



BUDGET PRIMER

Fiscal Year 2021

Prepared by Department of Budget Services
Atlanta Public Schools



ATLANTA
PUBLIC
SCHOOLS



Finance
Division

www.atlantapublicschools.us

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MESSAGE FROM SUPERINTENDENT



Dear Atlanta Public Schools Stakeholders:

As Atlanta Public Schools develops the FY2021 budget, we strive to continue positioning the District on a path that seeks to increase instructional quality, improve operational efficiency, and direct flexible spending closer to the classroom to ensure responsible and effective use of taxpayer dollars. This budget primer represents the District's continued commitment to a consistent, transparent communications process that informs stakeholders of the District's plans for the upcoming fiscal year.

Throughout the budget process, APS works with the goal of improving quality, while increasing efficiency and addressing equity as outlined in the Board equity policy approved last year. For recent fiscal budgets, the District employed a new funding strategy to distribute allotments to schools through Student Success Funding (SSF), a model based on an equitable and transparent distribution of funds and supports the charter system model to allow additional autonomy, flexibility, and site-based decision-making at our schools. We are also continuing efforts to streamline services and expenses at the central office and redirect more of those dollars to schools.

As we develop the FY2021 budget, we will continue to invest in a long-term, overarching strategy to improve our lowest-performing schools by providing supplemental and critical support and by working with our schools with the greatest challenges. We will continue to meet all of our increasing mandatory expenses including unfunded pension, teacher's retirement systems, and health costs.

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

Regards,

A handwritten signature in black ink, appearing to read 'Meria J. Carstarphen'. The signature is fluid and cursive, with a large initial 'M' and 'C'.

Meria J. Carstarphen

EXECUTIVE SUMMARY

As Atlanta Public Schools begins the process of developing the FY2021 budget proposal, we believe it is important to provide context and narrative to our community that may provide insight into why certain budgetary decisions are made. It is our hope that this FY2021 Budget Primer will serve that purpose. Within this document, we will provide a brief overview of our current budget. In doing so, we walk through the factors as we currently know them to be, that will impact both our revenue and expenditures assumptions against the backdrop of all the great work that is happening through these resources across the District.



Within this document we will review the state, federal, and local economic context that impacts our budgeted revenue projections. We will also highlight where APS is doing more to maximize these funding sources, or at the very least minimize our losses, due to tax allocation districts (TADs), abatements, and other legislation. Even with our interventions, we project very modest revenue growth that will mostly be offset by ever increasing mandatory costs.

The largest increases in the APS budget continue to be in the areas of salary and benefits. We will also discuss the governor's continued drive for teacher raises and potential impacts of that proposal on our budget and the employees of APS. Our charter and partner schools continue to support a greater percentage of our total student population, which means continued scaling down of our central office administrative budgets. Other large investments were made through our Student Success Funding (SSF) model to increase the school allocations and also to allow Principals and GoTeams more access to dollars previously budgeted within the central office, increasing site-based autonomy and flexibility.

The FY2021 budget primer does not just discuss the dollar and cents. It also outlines the District's strategic plan, guiding principles for revenue and expenditures, budget parameters for FY2021, and other resource strategies that better align dollars to actual needs. This document highlights the flexibilities and autonomies available through the charter system strategy, including our innovative funding model, consolidation of funds, and turnaround investments.

Finally, this primer provides a timeline presenting a step-by-step process for the development of the FY2021 budget so the community can stay aware and involved as we learn more about potential revenue impacts, solidify expenditure recommendations, and begin the inevitable conversations around closing any potential funding gap. We still anticipate some tough conversations around priorities, trade-offs, and reallocations of funds especially as we work in support of the new 2020-2025 Strategic Plan and Board Policy BBBB, the District commits to work aggressively toward equity in the allocation of resources.

Best,

Lisa Bracken

ABOUT ATLANTA PUBLIC SCHOOLS

Established in 1872, Atlanta Public Schools (APS) is one of the oldest and largest school districts in the state of Georgia. APS is home to countless notable alumni, including civil-rights activists, entertainers, national elected officials, professional athletes, renowned scientists and engineers.

APS is the sixth largest school district in the state of Georgia, serving approximately 52,000 students. The District is organized into nine K-12 clusters with 58 neighborhood schools, 18 charter schools, 3 alternative programs, 2 citywide single-gender academies, 6 partner schools. There are 87 learning sites and programs with a total of 68 being Title I schools where students are offered rigorous instructional programs that foster success in school and life.

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

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

MEASURABLE OUTCOMES

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





74.4%
of our students qualify for
free or reduced lunch.



2,499

Class of 2019 Graduates



\$164,458,597

in academic and athletic scholarships offered
to the class of 2019.



91 SCHOOLS & PROGRAMS

58 Neighborhood Schools
18 Charter Schools
6 Partner Schools

3 Alternative Programs
2 Single Gender Academies
70 Title I Schools

293 Bus Routes
transport **32,069** students.
21,215
miles per day

**5,294 TOTAL
TEACHERS**

3,217 Traditional
2,077 Non-Traditional

Projected K-12
2020 Student Enrollment

51,551

41,731 Traditional 9,820 Charter

2019-2020
FAST FACTS



Our student population is: 72.9% African-American, 15.9% Caucasian, 7.6% Hispanic, 2.4% Multi-Racial & 1.3% Other

Charter System Operating Model and APS Cluster Planning

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

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

International Baccalaureate (IB)

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

STEM

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

College & Career Prep

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

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

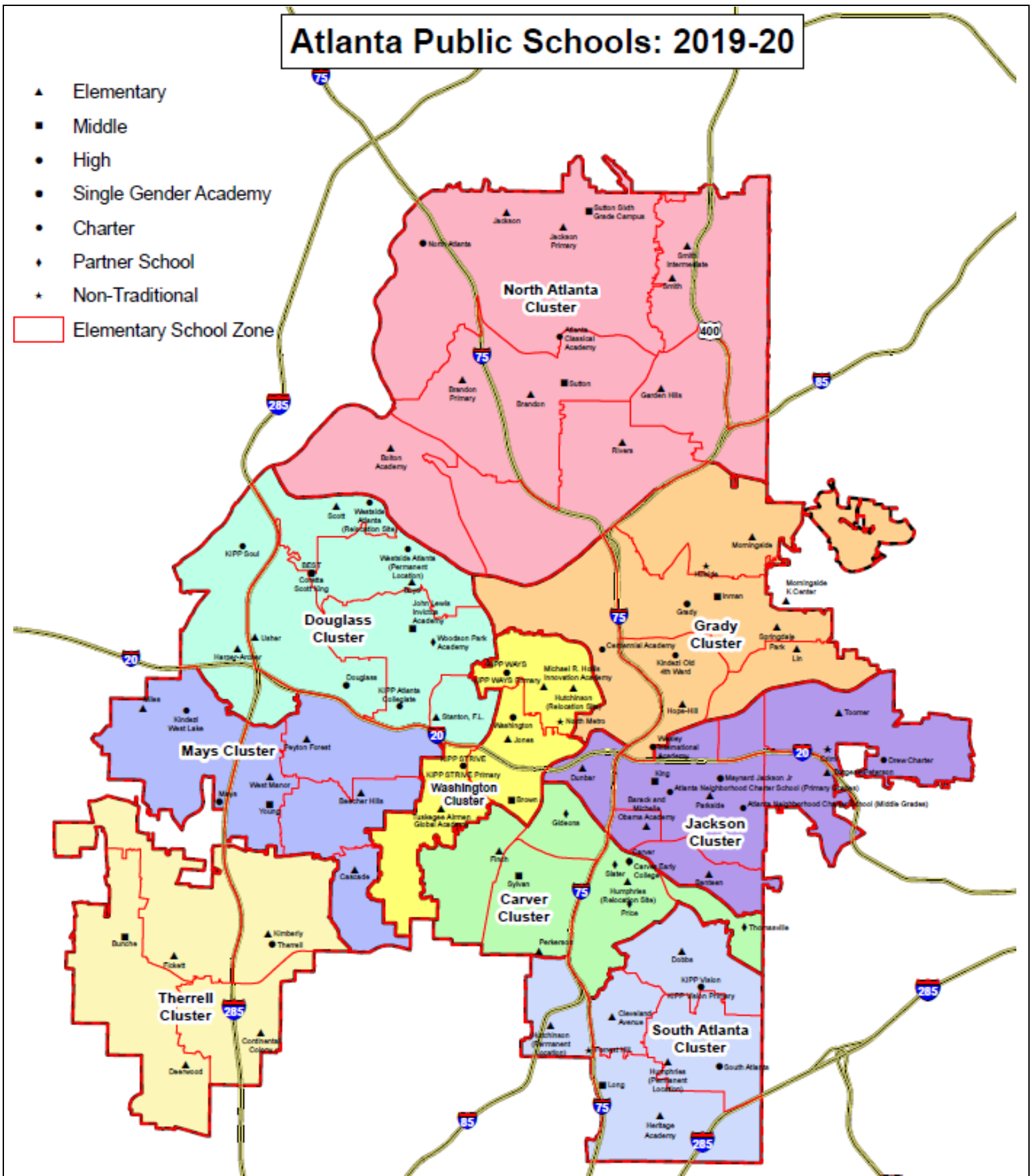
APS Neighborhood Schools Cluster Feeder Patterns

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

Atlanta Public Schools: 2019-20

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

Elementary School Zone



2019-2020 APS Cluster Academic Leaders:

David Jernigan | 404-802-2875

Deputy Superintendent
dajernigan@atlanta.k12.ga.us

Dr. Olivine Roberts | 404-802-2790

Assistant Superintendent of Teaching & Learning
Olivine.Roberts@atlanta.k12.ga.us

Katika D. Lovett | 404-802-2612

Assistant Superintendent of Student Services
kdlovett@atlanta.k12.ga.us

Matt Underwood | 404-802-2864

Executive Director of Office of Innovation
matthew.underwood@atlanta.k12.ga.us
All charter schools & partner schools

Dr. Danielle S. Battle | 404-802-7550

Associate Superintendent of Schools (K-8)
dsbattle@atlanta.k12.ga.us
Clusters: Mays, South Atlanta

Yolonda Brown | 404-802-2777

Associate Superintendent of Schools (K-8)
ycbrown@atlanta.k12.ga.us
Clusters: Carver, Grady, Washington

Dr. Emily Massey | 404-802-3742

Associate Superintendent of Schools (K-8)
Emily.Massey@atlanta.k12.ga.us
Clusters: Douglass, Jackson

Dr. Dan Sims | 404-802-2693

Associate Superintendent of Schools
Dan.Sims@atlanta.k12.ga.us
All high schools, including B.E.S.T. and CSK, and special programs, including Crim, Forrest Hill Academy, Phoenix Academy

Tommy Usher | 404-802-2776

Associate Superintendent of Schools (K-8)
tusher@atlanta.k12.ga.us
Clusters: North Atlanta, Terrell

HIGHLIGHTS

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



The fiscal year 2021 general fund budget will not only outline the APS revenue and expenditure plan for school year 2020-2021, but will also continue to follow a student-focused funding model that provides resources based on student attributes. Student Success Funding (SSF) empowers school-based decision-making to effectively use resources that align with the Charter System Strategy.

In times of increasing budget pressure and limited resources, it is important to think creatively about different funding sources. As a result, APS established Office of Partnerships and Development which works to bridge the gap where funds fall short with external resources. We encourage you to contact the Office of Partnerships and Development at 404-802-2812 for technical assistance and thought partnership with grant seeking, donations, and corporate and philanthropic relations.

The District continues operating under the charter system model, APS remains committed to the multi-year budget strategy that features the following:

- Continue to deepen the content knowledge of teachers and administrators
- Reduce general administration and central administration costs to redirect resources to schools and to support strategic priorities.
- Leverage all new revenue options
- Provide 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

As the District prepares for FY2021 and beyond, we are positioning to take on challenges we are likely to encounter. Student success is our top priority, and our students and programs are seeing initial movement and are making headlines for improvements. Some of our most recent successes include:

- Aligning with our districts Strategic Priorities by allocating \$46.9 million in support of investments in quality early childhood education, leadership development, whole-child development, and
- investments in Pre-K through third grade to ensure all students are reading by the end of third grade
- Allocating more than \$10.8 million to provide targeted academic and wraparound support for targeted-tier schools as well as schools transitioning from targeted-tier to intensive-tier, due to demonstrated gains on the state accountability metric
- \$12 million in pay raises for all full-time employees in alignment with our unique salary scales and pay parity initiatives as set for the in the compensation study from 2015
- The District's graduation rate has increased by 20.8 percentage points from 59.1 percent in 2014 to 79.9 percent in 2018, which is the highest graduation rate the District has achieved since the state aligned with the national standard in 2012.
- The Class of 2019 earned more than \$164 million in scholarships and earned more than 10,222 credits in AP/IB/Dual Enrollment courses which is an increase of 1,300 earned by the Class of 2018.
- The school system achieved its highest gains to-date in the percentage of students who scored proficient and above on all subjects on the 2018 Georgia Milestones End-of-Grade assessments (English Language Arts, Mathematics, Science, and Social Studies) and the District narrowed the performance gap with the State on all four End-of-Grade subjects.

- Since November 2014, the APS Office of Partnerships and Development has either established or re-established more than 350 partnerships and raised more than \$70 million in cash and in-kind donations to offset costs or fund initiatives for the District's mission. Some highlights of the office's work include:
 - Securing a \$250,000 grant from Fulton County Government to support critical wraparound services for homeless and foster care youth as well as for combating truancy
 - Raising more than \$25,000 to support APS employees' families impacted by a government shutdown in January 2019
 - Establishing a partnership with Coca-Cola where, all 2020 APS graduates will receive a free graduation cap and gown made from 100% recycled materials



FY2021 DEVELOPMENT

FY2021 BUDGET PARAMETERS

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

GUIDING PRINCIPLES FOR RESOURCE PARAMETERS

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

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

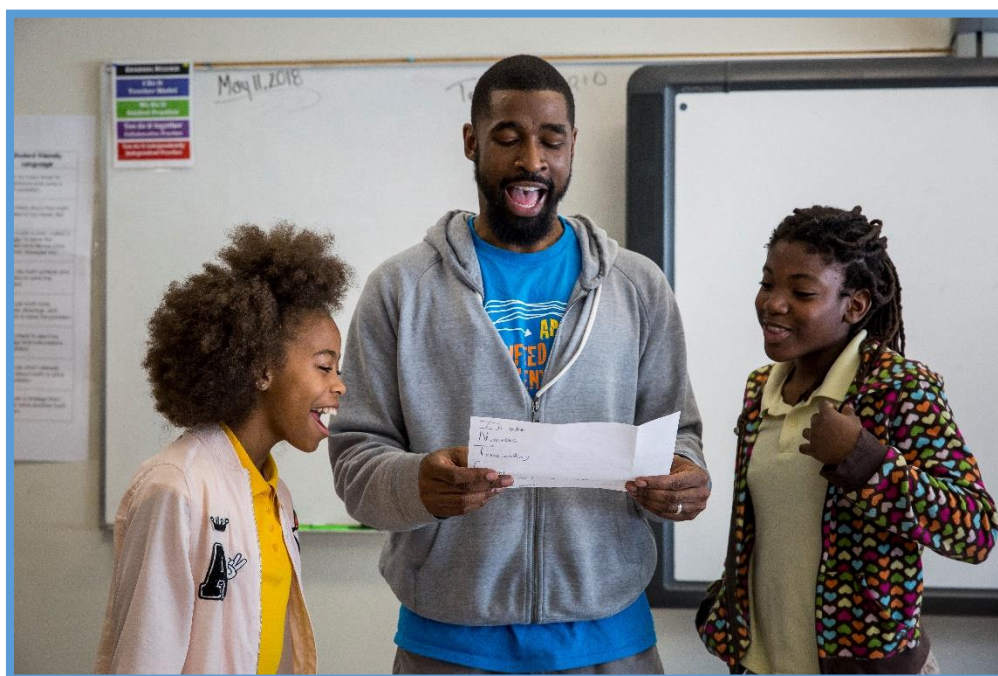
The Board will consider utilizing the amount of fund balance above 7.5% of prior years' budgeted expenditures under the following conditions:

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

RESOURCE PARAMETERS

1. The District will alleviate pressure from the general fund and tax payers while supporting the ongoing transformation of APS by:
 - Maximizing all available funding streams included federal grants and other special revenue
 - Continuing to identify grant-generating opportunities

- Protecting the tax base through maximized benefit to the District of all current TADs, continuing the scrutiny of tax abatements, and supporting the coterminous boundaries of the District with the city of Atlanta
 - Seeking additional business, philanthropic and community partnerships
 - And assessing the required millage rate
2. The District will maintain or grow the fund balance, preferably through the already negotiated Tax Allocation Districts Intergovernmental Agreement, to better prepare the district for a potential economic downturn.
 3. The District will leverage the Facilities Master Planning process to identify potential revenue streams or one-time resources to restore fund balance

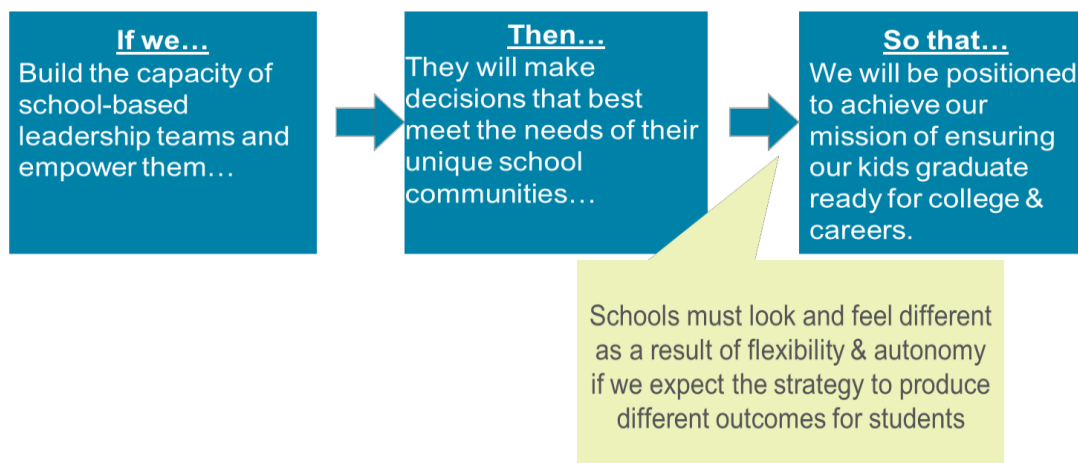


GUIDING PRINCIPLES FOR EXPENDITURE PARAMETERS

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

Our Theory of Change

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



EXPENDITURE PARAMETERS

1. The District will continue investing in previous initiatives to include:
 - the Turnaround strategy,
 - the charter system operating model and core components of signature programming, cluster and flexibility funds (through SSF) ,
 - The Atlanta College and Career Academy,
 - Continue and increase investment in early learning (including PAACT)
 - the talent strategy to include recruiting, developing, retaining, and promoting high-quality staff through pipeline development work, professional development, and coaching and career pathways including leadership development,
 - a multi-year compensation strategy that positions APS competitively in the market and supports the retention of high quality employees,
 - The General Employee pension
2. The District will allocate resources pursuant to the District’s definition of equity and in support of the charter system model through the Student Success Formula (SSF) to increase transparency, and to drive innovation and autonomy with accountability so that Principals and local Go Teams can make decisions aligned with their specific needs
3. The District will develop a multi-year resource plan to accompany the five year strategic plan to ensure overall sustainability of the initiatives

4. The District will establish an evaluation strategy including the structures and mechanisms by which programs or processes will be measured for effectiveness to inform resource investment decisions
5. The District will evaluate and address inefficiencies within central office through an ongoing process improvement initiative (will be shown as a reduction of expenditures)
6. The District will develop a detailed line item budget for the central office departments to support the long-term goal of creating a more effective and efficient central office and in alignment with the Government Finance Officers Association best practices in school-based budgeting
7. The District will work through the budget development process to identify, where possible, current spend tied to those priorities that surface through the strategic planning processes to establish a base-line so that informed decisions can be made in the multi-year resource plan and adjust funding as appropriate
8. The District will invest in the first year initiatives as identified in the 2020-2025 Strategic Plan
9. In support of the Facilities Master Planning process, the District will realize the impact of facility upgrades, expansions, and improvements on the General Fund and will support the necessary allocation of funds that adequately maintain the ongoing operational costs (i.e. custodial services and preventative maintenance)

BOARD MULTI-YEAR STRATEGIC PRIORITIES

During the September strategic planning retreat, the Board identified areas to consider multiyear investments.

September Strategic Planning Retreat	October Budget Commission Meeting*
1. The District will make investments to close the Achievement Gap and address Equity	1. The District will make investments to eliminate the racial achievement gap.
2. The District will make investments to focus on Early Childhood and Literacy	3. The District will make investments in alignment with the overall district strategic plan to support Reading / Literacy initiatives
3. The District will make investments to empower effective school leaders and staff	
4. The District will make investments to identify, prioritize, and meet the needs of students and schools	
5. The District will make investments to continue to strengthen the District and school culture	2. The District will make investments in teacher/staff well-being initiatives to support staff recruitment and retention*
	4. The District will make investments in alignment with the overall district strategic plan to support Math initiatives

*These themes surfaced as Board priorities in the parameter ranking exercise; however, specific budget commitments will be prioritized with the adoption of the strategic plan and supporting initiatives.

TIMELINE OF BUDGET DEVELOPMENT

FISCAL YEAR 2021 GENERAL FUND BUDGET DEVELOPMENT		
Item	Item Description	Dates
1	Board Meeting	October 7, 2019
2	Budget and Finance Advisory Committee (BFAC)	October 10, 2019
3	Board Budget Commission Meeting	October 17, 2019
4	Board Meeting	November 4, 2019
5	Budget and Finance Advisory Committee (BFAC)	November 14, 2019
6	Board Budget Commission Meeting	November 21, 2019
7	Board Meeting	December 2, 2019
8	Board Meeting	January 6, 2020
9	Governor's State of the State Address and Education Budget	January 16, 2020
10	Budget and Finance Advisory Committee (BFAC)	January 9, 2020
11	Board Budget Commission Meeting	February 6, 2020
12	Board Meeting	February 3, 2020
13	Budget and Finance Advisory Committee (BFAC)	February 20, 2020
14	Board Budget Commission Meeting; Budget Primer	February 20, 2020
15	Board Meeting	March 2, 2020
16	Budget and Finance Advisory Committee (BFAC)	March 19, 2020
17	Board Budget Commission Meeting; FC Tax Commissioner and FC Chief Assessor Board Presentation	March 27, 2020
18	Board Meeting	April 13, 2020
19	Budget and Finance Advisory Committee (BFAC)	April 16, 2020
20	Board Budget Commission Meeting; Special Revenue, SPLOST, School Nutrition, Debt	April 16, 2020
21	Board Meeting; (Tentative adoption)	May 4, 2020
22	First public budget hearing for Fiscal Year 2021 Budget	May 4, 2020
23	Conduct regional public meeting for Fiscal Year 2021 Budget	TBD May

24	Budget and Finance Advisory Committee (BFAC)	May 21, 2020
25	Conduct regional public meeting for Fiscal Year 2021 Budget	TBD May
26	Board Budget Commission Meeting	May 21, 2020
27	Conduct regional public meeting for Fiscal Year 2021 Budget	TBD May
28	Conduct regional public meeting for Fiscal Year 2021 Budget	TBD May
29	Board Meeting; (Final Adoption)	June 1, 2020
30	Second public budget hearing for Fiscal Year 2021 Budget	June 1, 2020
31	Advertise and publish notice of tax rate and budget	TBD July
32	Advertise the first and second public hearings for the tax Millage rates	TBD July
33	Advertise the tax digest for the five year history Fiscal Years 2015-20	TBD July
34	Advertise the third public hearings for the tax Millage rates (If necessary)	TBD July
35	Deadline for millage rates to be delivered to Fulton County Tax Commissioner	TBD July
36	Final adoption of the tax Millage rates for Fiscal Year 2021 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback)	TBD July
37	Hold the first and second public hearing on the tax Millage rate	TBD July
38	Hold the third public hearings for the tax Millage rates (If necessary)	TBD July

ABOUT THE BUDGET PROCESS

Planning

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

Preparation

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

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

Analysis and Review

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

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

Adoption and Approval

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

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

Implementation

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

Review and Assessment

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

Fiscal Responsibility

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

BFAC AND BUDGET COMMISSION

The Superintendent established the Budget and Finance Advisory Committee (BFAC) to provide guidance and counsel on matters of budget and finance and to increase communication with the public, staff, and School Board, to provide for greater citizen involvement. The BFAC meets monthly with the Executive Director of Budget Services and/or Chief Financial Officer, working alongside staff and others to develop tools and methodologies on how to best improve the District's budgeting process. The administration has been responsive to BFAC's recommendations for greater cohesion and clarity.

The District's budget development has become an integrated process that aligns resource allocation with goals and priorities established through the development of a well-defined curriculum, and a well-conceived and executed strategic planning process.

APS 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.

The responsibilities of the Budget Commission include preparing the anticipated revenues for the school system and to allocate a sum sufficient to provide for debt service, including a sinking fund and interest on bond indebtedness, and any other appropriations required by law. The Commission also adjusts the anticipated revenues in the event the income of the school system is increased or decreased as well as hold public hearings.



Prior to the final adoption, Budget Commission meetings are held to gain consensus on revenue assumptions, budget parameters and appropriation levels. In May, the Superintendent presents the tentative budget to the Board, the public and the media. The tentative budget provides a first glance of

the investment plan for the upcoming school year. It evolves as the budget process advances and presents opportunities for input from key stakeholders including parents, students, citizens and staff.

Also in May, the District holds four regional meetings with the community and staff regarding the tentative budget to receive additional input to be incorporated before the numbers are finalized. Subsequently, the Superintendent presents the recommended budget to the Board, public, and media. The Board conducts public hearings on the proposed budget and millage rate and then adopts the budget in the month of June. Millage rates have typically been adopted later in the summer.

TIMELINE/CALENDARS

Board Budget Commission:	Date
Budget Development timeline, potential challenges, draft resource and expenditure parameters	Oct 17, 2019
Finalize FY2021 parameters, SSF review/align recommendations, review of mandatory costs, revenue & expenditure assumptions	Nov 21, 2019
No meeting	December
Deep dive on revenue assumptions and budget process update	Feb 6, 2020
Draft Budget primer, legislative update, equity in resource allocation, school allotments/avg. salary review and compensation strategy	Feb 20, 2020
Local revenue (Fulton County Tax Assessor and Fulton County Tax Commissioner), legislative update, closing the gap, compensation strategy	Mar 27, 2020
Non-general fund budget presentations, recommendation for tentative budget	Apr 16, 2020
Recommendation for final budget; *Pending graduation schedule	May 21, 2020

BFAC Meeting:	Date
Budget Development timeline, potential challenges, draft resource and expenditure parameters, Introduce SSF	Oct 10, 2019
Deep dive into SSF	Dec 12, 2019
BFAC and Go Team combined: Changes to SSF	Jan 21, 2020
Draft Budget primer, legislative update, equity in resource allocation, school allotments/avg. salary review and compensation strategy	Feb 20, 2020
Local revenue (Fulton County Tax Assessor and Fulton County Tax Commissioner), legislative update, closing the gap, compensation strategy	Mar 19, 2020
Non-general fund budgets, deep dive into the proposed FY2021 general fund budget	Apr 16, 2020
FY2021 Regional Budget meeting	May 14, 2020

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 vision of Atlanta Public Schools is to be a high performing school district where students love to learn, educators inspire, families engage and the community trusts the system. The District has built on the previous strategic plan and laid the foundation for this vision with the development of the 2015-2020 “Strong Students, Strong Schools, Strong Staff, Strong System” strategic plan. This plan reflects our focus on strengths as a District. The strategic planning process involved the Atlanta Board of Education, District and school staff, students and community stakeholders. Feedback was gathered from across the District through town halls and neighborhood meetings, parent advocacy groups, small focus group discussions, school site visits, surveys and principal and administrative meetings.

OPERATING MODEL

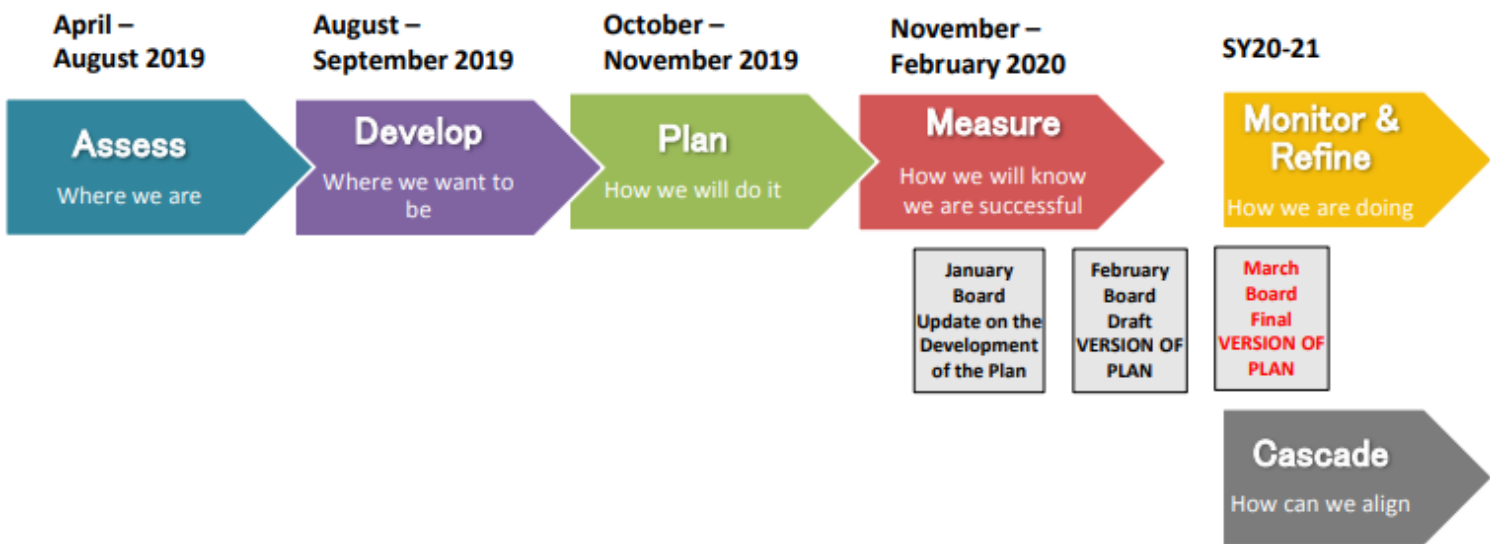
The District complied with State of Georgia law that requires a school system to select an operating model June 2015. After completing vision, mission and strategic planning while also exploring the merits of the available state operating models, the Atlanta Board of Education determined that the Charter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

NEXT STEPS

The Board is currently developing the 2020-2025 strategic plan for the District and once these roll out they will be considered in our budget process through outlining the key budget priorities and financial needs. This will ensure that the objectives of the strategic plan are prevalent in the upcoming fiscal years. We will communicate and share the high-level plan across the organization with our stakeholders with the intent of ensuring alignment to the District’s strategy.



Strategic Plan Development Timeline

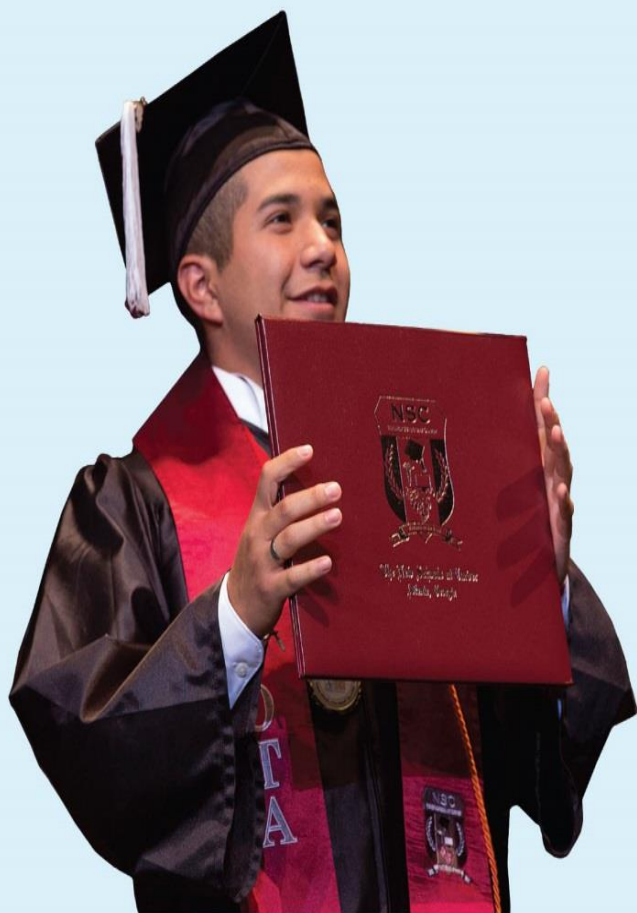


Strategic Goals

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.

STRATEGIC PRIORITIES

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

TURNAROUND STRATEGY

The APS School Turnaround strategy was developed in 2014 to provide the additional critical support our lowest performing schools need and deserve. APS, with the support of the Boston Consulting Group, used community and educator input and external research to develop an aggressive, targeted, research-based strategy for turning around APS's lowest performing schools. The Turnaround Strategy is made up of 16 initiatives targeting high-quality instruction, additional time for student learning, building teacher and leader capacity, additional wrap-around support and potential school structure and operating changes.

Approximately \$7.4 million has been invested in the FY2021 school year to provide additional services at these schools in support of their Turnaround Strategy. APS will continue to support the Turnaround Strategy in the Districts lowest performing schools.

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

Intensive Tier	Phase
Cascade	New to Intensive
Toomer	New to Intensive
Mays	New to Intensive
Hollis Innovation Academy	Transition from Targeted Tier
BAMO	Year 2 of Intensive
FL Stanton	Year 2 of Intensive
Kimberly	Year 2 of Intensive
Perkerson	Year 2 of Intensive
TAG	Year 2 of Intensive
Long	Year 2 of Intensive
Usher Collier	Year 3 of Intensive

SIGNATURE PROGRAMS

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

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

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

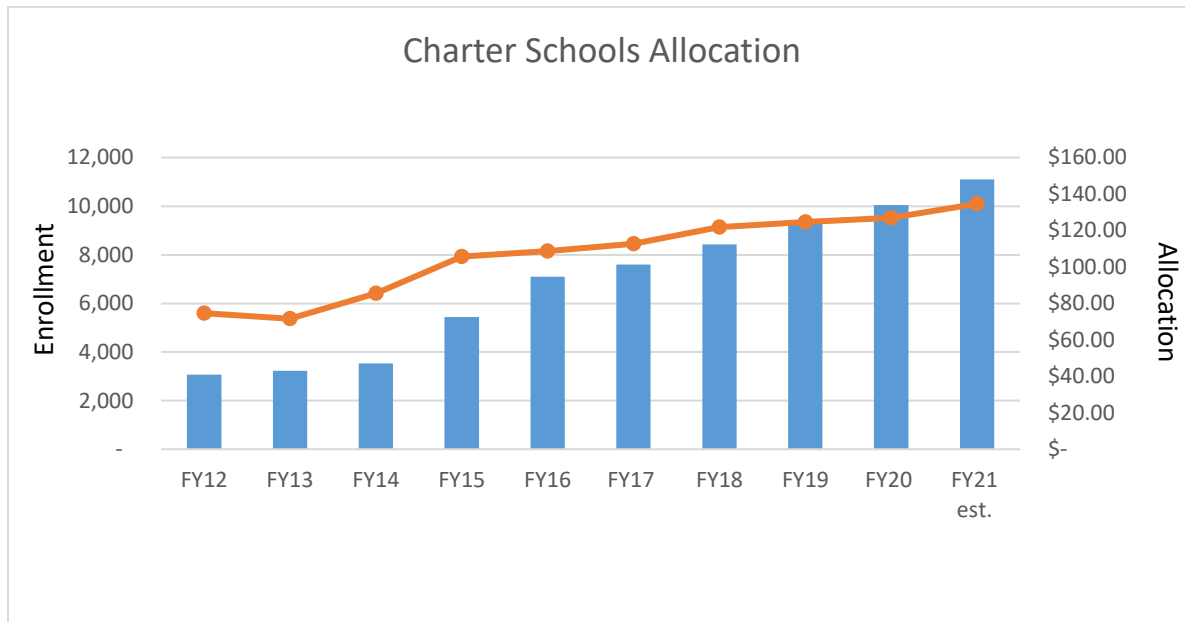
The College and Career Readiness signature program has emphasis on critical thinking, communication, collaboration, creativity and citizenship. Students will have multiple opportunities to engage in accelerated learning via the Early College Initiative (Carver cluster) and the Advanced Placement curriculum (Grady cluster). Students may earn college credit during high school and graduate with distinction as advanced academic pathway completers. STE(A)M education is defined as an integrated curriculum (as opposed to science, technology, engineering, and mathematics taught in isolation) that is driven by problem solving, discovery, exploratory project/problem-based learning, and student-centered development of ideas and solutions.

The International Baccalaureate (IB) Program offers a K-12 continuum of international education that emphasizes and prepares students for 21st century careers; and focuses on preparing students for success in higher education and to be active participants in a global society. Students begin learning a second language at age 7. IB offers four programs including the Primary Years Program (K-5), Middle Years Program (6-10), Diploma Program (11-12) and Career-Related Program (11-12). Signature Programs for FY21 are \$12.5 million.



CHARTER SCHOOL SCALING

As the local tax digest grows and as existing charter schools complete their grade-level build out, expenditures related to charter school scaling will continue to grow. Charters also receive a portion of local revenue and fund balance.



Fiscal Year	Enrollment	% of total Enrollment	Allocation (millions)	% of total Budget
FY12	5,599	11%	\$ 41.00	7%
FY13	5,371	11%	\$ 43.00	7%
FY14	6,413	13%	\$ 47.00	8%
FY15	7,927	15%	\$ 72.50	12%
FY16	8,154	16%	\$ 94.70	14%
FY17	8,455	16%	\$ 101.30	14%
FY18	9,139	18%	\$ 112.40	14%
FY19	9,353	18%	\$ 124.00	15%
FY20	9,529	18%	\$ 134.00	16%
FY21 est.	10,100	19%	\$ 148.00	17%

RESOURCE RETHINK

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

Tax allocation districts (TADs) and Tax abatements are two tax incentive methods we have focused our efforts on to maximize our incoming revenue streams. TADs are intended to spark development in areas of a city that are otherwise economically depressed or blighted, and would not be developed but for the designation of a TAD. When APS participates in a TAD, we agree that any new taxes generated by the

development will not come back to us, instead those dollars will be reinvested into the TAD to pay off the debt. Since 1999, APS has contributed \$434 million in educational taxes for re-development in Atlanta, making APS the largest investor in these TADs at 52%

The Atlanta Board of Education approved an intergovernmental agreement (IGA) with the City of Atlanta and a resolution related to the Westside Tax Allocation District that would create the most comprehensive reform of Tax Allocation Districts (TADs) in the decades-long history Atlanta Public Schools (APS) has been involved in them. Upon ratification and acceptance of the resolution and IGA by the City and APS, APS' intervention in the bond validation proceedings in the Gulch would be withdrawn from the courts.

The IGA also would reduce APS' exposure in the Gulch from \$1.56 billion to \$1.38 billion, distributes the impact of the APS increment more evenly over the lives of the TADs, limits exposure of the APS tax digest to be no more than 10% of collectable digest in any given year (based on current assumptions) and relieves immediate pressure on the APS budget by \$10 million. The agreement also provides a net gain of between \$130 million and \$180 million to APS over the life of the TADs. IGA is currently tied up in litigation and has not been implemented as of February 2020.

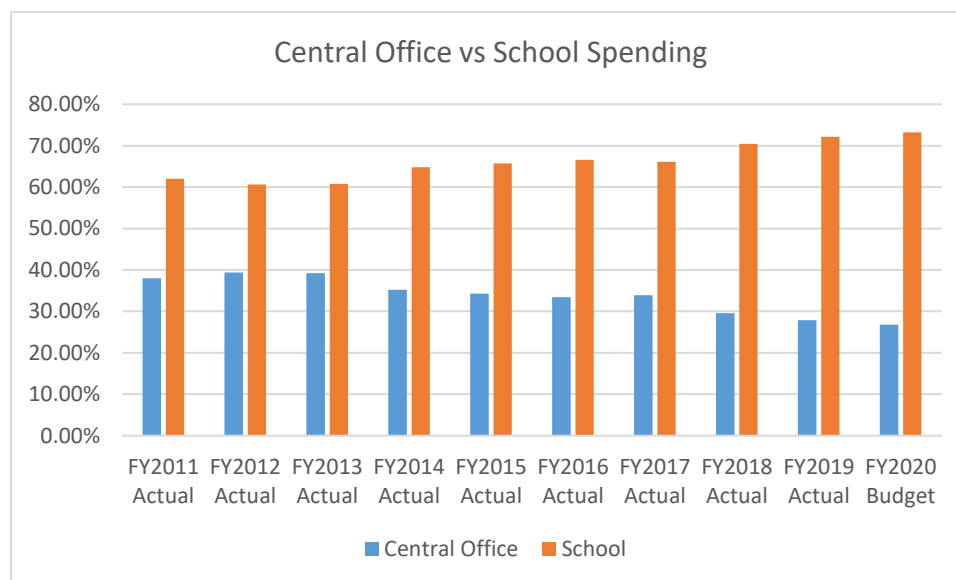
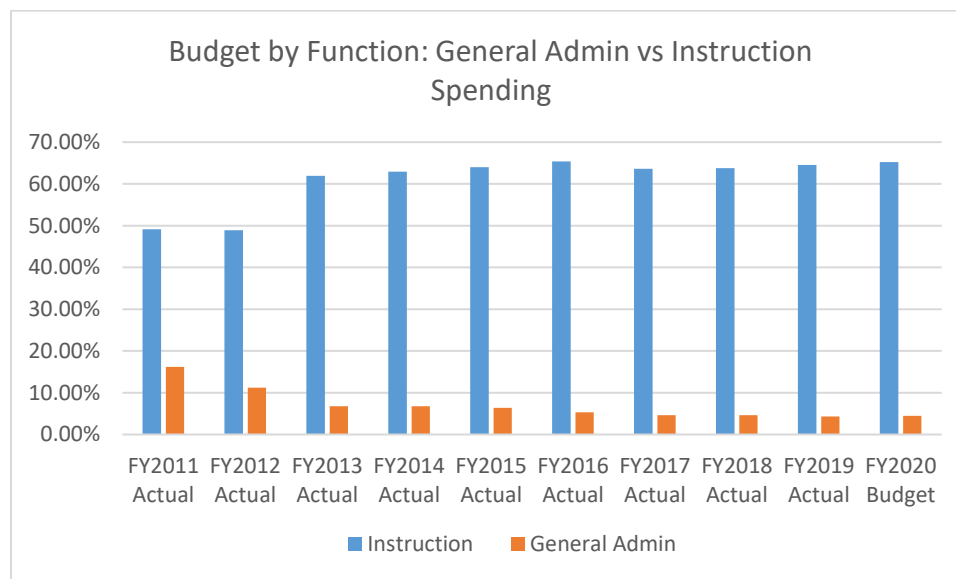
Tax abatements are economic development tools that provide a time-limited reduction of property taxes for new development projects. They are intended to spur growth in targeted areas. For the city of Atlanta, tax abatements are authorized by Invest Atlanta and the Development Authority of Fulton County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



INNOVATIONS AND STRATEGY

STUDENT SUCCESS FUNDING MODEL (SSF)

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



In this context, APS worked to develop a school funding formula that will maximize transparency, provide autonomy & flexibility to schools and increase equity for all students; Student Success Funding (SSF). APS will build its fourth school-based budget using SSF for FY2021. While we continue to strive for a balanced approach to adjusting the allotment model, each year we tilt the scales more towards equity while striving to maintain as much stability as possible for all schools in the District. We maintain stability by committing sufficient funding for a baseline of services and review certain transition limits when significant changes to the formula are considered.

A good school allotment formula allows a school district to allocate funds in a way that better meets the specific needs of students, allows for principal and GoTeam innovation, and can be easily understood by stakeholders. With the release of the FY2021 school based budgets, we are making more efforts towards equitable funding. These include continuing investments in school-based funding as highlighted in the budget parameters such as investments in Turnaround and the Atlanta College and Career Academy. We are also using two average salary bands (instead of one district-wide average salary) to more fairly budget resources in alignment with the actual costs of positions in certain high-need, high-poverty schools. In an effort to make the most significant impact for poverty through SSF for the upcoming year we've added a weight for concentration of poverty. And of course, as the strategic plan is finalized, we will adjust the school-allocations accordingly.

CONSOLIDATION OF FUNDS

As a charter district, Atlanta Public Schools has opted to participate in the GaDOE Consolidation of Funds Pilot. The purpose of consolidating funds is to help a Schoolwide (SW) program school effectively design and implement a comprehensive plan. The plan will upgrade the entire educational program in the school based on the school's needs identified through its comprehensive needs assessment. Consolidation of funds means that each Schoolwide School treats the funds it is consolidating as a single "pool" of funds and funds from the contributing programs lose their identity—but not all the benefits and the school uses funds from this consolidated schoolwide pool to support any activity of the SW Plan. Federal, state, and local funds in specific Title I schools that operate school wide programs are fully consolidated.

Benefits of Consolidation

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

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

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

THE PROMISE ALL ATLANTA CHILDREN THRIVE (PAACT)

In 2018, Atlanta Public Schools committed to the PAACT – the Promise All Atlanta Children Thrive – a citywide partnership between government, the business community, the non-profit sector, philanthropy, and key community stakeholders. As part of the PAACT plan, APS continues to invest in early learning by renewing the commitment to pay parity for Pre-K educators, expanding on the Whitehead Foundation investment in summer programming with additional resources, and more. As the Board explores ways to deepen our Promise to the youngest children and families in Atlanta, we look forward to continuing to collaborate with partners across the city!

DEPARTMENTAL BUDGETING

In FY2021, the District will invest in the first year initiatives, as identified in the 2020-2025 Strategic Plan. To achieve this goal, the District will work through the budget development process to identify spend tied to priorities that surface through the strategic planning process. Once the priorities are defined, we will establish a baseline to make informed decisions regarding the multi-year resource plan and adjust funding as appropriate.

The District will also continue aligning with the Government's Finance Officer Association (GFOA's) Best Practices in School-Based Budgeting. These best practices include key steps to developing a budget that aligns resources with student achievement goals. GFOA recommends that all districts go through the following five steps as part of their budgeting development process.



The District's approach to aligning with each best practice in FY2021 is listed below.

Step 1. Plan and Prepare. GFOA recommends for districts to begin each budget development process with establishing principles and policies to guide the budget process, mobilizing key stakeholders, and gathering information on academic performance and cost structure. APS will incorporate the following two activities to plan and prepare the FY2021 budget development process:

- **Develop principles and policies to guide the budget process.** The Board adopted budget parameters on December 2, 2019 to ensure that we have principles that govern the FY2021 budget process.
- **Identify communication strategy.** APS currently hosts monthly Budget Finance and Advisory Council (BFAC) meetings to inform the public about how the budget process works, why each decision is made and how to provide input in the process. To aid in the goal of identifying communication strategies, a joint BFAC and Go Teams meeting has taken place to expand stakeholder engagement. Finally, the District will also facilitate Regional Meetings and Public Hearings prior to the tentative budget adoption in May.

Step 2. Set Instructional Priorities. According to GFOA, districts should be intentional about creating instructional priorities to provide a strong foundation for developing a district's budget. APS will incorporate the following two activities to set instructional priorities for the FY21 budget development process:

- **Develop goals.** The District will develop a FY2020-2025 Strategic Plan that includes clearly defined goals.
- **Research & develop potential instructional priorities.** The District will identify four instructional priorities to focus on items critical to optimizing performance.

Step 3. Pay for Priorities. GFOA advises districts to analyze current resources and expenditures thoroughly to identify ways to allocate funds for key instructional priorities. APS will incorporate the following activity to pay for priorities:

- **Evaluate & prioritize use of resources to enact the instructional priorities.** The District reviewed existing priorities to determine how much money is needed to fund each priority in FY2021. We also developed a zero line item budget for the central office departments to support the long-term goal of creating a more effective and efficient central office. More information regarding zero line-item budgeting is listed below.

Step 4. Implement Plan and Step 5. Ensure Sustainability are in the evolving stages for FY2021 and will become more fluent once the Strategic Plan for FY2020-2025 is developed.

As the District continues to operate under the charter system, APS continues to remain committed to the goal of a multi-year budget strategy that features the following:

- Equity (new)
- Continue to deepen the content knowledge of teachers and administrators
- Reducing general administration and central administration costs to redirect resources to schools and to support strategic priorities
- Leveraging all new revenue options
- Providing flexibility and autonomy at the school level for principals to develop staffing plans and invest resources in alignment with the District's academic standards of service

We also commit to executing the following strategies, as defined in our FY21 Budget Parameters, to enhance the development of the multi-year budget strategy:

Evaluation Strategy - We believe that carrying out this plan with fidelity is the key to creating successful outcomes. Therefore, the District will establish an evaluation strategy including the structures and mechanisms by which programs or processes will be measured for effectiveness to inform resource investment decisions. Discussions are underway to define what the evaluation strategy will look like at APS.

Process Improvement - We are excited about the District's commitment to evaluate and address inefficiencies within central office through an ongoing process improvement initiative. This commitment advances our efforts of being great stewards of public funds.

Zero Based Line-Item Budgeting - This method of budgeting does not use last year's budget as a starting point. Departments will rebuild their non-personnel budgets from scratch (i.e. zero). Each line item will require a justification as well. Budget Services will work with departments to identify, where possible, key drivers of costs within the departmental budgets. Traditionally, APS utilized a historical based budgeting approach, which allowed budget center managers to use the previous year's budget (or spend amount) as a base to build the upcoming year's budget. We will continue to use the historical based budgeting for central office personnel line items (i.e. salaries + benefits). However, we will use the zero line-item budget methodology for all non-personnel line items.

Zero Based line-item budgeting is a tool that will:

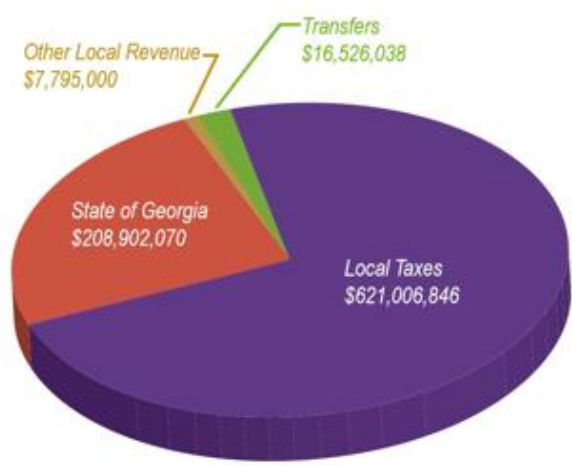
- Create more transparency in the budget
- Change the discussion about costs by creating opportunities for Budget Services and department leads to have more in-depth conversations about their budget
- Increase one's ability to identify better uses of available resources
- Enhance one's ability to make strategic budget cuts
- Helps to re-conceptualize how we think about program needs

Our hope is that, as a result of having more transparency, more in-depth discussions, and ability to see detailed level plans of spending, this will advance our goal of creating a more effective and efficient central office.

CURRENT BUDGET RECAP

The District’s FY20 General Fund Budget, as adopted by the Atlanta Board of Education is \$854.2 million, which is about \$35.8 million more than FY19. The new budget reflects lower costs in administration by finding efficiencies and redundancies within the Central Office budgets. The District’s FY20 budgets also include \$85.1 million for special revenue, \$162.8 million for SPLOST funds, and \$32.6 million for school nutrition and \$4.5 million for student activities.

FY2020 BUDGET HIGHLIGHTS



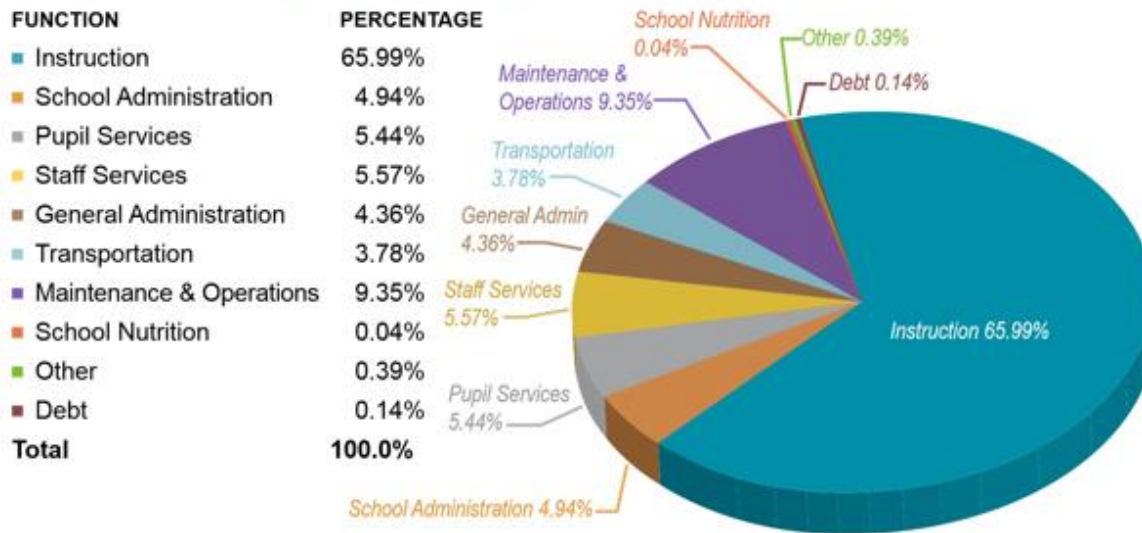
Fiscal Year 2020
General Fund Budget

RESOURCES	FY 2020 BUDGET
Local Taxes	\$ 621,006,846
State of Georgia	\$ 208,902,070
Other Local Revenue	\$ 7,795,000
Transfers	\$ 16,526,038
Total Available Resources	\$ 854,229,954



To view the complete APS FY20 budget data, visit www.atlantapublicschools.us/budget

Fiscal Year 2020 Appropriations by Function



Tentative FY2020 Budget by Object

Millions \$	FY2019 Adopted			FY2020 Final			Change
	Budget	% of Exp	Per Pupil	Budget	% of Exp	Per Pupil	
Salaries ¹	\$341.45	41.72%	\$6,650	\$349.68	40.94%	\$6,798	\$8.24
Other Compensation ²	\$16.87	2.06%	\$329	\$21.38	2.50%	\$416	\$4.51
Employee Benefits ³	\$187.21	22.87%	\$3,646	\$191.30	22.39%	\$3,719	\$4.09
Professional Services ⁴	\$61.38	7.50%	\$1,195	\$66.62	7.80%	\$1,295	\$5.24
Purchased Property Services ⁵	\$19.06	2.33%	\$371	\$18.87	2.21%	\$367	(\$0.19)
Other Purchased Services ⁶	\$137.52	16.80%	\$2,678	\$149.39	17.49%	\$2,904	\$11.87
Supplies ⁷	\$48.83	5.97%	\$951	\$48.66	5.70%	\$946	(\$0.17)
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	\$2.77	0.32%	\$54	(\$0.41)
Other Uses ¹¹	\$0.00	0.00%	\$0	\$2.19	0.26%	\$43	\$2.19
Total	\$818.45	100.00%	\$15,940	\$854.23	100.00%	\$16,607	\$35.78

1. Step and placeholder for teacher salary increases offset by Woodson Park moving from traditional to partner school
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
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

Final FY20 Budget by Function

Millions \$	FY2019 Adopted			FY2020 Final			Change
	Budget	% of Exp	Per Pupil	Budget	% of Exp	Per Pupil	
Instruction ¹	\$526.37	64.31%	\$10,252	\$563.68	65.99%	\$10,958	\$37.31
Pupil Services ²	\$46.30	5.66%	\$902	\$46.44	5.44%	\$903	\$0.14
Staff Services ³	\$50.86	6.21%	\$991	\$47.57	5.57%	\$925	(\$3.29)
Federal Grant Admin ⁴	\$0.00	0.00%	\$0	\$0.00	0.00%	\$0	\$0.00
School Admin ⁵	\$40.78	4.98%	\$794	\$42.19	4.94%	\$820	\$1.41
General Admin ⁶	\$37.41	4.57%	\$729	\$37.27	4.36%	\$725	(\$0.14)
Maintenance & Ops ⁷	\$80.34	9.82%	\$1,565	\$79.90	9.35%	\$1,553	(\$0.44)
Transportation ⁸	\$31.94	3.90%	\$622	\$32.30	3.78%	\$628	\$0.36
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	\$854.23	100.00%	\$16,607	\$35.78

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. Addition of \$2.6 million from state funded safety grant (\$30,000 per school)
8. Increase to salaries and benefits
9. Minimal change
10. Transfer to Office of Innovation for increase to charter school administration
11. Morningside annex, bus leases, etc.

*For FY20 General Fund, there was an increase to revenue and expenditures from additional property taxes for compensation by \$7.5 million.

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 multiyear 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 .
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. • whole-child development, including positive behavior supports, arts and athletics. • leadership development. • access to quality Early Childhood Education. 	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. 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. \$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. 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 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

FY2020 EXPENDITURES

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

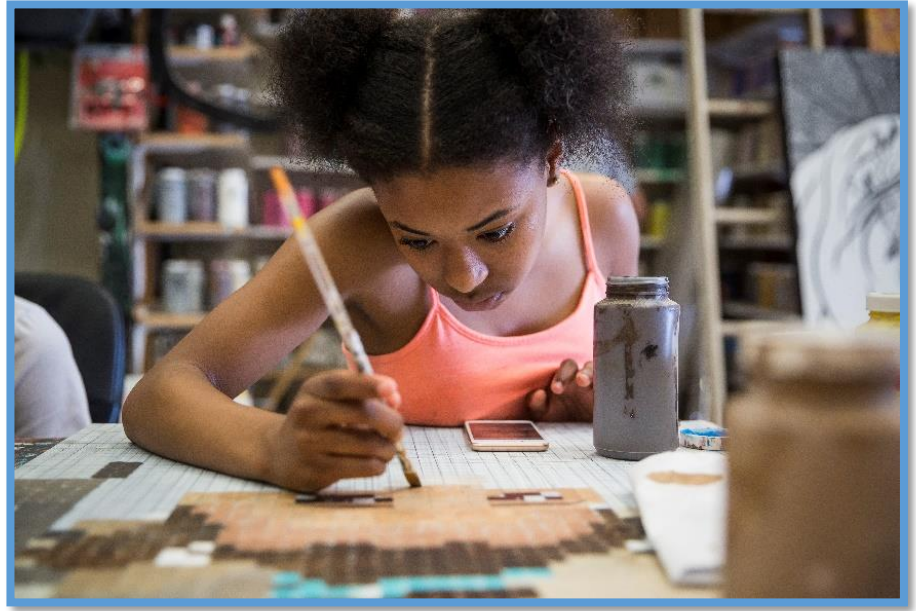
Instruction – Instruction includes activities dealing with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities.

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

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

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

Maintenance and Operations – Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. Property insurance expenditures are recorded in this function. General Administrative Services – Activities concerned with establishing and administering policy for operating the Local Units of Authority (LUA). These include the activities of the members of the Board of Education.



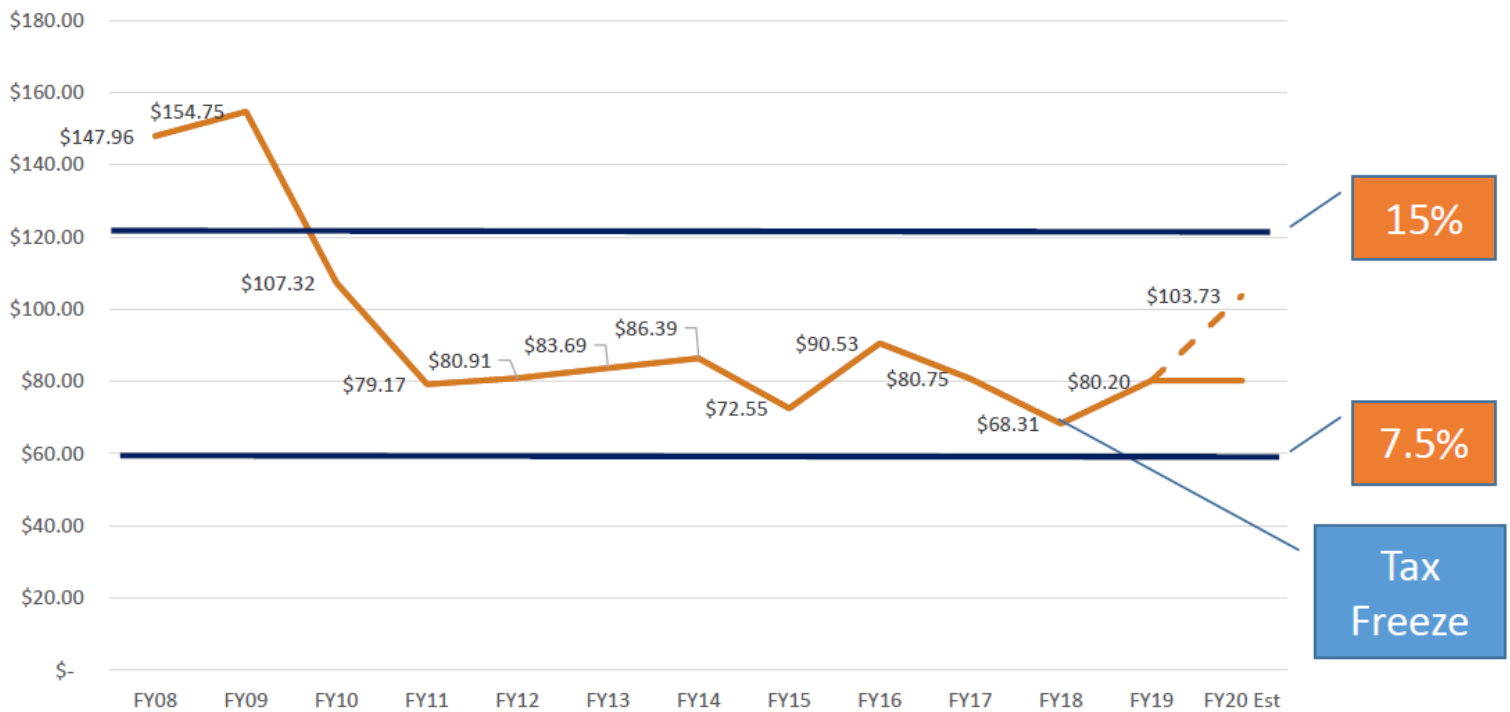
Local activities in interpretation of the laws and statutes and general liability situations are charged here, as are the activities of external auditors. Also recorded here are activities performed by the superintendent, administrative support personnel and deputy, associate, or assistant superintendent having overall administrative responsibility. Activities concerned with the fiscal operation of the LUA, including budgeting, financial and property accounting, payroll, inventory control, internal auditing and managing funds. Also included are purchasing, warehouse and distribution operations, and printing, publishing and duplicating operations. Central Office activities other than general administration and business services. Included are personnel services, data processing services, strategic planning including research, development and evaluation on a system-wide bases and public relations activities, such as writing, editing and other preparation necessary to disseminate information to students, staff and the general public. All other support services not properly classified elsewhere in the 2000 series.

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

FUND BALANCE UPDATE

- In FY2009, the General Fund, Fund Balance topped out at 157.9 million or 24.2% of that year's budgeted expenditures. In more recent 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 \$854.23 million, the reserve range is between \$64 and \$128 million

ENDING FUND BALANCES



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FY2020 EFFICIENCY STAR RATING

APS is committed to providing its students with a quality education that will prepare them for college and career opportunities. At the same time, the District is mindful of its fiduciary responsibility to the tax payers of Atlanta and the state of Georgia. The Georgia Department of Education released the 2018 Financial Efficiency Star Ratings (FESR) for schools and school districts in Georgia. The goal of the FESR is to provide a comparison of district spending per student with overall academic performance, specifically the College and Career Ready Performance Index (CCRPI). Atlanta Public Schools FESR for FY2019 is 1.5 stars on a scale of 5 stars.

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

- A large proportion of our students are in high-need and high-cost categories, including special education, ESOL and high poverty. APS is committed to providing additional services to meet the needs of these students.
- APS maintains low-population neighborhood schools, due to urban traffic constraints and community needs. Low-population schools may yield greater per pupil expenditures as they are unable to take advantage of economies of scale.
- APS has a large unfunded pension liability, with an annually increasing obligation until 2030. The severity of this financial strain is unique to APS.
- Atlanta has one of the highest costs of living in the state of Georgia, which impacts salary requirements needed to attract and retain quality employees.

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



ECONOMIC CONTEXT

FEDERAL

With the Federal fiscal year running from October 1 and ending September 30, The President's fiscal budget reflects the current year 2020. His fiscal Budget Request "the Request" includes \$64.0 billion in new discretionary Budget Authority for the Department of Education, a \$7.1 billion or a 10.0 percent reduction below the fiscal year 2019 appropriation.

The 2020 Request promotes fiscal discipline and supports priorities to improve the quality of education and prepare students for the workforce of the 21st century. The Request implements fundamental reforms aimed at reducing the size and scope of the Federal role in education, while empowering States, communities, and parents to improve the performance of our schools and postsecondary institutions. As such, the Request eliminates funding for 29 programs that do not address national needs, duplicate other programs, are ineffective, or are more appropriately supported with State, local, or private funds. These proposals yield management efficiencies and would decrease taxpayer costs by \$6.7 billion.

While the Request reduces the overall Federal role in education, it makes strategic investments to support and empower families to select the best educational options for their children, to improve teacher quality, to ensure students learn in a safe environment, and to improve access to postsecondary education, promoting a future of prosperity for all Americans. The Request demonstrates the Department's commitment to supporting State efforts to serve vulnerable students, ensuring all students have equal access to high-quality schools, protecting their paths to world-class educations, and empowering local educators to deliver for our students. [3]

STATE

Georgia's 2020 budget for K-12 education is \$10.6 billion, an increase of \$707 million over the prior year. Most of the new dollars are for pay raises for teachers from Pre-K through 12th grade. The \$27.5 billion state budget signed into law by Gov. Brian Kemp for the 2020 fiscal year represented a \$1.3 billion overall increase in state spending from last year, an increase of 5 percent. The budget also includes \$133 million for K-12 enrollment growth, \$48 million for charter system grants and State Charter Schools Commission supplements and \$79 million for charter school equalization. [1]

Looking forward, in the Governor's State of the State address Governor Kemp designated FY2021 funding of \$362 million to increase the base salary schedule for certified teachers and personnel by \$2,000 and fund a \$1,000 pay increase for non-certified personnel that make less than \$40,000. He proposed a boost of \$14 million to cover student enrollment growth and routine adjustments in teachers' salaries through the Quality Basic Education (QBE) formula, the state's method for calculating K-12 funding. Finally, Kemp highlighted how the state will experience savings of \$192 million to reflect a lower employer contribution rate to the Teachers Retirement System. Every year, which is the lowest rate since FY2002. [2]

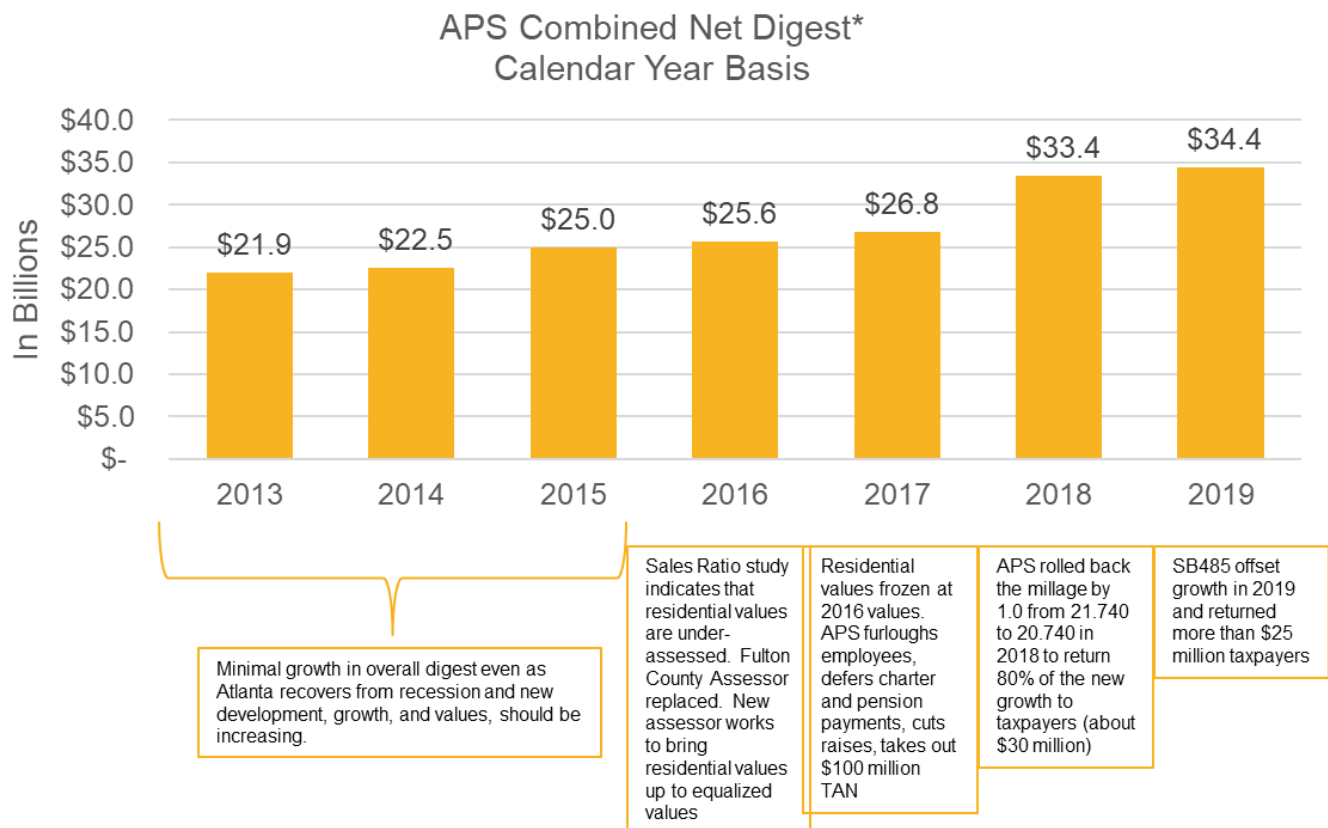
LOCAL

Local revenue represents almost 70% of overall funding for the District. APS relies heavily on an ad valorem property tax levied on most all properties in the District. This generally would be considered stable source of revenue, but in recent years, it has not been stable for the school system.

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

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

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



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

Georgia law requires that a rollback millage rate be computed to produce the same total revenue on the current year's digest that last year's millage rate would have produced had no reassessments occurred. Using this required calculation, the board announced its intention to increase the 2019 property taxes it will levy this year by 1.52 percent over the rollback millage rate.

The District intends to maintain the current 20.740 millage rate. As a reminder, the District rolled back 1.0 mill in 2018 from 21.740 to 20.740.

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

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

[2] Georgia Budget & Policy Institute. (2020). Overview: Georgia's 2021 Fiscal Year Budget for K-12 Education. Retrieved from <https://gbpi.org/2020/overview-georgia-2021-fiscal-year-budget-k-12-education/>

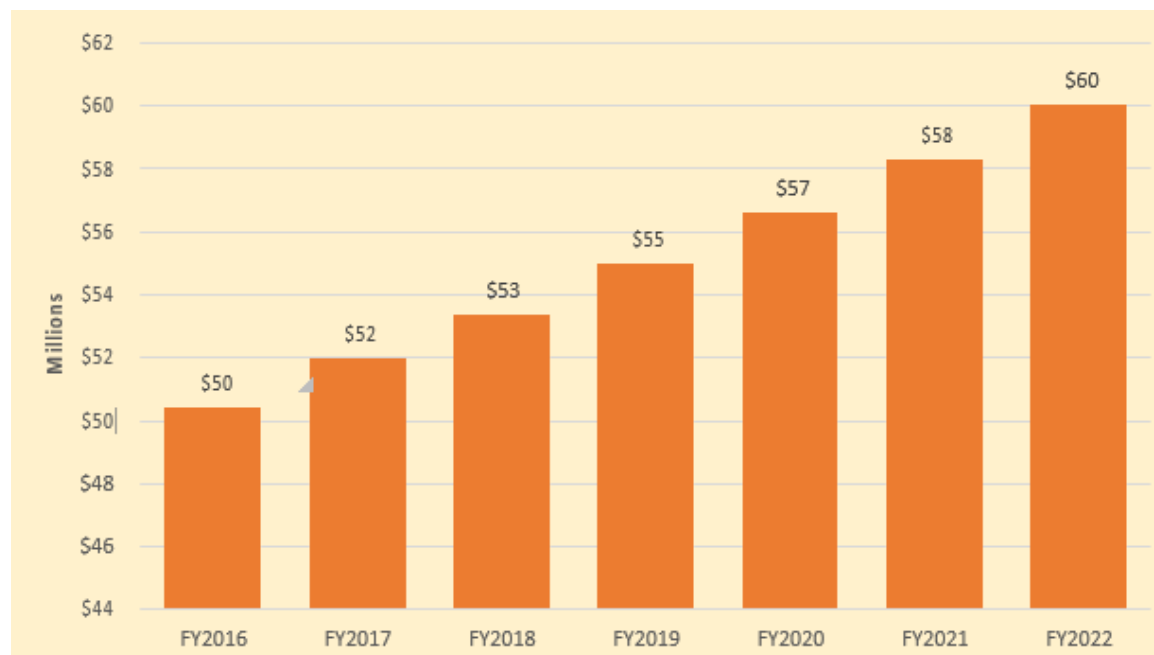
[3] U.S. Department of Education. (2019). U.S. Department of Education Fiscal Year 2020 Budget Summary. Retrieved from <https://www2.ed.gov/about/overview/budget/budget20/summary/20summary.pdf>

EXPENDITURE ASSUMPTIONS (MANDATORY COSTS)

CITY OF ATLANTA GENERAL EMPLOYEES PENSION PLAN

In the 1970's, significant underfunding occurred when the teachers in City Plan moved to the Teacher Retirement System of Georgia (TRS). TRS required that the transfer of the teachers to their system be "fully funded". As a result, a substantial amount of the pension assets were transferred to TRS and, at that point, APS's share of the City Pension Plan was woefully underfunded. Since at least 2002, APS has made payments ranging from \$39-\$58 million on an annual basis and the annual required payments will escalate significantly over the next several years, topping out at \$77 million in the year 2028.

The pension liability payments for FY2020 are currently coming out of the General Fund and the District will continue to fund the annual 3% increase of pension obligations. This annual 3% increase will prompt an additional \$1.7 million for the pension obligation in FY2021 yielding an impact of \$58.4 million. As such, these amounts cannot be spent for educational purposes. This is a tough issue and impacts the core mission of APS as it reduces the amount of funds available to educate students.



TEACHERS RETIREMENT SYSTEM OF GEORGIA

The Teacher Retirement System's board voted to decrease the "employer," or government, contribution rate to the fund from 21.14 to 19.06 percent. In FY2019 the rate increased from 20.90 to 21.14 which was only a 1% increase. In FY2011, the government paid 9.74 percent of payroll into the TRS. That rate is now 19.06 percent, which will begin July 1, 2020. The state will experience savings of \$192 million to reflect the lower employer contribution rate.

APS Compensation and Benefits are approximately 65% of General Fund total expenses and we began this budget projection with a step increase built in. The District's contribution to TRS has been steadily increasing however for FY2021 it will decrease by 2%:

FY16 14.3%

FY17 14.3%

FY18 16.8%

FY19 20.9%

FY20 21.14%

FY21 19.06%

COMPENSATION

Compensation is a core component of the District's talent management strategy. As part of the budget planning process, the Office of Human Resources provides recommendations for investments in compensation strategies that support the recruitment, development and retention of a highly talented workforce. Compensation recommendations are made based upon: market competitiveness, inflation and living wage; strategies to improve identified recruitment and retention issues; legislative and external factors; position reclassification adjustments; and annual review of specific employee groups on a rotating schedule.

