



# ATLANTA PUBLIC SCHOOLS BOARD OF EDUCATION BUDGET COMMISSION

November 21, 2019

# AGENDA

- Finalize FY2021 Parameters
- SSF Review
- Review of FY2020 current allocations and known and potential changes for FY2021

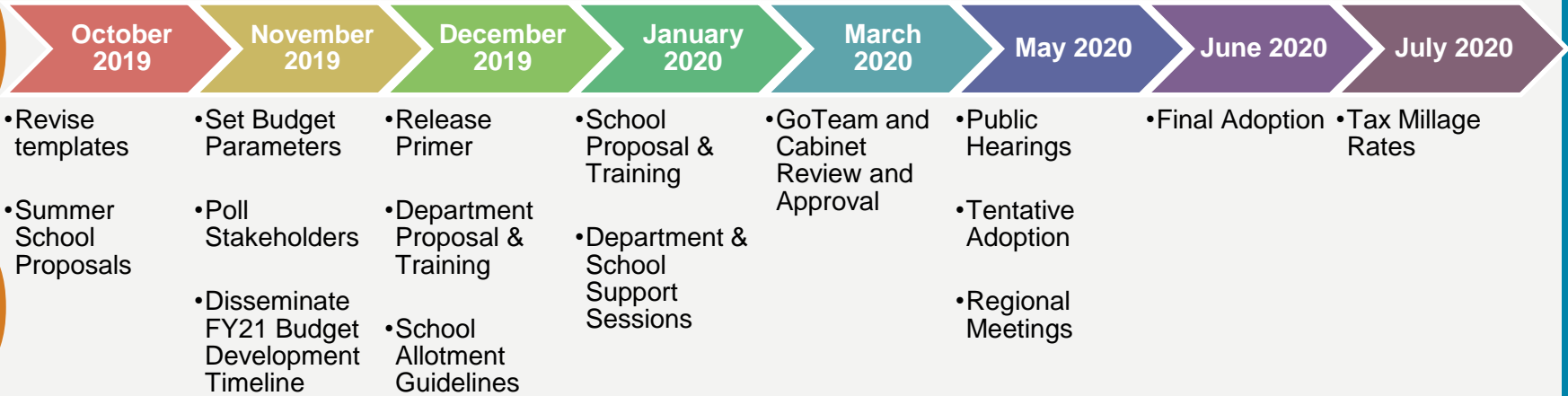
# GOALS

- To align on the final FY2021 Parameters and a timeline for adoption
- To align on SSF recommendations
- To assess the current budget and discuss known and potential impacts for FY2021



**FY2021  
DRAFT RESOURCE  
AND EXPENDITURE  
PARAMETERS**

# FY2021 Budget Development Timeline



# FY2021 RESOURCE PARAMETERS: DRAFT AS OF 11/19/2019

## Resource:

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 TAD IGA, 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

# FY2021 EXPENDITURE PARAMETERS: DRAFT AS OF 11/19/2019

Expenditure Parameters:	FY2020	FY2021*
1. The District will continue investing in previous initiatives to include:		
- the Turnaround strategy,	\$10.2M	~\$10.2M
- the charter system operating model and core components of signature programming, cluster and flexibility funds (through SSF) ,	\$12.4M	~\$14M
- the Atlanta College and Career Academy,	\$500K	~\$3.6M
- Continue and increase investment in early learning (including PAACT)	\$1.3M (salaries) \$140K (PAACT)	~\$1.4M (salaries) ~\$1.3M (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,	\$381K	~\$381K
- a multi-year compensation strategy that positions APS competitively in the market and supports the retention of high quality employees	\$18.5M	~\$17M+
- the General Employee pension	\$56.6M	\$58.4M
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	\$281M	TBD
3. The District will develop a multi-year resource plan to accompany the five year strategic plan to ensure overall sustainability of the initiatives	-	TBD

\* Preliminary estimates: recommendations will be developed throughout the budget development cycle.

# FY2021 EXPENDITURE PARAMETERS:

## DRAFT AS OF 11/19/2019 CON'T

Expenditure Parameters:	FY2020	FY2021*
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	\$725K	TBD
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)	-	TBD
6. The District will develop a detailed line item budget for the central office departments to support the long-term goal of creating a more effective and efficient central office and in alignment with GFOA's best practices in school-based budgeting	-	TBD
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	-	TBD
8. The District will invest in the first year initiatives as identified in the 2020-2025 Strategic Plan	-	TBD
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)	-	TBD

\* Preliminary estimates: recommendations will be developed throughout the budget development cycle.



# BOARD MULTI-YEAR STRATEGIC PRIORITIES

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



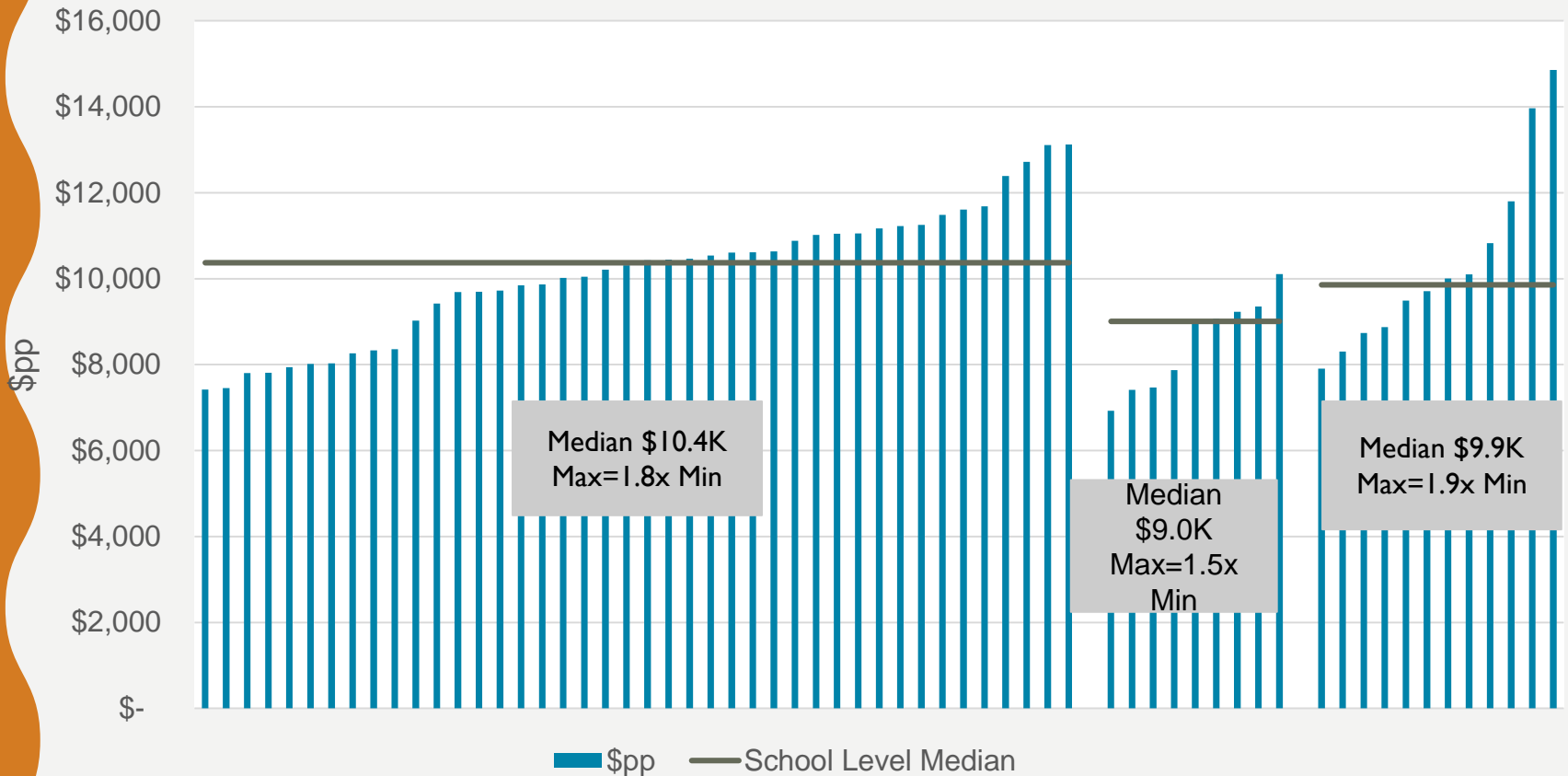
**SSF REVIEW/  
ALIGN  
RECOMMENDATIONS**

# A GOOD ALLOTMENT MODEL SHOULD...

Principle	Description
Student-focused	Provides resources based on students, not on buildings, adults, or programs
Equitable	Allocates similar funding levels to students with similar characteristics, regardless of which school they attend
Transparent	Easily understood by all stakeholders
Differentiated	Allocates resources through a comprehensive framework that is based on student needs
Predictable	School allocation process is predictable and is structured to minimize school-level disruption
Empowering	Empowers school-based decision-making to effectively use resources
Aligned with district strategy	Supports the district's multiyear strategic plan

# IN THE OLD MODEL, FUNDING LEVELS VARIED ACROSS SCHOOLS

\$pp by school





# A COMPLETE SSF FORMULA STRIKES A BALANCE BETWEEN EQUITY AND STABILITY

## Stability Strategies:

- Baseline Services ensures all schools are able to provide a minimum level of services
- Transition strategies ensure schools do not see large swings year over year



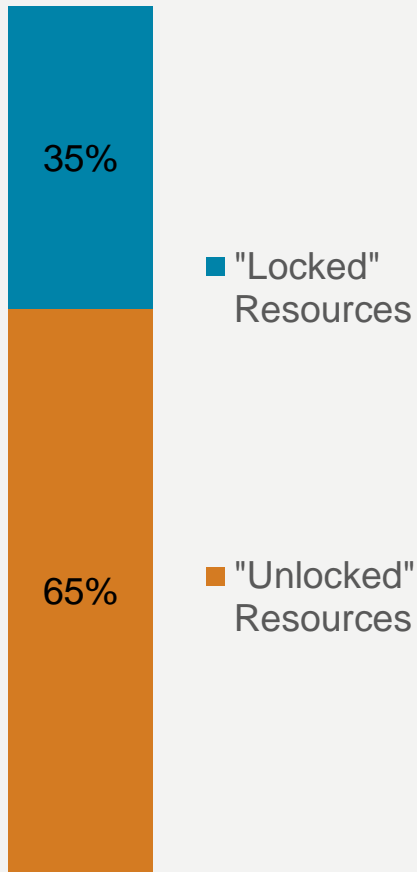
# BASELINE SERVICES

- Principal
- Assistant Principal
- Secretary
- Counselor
- Media Specialist
- School Clerk
- Social Worker (0.2 ES, 0.4 MS/HS)
- ISS Monitor (MS and HS)
- Registrar (HS)
- Graduation Coach (HS)
- 0.5 Athletic Director (HS)
- Base Flex Allocation (1.0 Teacher salary)
- Additional Flex per pupil
- Cluster Funds
- Supplies per pupil
- Substitute Funds per pupil
- Textbooks Funds per pupil
- General Education Teacher Allotments (by grade level, rounded up for planning / extended core)

Grade Level	Funding Level
K-3	21
4-5	23
6-8	24
9-12	25

# THIS YEAR, APS UNLOCKED \$280M OF RESOURCES THROUGH SSF, AND SCHOOLS HAD FLEXIBILITY IN THE USE OF SOME OF THE “LOCKED” RESOURCES

FY20  
School Based Resources



## “Unlocked” Resources \$280M

- ✓ Core teachers
- ✓ Extended core
- ✓ Principals/APs
- ✓ School admin (*including clerks, secretary, registrar, and program admin*)
- ✓ Gifted
- ✓ Gen ed paras (*Kindergarten*)
- ✓ Counselors & Social Workers
- ✓ EIP/REP teachers\*\*
- ✓ Graduation Coaches
- ✓ Media Specialists
- ✓ Athletic Directors
- ✓ ISS Monitors
- ✓ Textbook funds
- ✓ Substitutes
- ✓ Base, flex, cluster, and operational per-pupil

## “Locked” Resources \$140M

- ✓ Signature funds\*\*
- ✓ Turnaround funds\*\*
- ✓ Title funds\*\*
- ✓ Field Trip Transportation funds
- ✓ CTAE positions
- ✓ ESOL positions
- ✓ SWD positions
- ✓ Psychologists
- ✓ Nurses
- ✓ ROTC
- ✓ Custodians & Site Managers
- ✓ Instructional Technology Specialists
- ✓ SROs
- ✓ Schools not funded through SSF

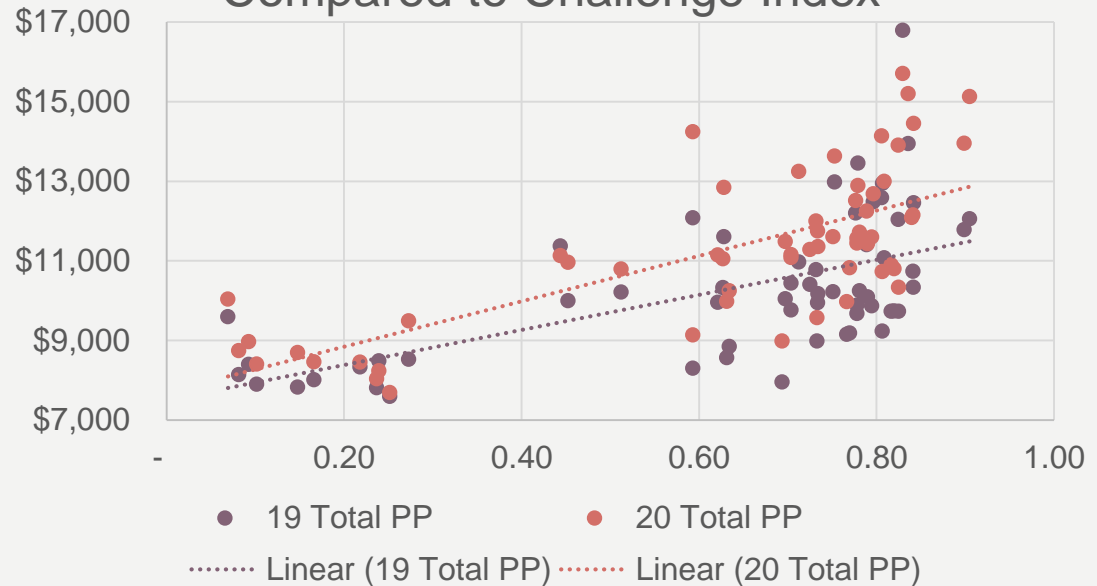
*\*\*Flexibility within resources exists, even though distributed outside of SSF formula*



# FY2020 SSF RECAP

- Base 4,420 = \$168 million
- Grade Level Weight = \$26.2 million
  - K= .65 weight
  - Grades 1-3 = .30 weight
  - Grades 4-5 = .10 weight
  - Grade 6 = .05 weight
- Early Intervention / Remedial = \$23.7 million (1.05 weight)
- Beginning Performance = \$2.3 million (.10 weight MS and .05 weight HS)
- Poverty = \$42.5 million (.55 weight ES and HS, .50 weight MS)
- English Learners = \$1.2 million (.15 weight)
- Students with Disabilities = \$640,000 (.03 weight)
- Gifted = \$11 million (.60 weight ES and MS, .50 weight HS)
- Gifted Supplement = \$961,000 (.60 weight ES and MS, .50 weight HS)
- Small School = \$3.8 million (enrollments: ES = 450, MS = 550, HS = 650, .40 weight)

## FY19 v FY20 (Total School Funding) Compared to Challenge Index



### What we know:

- Significant changes to the SSF formula from FY2019 to FY2020 included phasing in EIP/Remedial, increasing the poverty weight, weighting heavier at elementary for textbook adoption, and de-emphasizing the small school weight.
- All these changes served to shift the “equity” line so that those students in schools with a higher challenge index were allocated more dollars based on need.

# **FY2021 : Administration Recommendations for More Equity Through SSF**

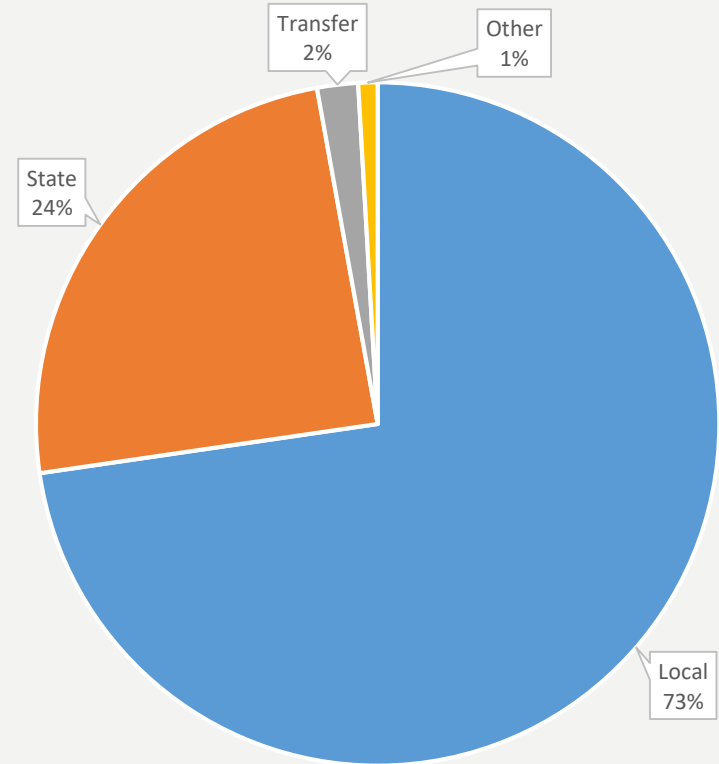
- Establish new average teacher salaries based on need index
- Increase existing equity weights
- Add a weight for concentration of poverty



# **MANDATORY COSTS**

# FY2020 REVENUE IN REVIEW

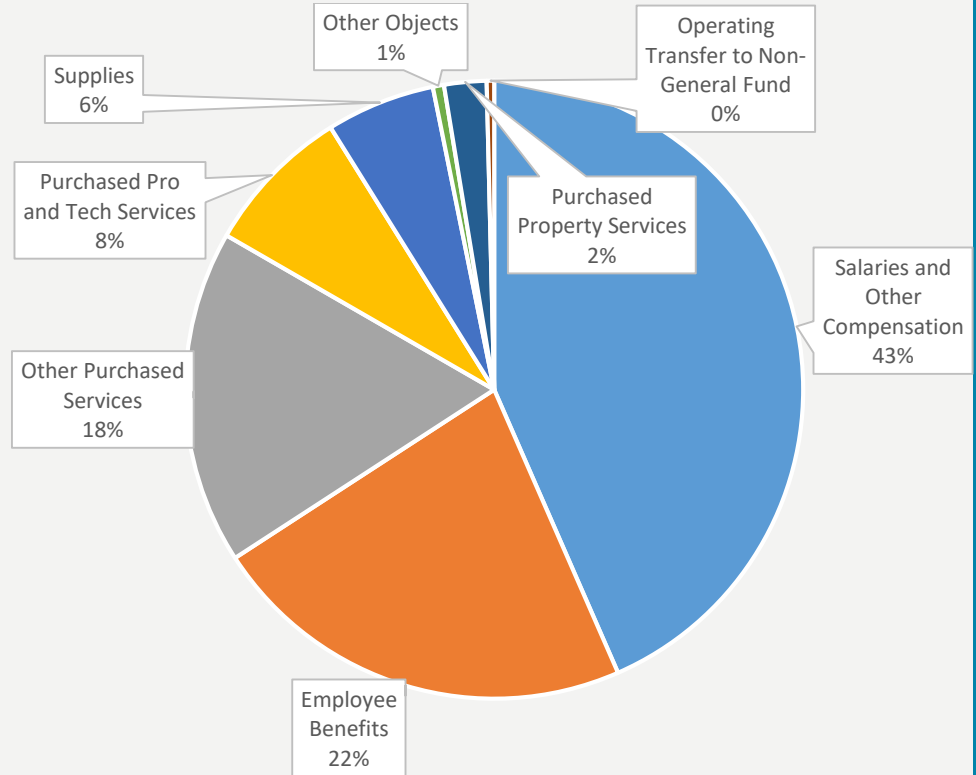
Category	FY2020 Budget
Local	\$621,006,846
State	\$208,902,070
Transfer	\$16,526,038
Other	\$7,795,000
<b>Total</b>	<b>\$854,229,954</b>



- **Local-** This revenue source provides the majority of funds for the general fund budget and is made up of both the Fulton and DeKalb tax digests. The majority of these funds come from property taxes but also taxes from utility, motor vehicle, and prior year collections.
- **State-** The states Quality Basic Education (QBE) formula provides the majority of state funding, although some categorical and state grants are also accounted for in this category.
- **Transfer-** This line item represents the transfer in to the consolidated general fund from Title I.
- **Other-** Interest, partnership buyback, ERATE, etc.

# FY2020 EXPENDITURES IN REVIEW

Object Group	FY2020 Budget*
Salaries and Other Compensation	\$371,057,510
Employee Benefits	\$191,303,298
Other Purchased Services	\$149,394,054
Purchased Pro and Tech Services	\$66,624,366
Supplies	\$48,645,657
Other Objects	\$4,962,896
Purchased Property Services	\$18,917,173
Operating Transfer to Non-General Fund	\$3,325,000
<b>Grand Total</b>	<b>\$854,229,954</b>



\*Consolidated General Fund and Title I

# SALARIES= \$371 MILLION AND 43% OF TOTAL FY2020 BUDGET

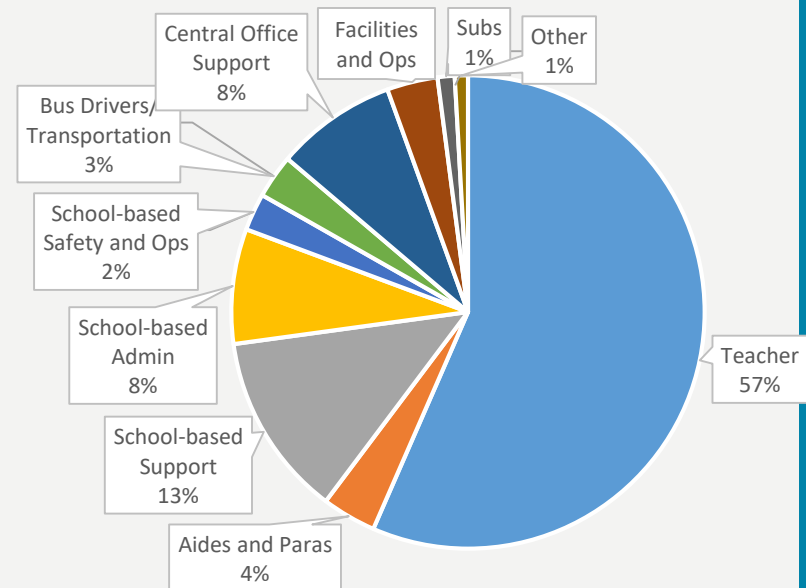
Category	FY2020 Budget	%
Regular Pay	\$349,673,304	94%
Part-time Pay	\$14,260,363	4%
Supplements/Stipends	\$5,002,790	1%
Overtime Pay	\$1,454,839	0%
Summer School Pay	\$666,214	0%
<b>Grand Total</b>	<b>\$371,057,510</b>	<b>100%</b>

### What we know:

- APS has aggressively worked to remedy pay parity and to provide a strategic compensation multi-year plan that will continue (pending revenue) into FY2021 budget planning
- Highlights include the following, which will be discussed in more detail at the February Budget Commission Meeting: Cost of living and market adjustments for all employee groups, differentiated compensation for teachers in high needs schools/subject areas, phase two of a three-year plan to convert hourly special education paraprofessionals to full time, teacher career pathway stipends, annual position reclassifications, and pay raises for part-time and substitute staff.

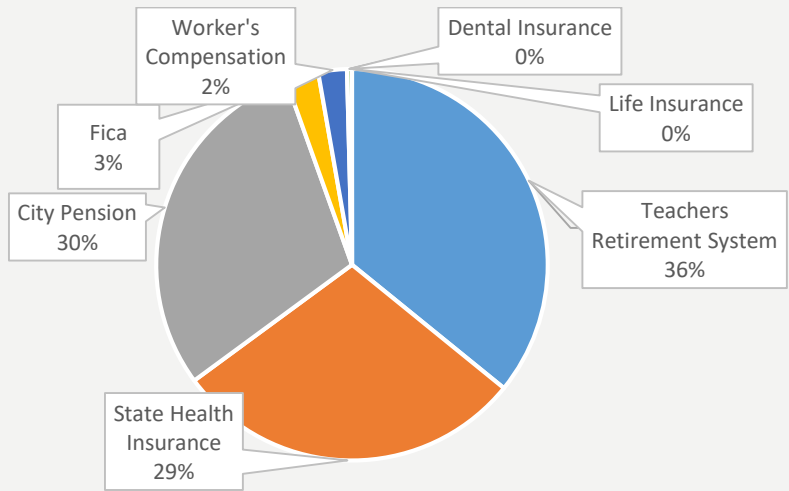
**What we don't know:** Governor Kemp ran his campaign on \$5,000 teacher raises. In FY2020, he asked districts to give teachers \$3,000 raises, that were partially funded through state QBE earnings. We anticipate he will continue to push towards the originally promised \$5,000 by adding another \$2000 in FY2021

Category	FY2020 Budget	%
Teachers	\$209,836,074	57%
Aides and Paras	\$13,757,862	4%
School-based Support	\$46,654,493	13%
School-based Admin	\$29,133,957	8%
School-based Safety & Ops	\$9,413,366	3%
Bus Drivers/ Transportation	\$11,066,122	3%
Central Office Support	\$30,683,889	8%
Facilities and Ops	\$12,872,670	3%
Subs	\$4,313,009	1%
Other	\$3,326,070	1%
<b>Grand Total</b>	<b>\$371,057,510</b>	<b>100%</b>



# BENEFITS= \$191.3 MILLION AND 22% OF TOTAL APS BUDGET

Category	FY2020 Budget
Teachers Retirement System	\$68,595,611
State Health Insurance	\$55,596,403
City Pension	\$56,652,061
Fica	\$5,161,326
Worker's Compensation	\$4,517,155
Dental Insurance	\$755,821
Life Insurance	\$24,922
<b>Grand Total</b>	<b>\$191,303,298</b>



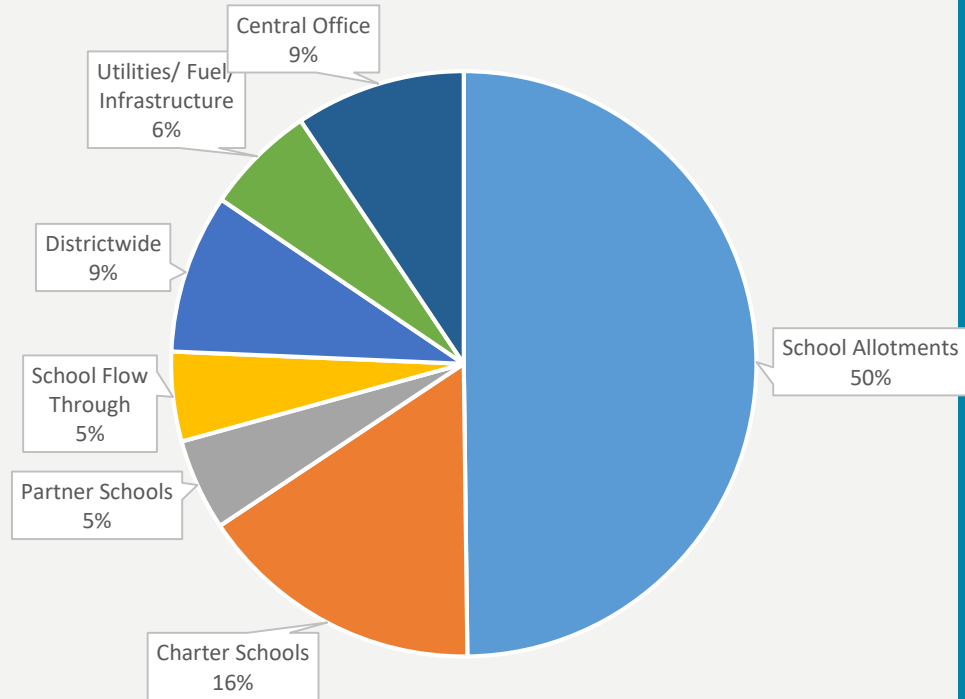
### What we know:

- TRS rates are DECREASING for the first time from 21.14% to 19.06%, a 2.08% decrease! This could return up to \$7 million to the general fund budget.
- State health rates are remaining the same at \$945 per member/per month for both classified and certified employees. The number of employees electing state health during the October OBE may impact the cost to the district.
- The contribution to the city pension plan will increase by the standard 3% from \$56.7 million to \$58.4 million, a cost of \$1.7 million.
- Rates for other benefits and the allocation for workers comp is expected to remain the same.

**What we don't know:** We are anticipating more discussion of TRS reform during next year's session including the likelihood of action to change TRS to a defined contribution (401K) program. There were multiple pieces of legislation introduced in 2019 that set out to make changes to TRS. We will continue to monitor and discuss in more detail at a future meeting.

# FY2020 BUDGET BY LOCATION

Category	FY2020 Budget
School Allotments	\$425,430,149
Charter Schools	\$135,519,185
Partner Schools	\$43,201,282
School Flow Through	\$42,274,740
Districtwide	\$71,620,348
Utilities/ Fuel/ Infrastructure	\$55,855,878
Central Office	\$80,328,373
<b>Grand Total</b>	<b>\$854,229,954</b>



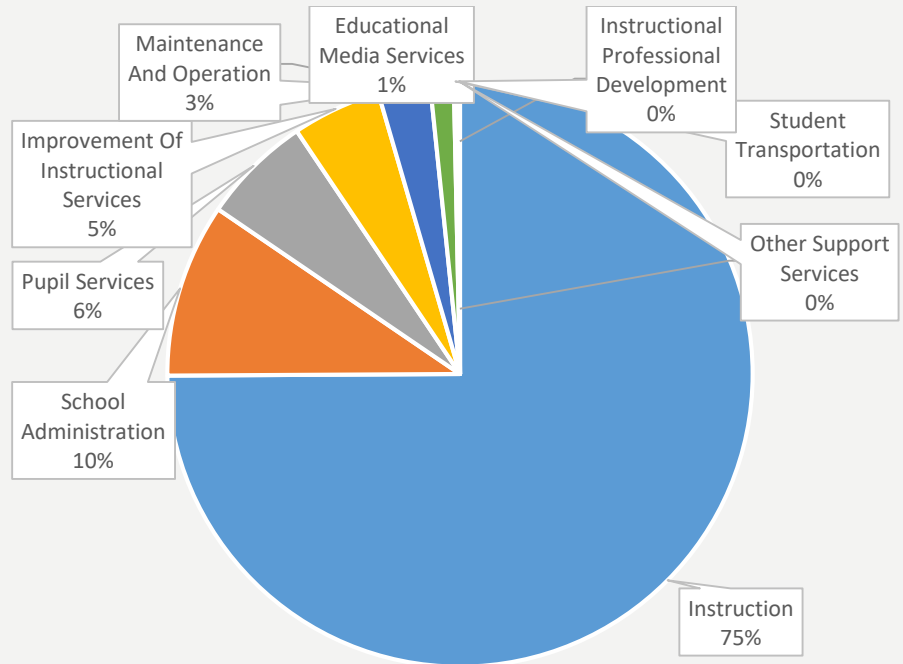
## What we know:

- Total FY2020 Consolidated General Fund Budget (which includes a transfer in from Title I).
- We do not have coding in our account structure to track Districtwide and Utility /Fuel/ Infrastructure categories. Therefore, these breakouts are estimates and based on assumptions.



# SCHOOL BUDGETS BY FUNCTION

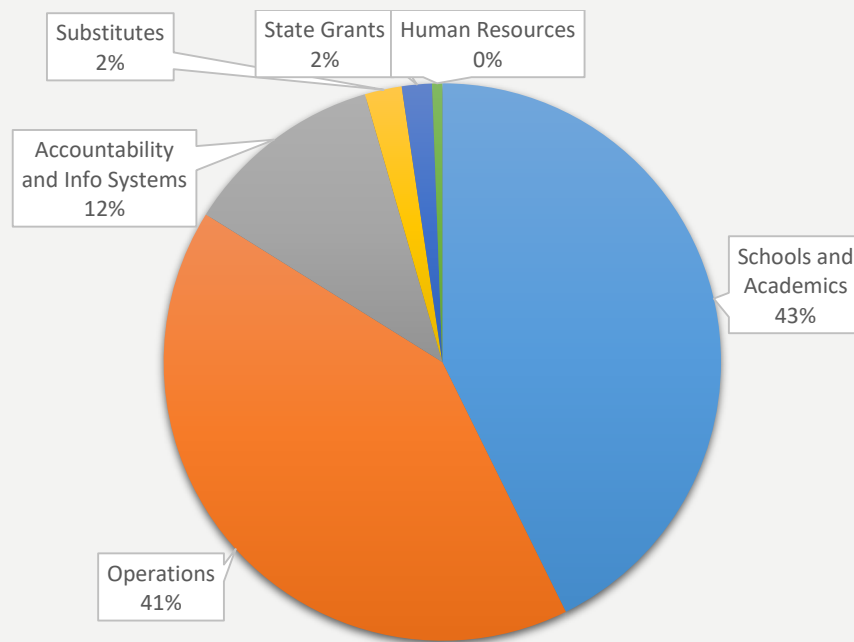
Category	FY2020
Instruction	\$318,684,510
School Administration	\$40,856,525
Pupil Services	\$25,807,631
Improvement Of Instructional Services	\$20,899,961
Maintenance And Operation	\$12,182,149
Educational Media Services	\$5,534,194
Student Transportation	\$882,714
Instructional Professional Development	\$486,931
Other Support Services	\$95,533
<b>Grand Total</b>	<b>\$425,430,149</b>



- **Instruction:** Direct instruction including core teacher, non-core teachers, paras and aides, textbooks, classroom supplies, counselors, etc.
- **School Administration:** Principal, Asst. Principal, Clerical, Bookkeepers, Registrar, etc.
- **Pupil Services:** Social Workers, Psychologist, SEL, etc.
- **Improvement of Instruction:** Extended Learning, Signature Programs, Reading and Math Coaches, etc.
- **Maintenance and Operations:** Custodians, safety and security personnel, field managers, etc.
- **Educational Media Services:** Media Center staff, books, media supplies, etc.
- **Student Transportation:** Field Trips
- **Instructional Professional Development:** PD specifically for teachers
- **Other Support Services:** Misc

# SCHOOL FLOW THROUGH

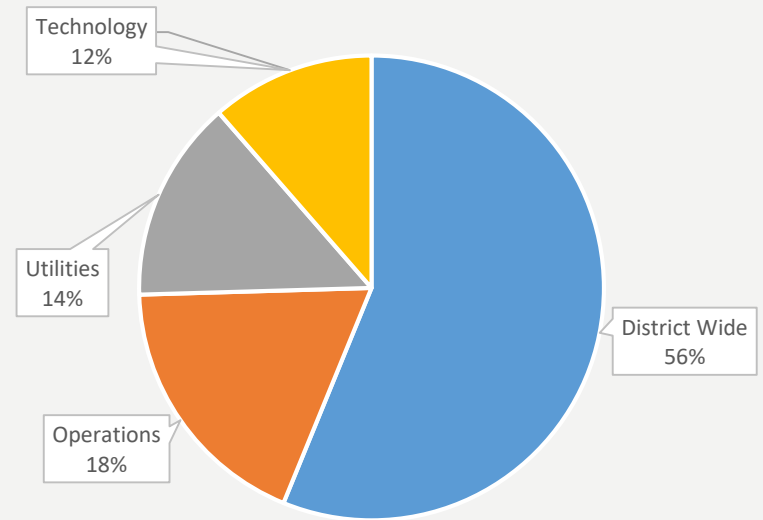
Category	FY2020 Budget
Schools and Academics	\$18,047,981
Operations	\$17,412,304
Accountability and Info Systems	\$4,920,188
Substitutes	\$907,669
State Grants	\$736,597
Human Resources	\$250,000
<b>Grand Total</b>	<b>\$42,274,740</b>



- **Schools and Academics:** Special Ed contracts, CRCT Remediation, Athletics, Early Learning transfer, Summer School, Balanced Assessments, Commencement, Turnaround, Leadership Development, Supplies and Textbooks held in various departments including ESOL, Gifted, World Language, CTAE, etc., Other School Support contracts
- **Operations:** Student Transportation, SROs
- **Accountability and Info Systems:** School Based Applications, AVA, Accountability Systems, Learning Technologies, Media Services
- **Substitutes:** FMLA reserve
- **State Grants:** State Pre-school, CTAE
- **Human Resources:** Teacher Contingencies

# DISTRICTWIDE, UTILITIES, FUEL, INFRASTRUCTURE

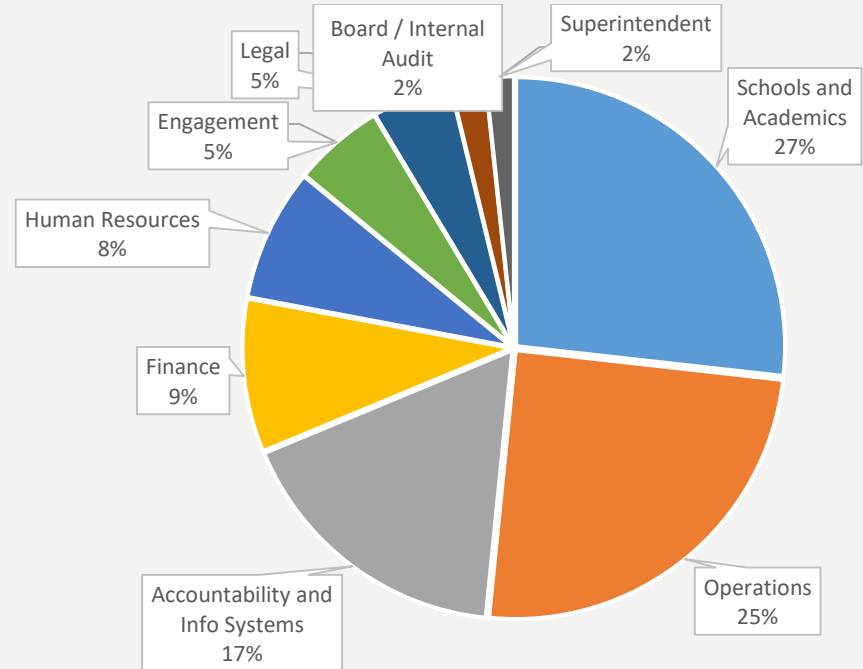
Districtwide	FY2020
City Pension	\$56,652,061
District Wide Resources	\$7,317,451
Employee Benefits	\$4,500,000
Insurance	\$1,984,094
District Leases	\$1,166,742
<b>Subtotal</b>	<b>\$71,620,348</b>
Utilities, Infrastructure, Fuel	FY2020
Operations	\$23,400,245
Utilities	\$17,907,967
Technology	\$14,547,665
<b>Subtotal</b>	<b>\$55,855,878</b>
<b>Grand Total</b>	<b>\$127,476,226</b>



- **City Pension:** With the annually increasing 3% contribution to the City Pension Fund, APS will need to allocate \$58.4 million in FY2021. As of July 1, 2018, the pension was 29.4% funded. While still extremely low, this funding ratio is up from 20% in just two years and because of the aggressive strategy and healthy markets, the fund is expected to be fully funded (assets exceeding liabilities) by FY2028, more than two years sooner than anticipated.
- **District Wide Resources:** Temporary holding account for salary scenarios and levelling reserves. No activity can occur against this account and all funds are distributed by the end of the fiscal year.
- **Employee Benefits:** Workers Compensation
- **Insurance:** To protect the district against the effects of accidental loss in the areas of personnel, property, liability, and income.
- **District Leases:** Leasing for buses, school annex, etc.
- **Operations:** Fuel for buses, parts / materials / supplies for district wide repair and maintenance services, contracts for district wide services (i.e. pest control, custodial support, etc.).
- **Utilities:** Electricity, water, sewage, etc. for the district
- **Technology:** Large district wide software contracts, ERP systems, technology infrastructure, Xerox contract, etc.

# DEPARTMENTS






Category	FY2020
Schools and Academics	\$21,502,373
Operations	\$19,936,417
Accountability and Info Systems	\$13,781,663
Finance	\$7,411,206
Human Resources	\$6,408,732
Engagement	\$4,387,558
Legal	\$3,865,396
Board / Internal Audit	\$1,677,262
Superintendent	\$1,357,766
<b>Grand Total</b>	<b>\$80,328,373</b>



## What we know:

- APS has made strategic cuts to the central office ranging from \$3 million to \$8 million each year since FY2016 = Total reduction of \$30.60 million.
- Also, many central office funds and functions have been pushed to schools for increased site-based autonomy including textbooks, substitutes, non-personnel, etc.
- We continue to scale down the central office costs on a per pupil basis as students shift from traditional schools to charter or partner schools.
- Central office as a percentage of total general fund budget has dropped from 13.14% in FY2016 to 9.4% in FY2020.
- For FY2021, we will begin to incorporate more of GFOA’s best practices in school district budgeting into the department budget development process, with a focus on line-item budgeting.

# CURRENT STATE & FY2021 KNOWN AND POTENTIAL IMPACTS: SALARIES & BENEFITS

Current State:	FY2021 Known and Potential Impacts:
Pension: currently, there is an annual 3% increase on the APS/City pension liability	 From \$56.7M to \$58.4M; Impact: \$1.7M
State Health: currently, \$945 per member/per month	 No change
Teacher Retirement System: currently: 19.06%	 TRS rate drop from 21.14%
Compensation: the compensation strategy was discussed in detail in February 2019	 In depth compensation strategy to be presented at February Budget Commission meeting (with focus on living wage)
Workers Comp: currently, \$4.5M	 TBD

# CURRENT STATE & FY2021 KNOWN AND POTENTIAL IMPACTS: SCHOOL ALLOTMENT

Current State:	FY2021 Known and Potential Impacts:
Charter school and charter school grade level expansion: currently \$134.5M	<ul style="list-style-type: none"> <li>▬ Changes in charters offset by adjustments to Central Office and through SSF               <ul style="list-style-type: none"> <li>• KIPP Soul Primary is adding 125 2<sup>nd</sup> graders</li> <li>• KIPP Soul Academy adding 250 5<sup>th</sup> &amp; 6<sup>th</sup> graders</li> <li>• Charter school enrollment and T&amp;E growth (TBD)</li> </ul> </li> </ul>
Partner schools: currently \$44.5M	<ul style="list-style-type: none"> <li>▬ No change other than enrollment fluctuations (TBD)</li> </ul>
Signature programs: currently, \$12.5M	<ul style="list-style-type: none"> <li>↑ Continue funding of signature programs Impact : \$1.5M</li> </ul>
Turnaround programs: currently, \$10.9M	<ul style="list-style-type: none"> <li>▬ Continue funding of turnaround: Impact: \$10.9M</li> </ul>
SSF	<ul style="list-style-type: none"> <li>↑ Allocate more dollars to students in poverty Impact: TBD</li> </ul>
Other Equity-based Investments	<ul style="list-style-type: none"> <li>↑ Potential Examples: Wrap-around services, closing the achievement gap, talent strategy, food insecurity, early childhood, etc.</li> </ul>



# WRAP UP AND NEXT STEPS

Next Commission Meeting:  
January 16, 2020

Agenda:

- Deep dive on revenue assumptions, budget process update, and Moody's Credit Assessment