allotment due to the difficult financial challenges to State revenues and the program expenditure cut is necessary.

Requisition - A written request, usually from one department to the Purchasing Officer or to another department, for specified articles or services.

Reserve - An account used to indicate that a portion of fund balance is restricted for a specific purpose.

Revenue - Additions to the assets of a fund during a fiscal period that are available to finance the fund's expenditures during the fiscal period.

Revised Budget - An increase or decrease to the initial budget (original amount as adopted by the governing body) amount.

School Administration - Activities are concerned with the overall administrative responsibility for school operations. Also included are activities of principals, assistant principals, department chairpersons and clerical staff.

Special Revenue Fund - A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditures for specific purposes.

SPLOST – Special Purpose Local Option Sales Tax- extra one-cent sales tax voted on and approved by citizenry to be used by the school district for capital improvements and debt retirement.

Staff Services - Activities are designed primarily for assisting instructional staff in planning, developing and evaluating the process of providing challenging learning experiences for students. Activities also include the management and operation of educational media centers.

Student Transportation- Activities are 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.

Supplies - Expenditures for material items of an expendable nature that are consumed, worn-out, or deteriorated by use or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

Taxes - Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

Tax Digest - The established formula for the County to determine the net Maintenance and Operations (M & O) property digest for the school district on a calendar year basis which includes

total real, personal, motor vehicles, mobile homes, and public utility property, less homestead, various personal, Freeport and agricultural exemptions. The Tax Digest is certified in July of each year and the local board of education sets official millage rate.

Transfers - Amounts transferred between two funds. The offsetting transaction is recorded in the revenue source in the fund to which the transfer is made.