



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.

FY2018 General Fund Budget Community Meetings



Agenda

- Meeting Goals
- Strategy and Timeline
- Revenue Update
- Expenditure Update
- Guiding Principles and Parameters
- FY2018 General Fund Tentative Budget
- Unfunded Components of Transformation
- Additional Resources
- Wrap-Up and Q&A



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Meeting Goals



Goals

- To offer an opportunity for the public to learn more about the basics of the district's budgeting process, receive the district's current budget challenges and parameters, and provide your feedback
- To facilitate a transparent and well-organized budget development process as part of the larger commitment to provide a world-class education to all students
- To continue developing a comprehensive multi-year plan that balances revenue against expenditures
- To continue considering the long-term implications for revenue streams
- To continue identifying the long-term approach for strategic priorities and other large expenditure items
- To review the guiding principles under which the Board would consider using fund balance or increasing the millage rate
- To discuss the unfunded components of transformation and potential funding solutions



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Strategy and Timeline



- Plan to manage the budget development strategy
 - What's the storyline that people need to understand internally and externally
 - Key management milestones include:
 - ✓ Better understanding of what's inside FY2017 \$745 million budget, and what are we getting for it (October 13th Commission Meeting)
 - ✓ Define the strategy and the narrative (November 14th Budget Retreat boat activity; November 17th Commission Meeting)
 - ✓ Which schools meet utilization, size, building condition, academic performance and proximity to other potential receiving schools and associated costs (March 6th Board Meeting)
 - ✓ Proactive communication strategy to all stakeholder groups including advisory group, feedback (Superintendent's employee budget feedback meetings, BFAC meetings and GoTeam budget meetings) and live streaming meetings (determining feasibility)
 - ✓ Midyear check-in on savings and reallocations and redistributions (February 16th Commission Meeting)
 - ✓ Investment map of every cluster (as discussed at January 26th Commission Meeting and again on February 16th)
 - ✓ What's in the revisions for QBE and any other key legislative impacts (legislative session in process and being monitored; discussed at February 16th Budget Commission Meeting)
 - ✓ Comfort with the detailed plans that back the numbers, especially big investments (as discussed at the January 26th Commission Meeting and February 16th Commission Meeting)
 - ▶ Ensuring high quality leader in every school
- How do we get to a decision in June? Refine Theory of Action Commitment:
 - A detailed plan that fixes problems
 - Must be able to explain and defend that plan
 - Key stakeholders are self, colleagues, and public
 - What else?

Timeline



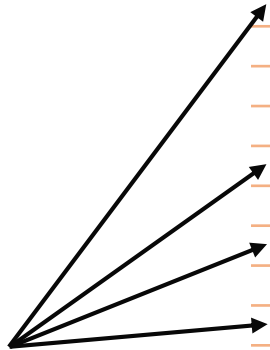
	<i><u>Item Description</u></i>	<i><u>FY2018 Dates</u></i>
1	Board Retreat/ Budget Commission Meeting- Initial Academic and Operating goals and priorities for Budget Parameters	September 12, 2016
2	Expanded Cabinet discusses budget framework, parameters and timeline	September 15, 2016
3	Budget and Finance Advisory Committee (BFAC)	September 15, 2016
4	Draft FY2018 Budget Parameters and Timeline presented in Finance update at Board work session	October 10, 2016
5	Board Budget Commission Meeting	October 13, 2016
6	Budget and Finance Advisory Committee (BFAC)	October 20, 2016
7	Board approves budget timeline	November 7, 2016
8	Board Budget Retreat	November 8, 2016
9	Board Budget Commission Meeting	November 17, 2017
10	Budget and Finance Advisory Committee (BFAC)	November 17, 2016
11	Expanded Cabinet discusses budget approach, options and provides feedback	November 17, 2016
12	Board reviews parameters and reviews/discusses FY2018 budget assumptions, staffing formulas, and strategic priorities	December 5, 2016
13	Budget and Finance Advisory Committee (BFAC)	December 15, 2016
14	Board approves parameters and reviews/discusses FY2018 budget assumptions, staffing formulas, and strategic priorities	January 9, 2017
15	Governor's State of the State Address and Education Budget (OMB)	January 11, 2017
16	Board Budget Commission Meeting	January 26, 2017
17	Budget and Finance Advisory Committee (BFAC)	January 26, 2017
18	Fiscal Year 2017 Mid-Year adjustment	February 6, 2017
19	Budget and Finance Advisory Committee (BFAC)	February 16, 2017
20	Superintendent presents the FY2018 Budget Primer to the Board Budget Commission meeting	February 16, 2017
21	Superintendent presents the FY2018 Budget Primer to the Board	March 6, 2017
22	Board Budget Commission meeting	March 16, 2017
23	Budget and Finance Advisory Committee (BFAC)	March 16, 2017
24	FC Tax Commissioner and FC Chief Assessor Board Presentation	March 16, 2017
25	Board Budget Commission meeting	March 30, 2017



Timeline con't

	<u>Item Description</u>	<u>FY2018 Dates</u>
26	Board Budget Commission meeting	April 20, 2017
27	Budget and Finance Advisory Committee (BFAC)	April 20, 2017
28	Conduct regional public meeting for FY2018 General Fund Budget	April 27, 2017
29	First public budget hearing for FY2018 General Fund Budget	May 1, 2017
30	Superintendent presents the FY2018 Budget to the Board (Tentative adoption)	May 1, 2017
31	First read of the tax millage rates for FY2018	May 1, 2017
32	Conduct regional public meeting for FY2018 General Fund Budget	May 2, 2017
33	Salary Hearing #1 (If necessary)	May 4, 2017
34	Conduct regional public meeting for FY2018 General Fund Budget	May 11, 2017
35	Salary Hearing #2 (If necessary)	May 11, 2017
36	Conduct regional public meeting for FY2018 General Fund Budget	May 18, 2017
37	Board Budget Commission meeting	May TBD 2017
38	Tax assessor provides preliminary appraisal values to District	May TBD 2017
39	Second public budget hearing for FY2018 General Fund Budget	June 5, 2017
40	Superintendent presents the FY2018 Budget to the Board (Final Adoption)	June 5, 2017
41	Board Budget Commission meeting	June 8, 2017
42	Tax assessor provides final appraisal values to the District	TBD June
43	Advertise the tax digest for the five year history Fiscal Years 2012-2017	TBD June
44	Advertise and publish notice of tax rate and budget	TBD June
45	Advertise the first and second public hearings for the tax Millage rates	TBD June
46	Advertise the third public hearings for the tax Millage rates (If necessary)	TBD June
47	Hold the first and second public hearing on the tax Millage rate	TBD June
48	Hold the third public hearings for the tax Millage rates (If necessary)	TBD June
49	Final adoption of the tax Millage rates for Fiscal Year 2017 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback)	TBD June
50	Deadline for millage rates to be delivered to Fulton County Tax Commissioner	TBD June

You
Are
Here!





Next Steps

- Monday, May 1, 2017- Tentative Adoption
- Monday, May 22, 2017- First public budget hearing for Fiscal Year 2018 General Fund Budget
- Conduct Regional Public Meetings on FY2018 Budget
 - From 6:00-7:00 pm, April 27, 2017, Mays High School
 - From 6:00-7:00 pm, May 2, 2017, Burgess Peterson Elementary School
 - From 6:00-7:00 pm, May 11, 2017, Long Middle School
 - From 6:00-7:00 pm, May 18, 2017, Sutton Middle School (Main Campus)
- Monday, June 5, 2017- Second public budget hearing for Fiscal Year 2018 General Fund Budget and Final Adoption
- Remaining Budget Commission Meetings
 - May TBD, 2017
 - June 8, 2017



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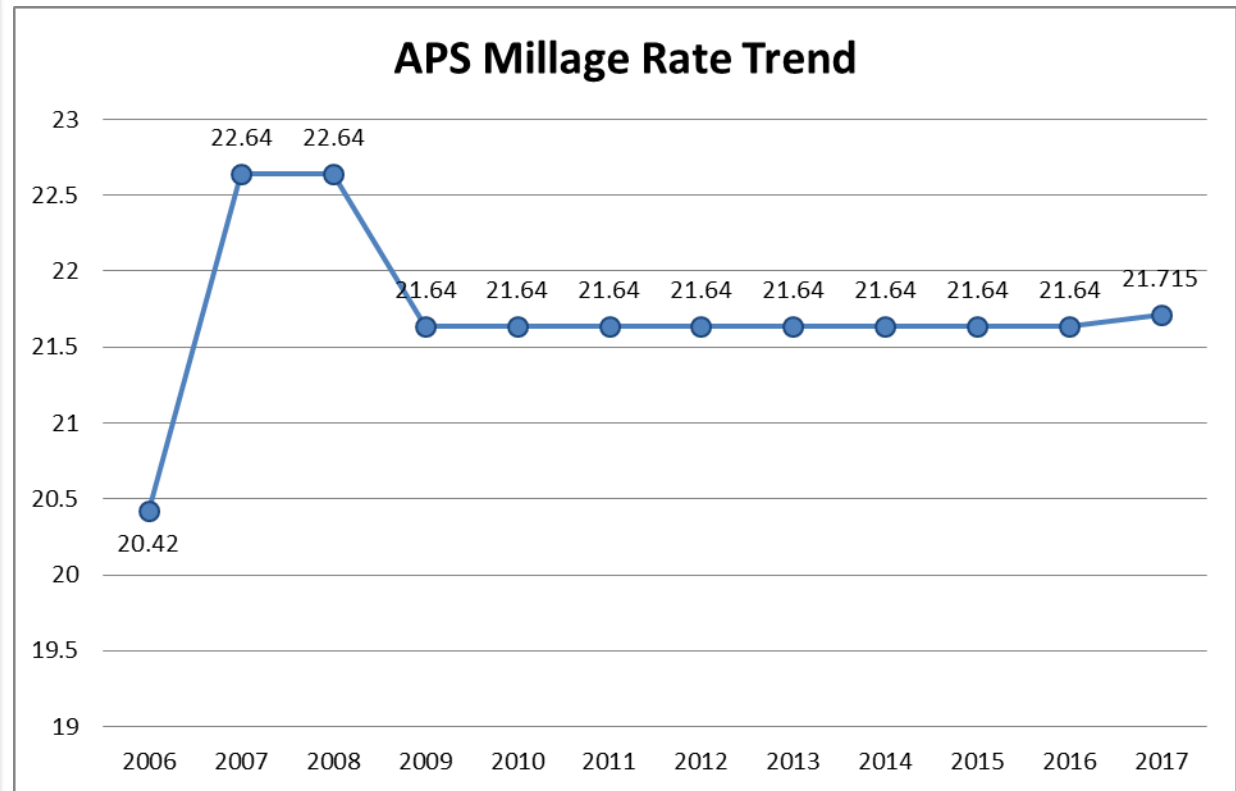
Revenue Update

Considerations for Discussion



Local

- A mil of tax is equal to \$1.00 per every \$1,000 of assessed valuation of real estate property.
- Debt service millage was reduced by 0.075 mils and moved to general operating millage for FY2017
- One mil currently generates about \$24 million.

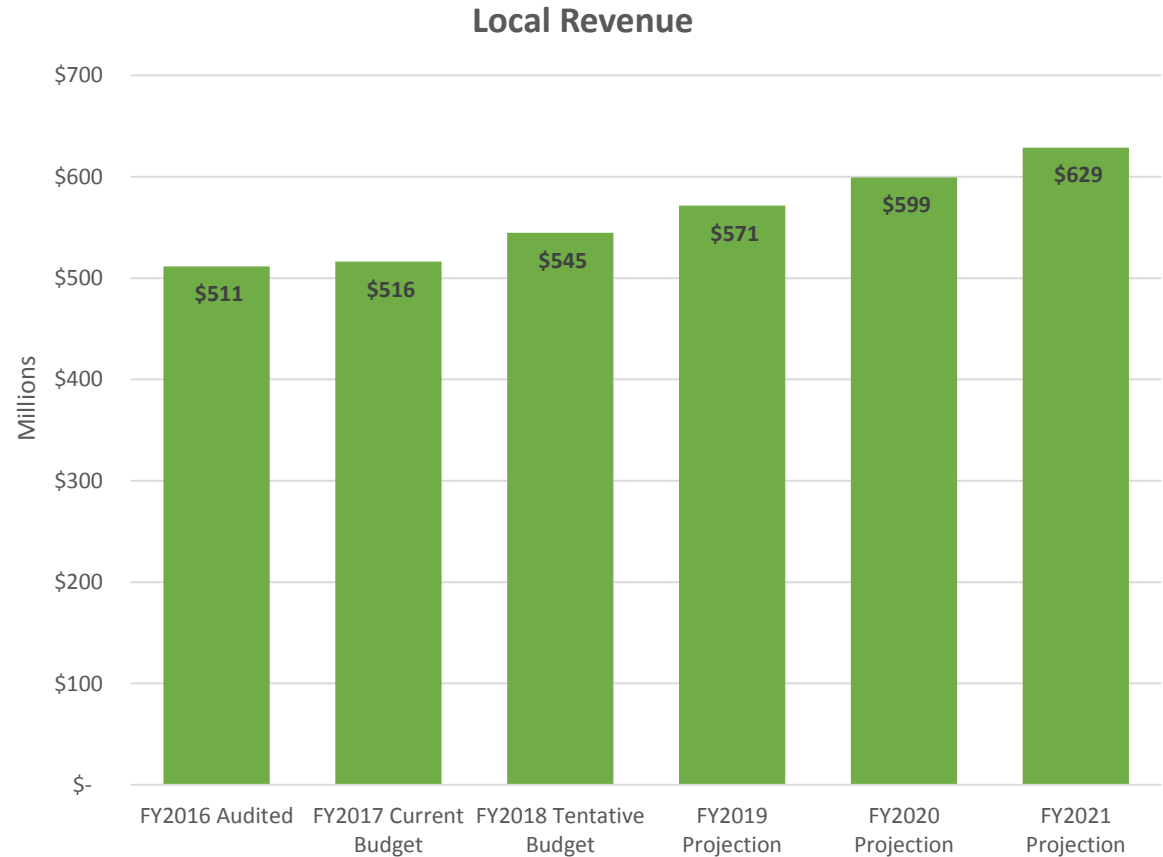


Considerations for Discussion



Local

- Roughly 71% of general fund revenue comes from local property taxes
- Large growth in FY2016 was reversed by successful appeals
- Chief Assessor was dismissed last fall in response to a significant delay in billing
- The projections assume a 6% increase for FY2018 and a continued annual 5% growth rate in out years





Governor's FY18 Proposed Budget

- Austerity cuts remain
- TRS rate increase from 14.3% to 16.8% is included in QBE calculation
 - Does not fully cover the increased APS expense
 - Equivalent to giving all employees a 2.5% raise
- 2% raise for public school teachers, built into the state pay scale
- 5-mill share budget increased 9.2%
 - Driven by large increase in digest for FY16 that was then appealed for FY17
- Transportation grant shifts to per-student allotment
- Increased cost for health insurance for non-certified workers
 - Classified employees now on same rate as certified

State's Projected Revenue without enrollment growth



- This slide illustrates the projected QBE allotments received from the state, which without growth in student FTE, would actually yield a decrease in state revenue by \$1 million. We anticipate enrollment growth and are capturing that assumption in our state forecasts on slide 15.

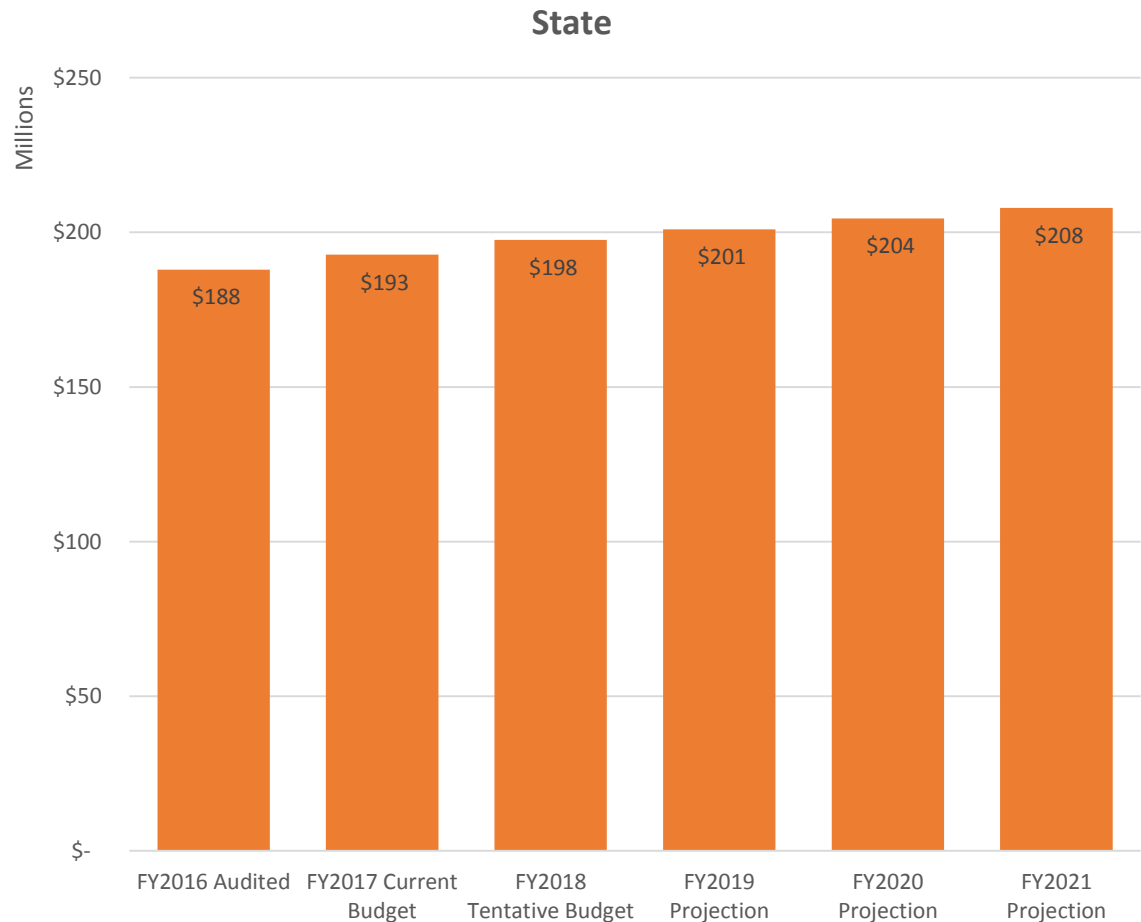
QBE	FY2017 Mid-year	FY2018	Change
FTE	51,063	51,063	-
QBE Earnings	\$262,340,749	\$272,289,158	\$9,948,409
Health	\$45,904,320	\$45,688,860	(\$215,460)
PD	\$26,773	\$27,308	\$535
Total QBE Earnings	\$308,271,842	318,005,326	9,733,484
LFS	(\$120,254,761)	(\$131,334,180)	(\$11,079,419)
Austerity	(\$3,899,974)	(\$3,709,489)	\$190,485
Charter Systems	\$4,406,400	\$4,406,400	\$0
Nursing	\$1,053,403	\$1,101,807	\$48,404
Transportation	\$2,903,843	\$2,943,289	\$39,446
Total	\$192,480,753	191,413,153	(1,067,600)

Considerations for Discussion



State

- Austerity continues to impact state revenue
- Local Fair share increased significantly
- Some additional funds for salary increases and TRS rate increase
- 1.5-2% growth rate in out years

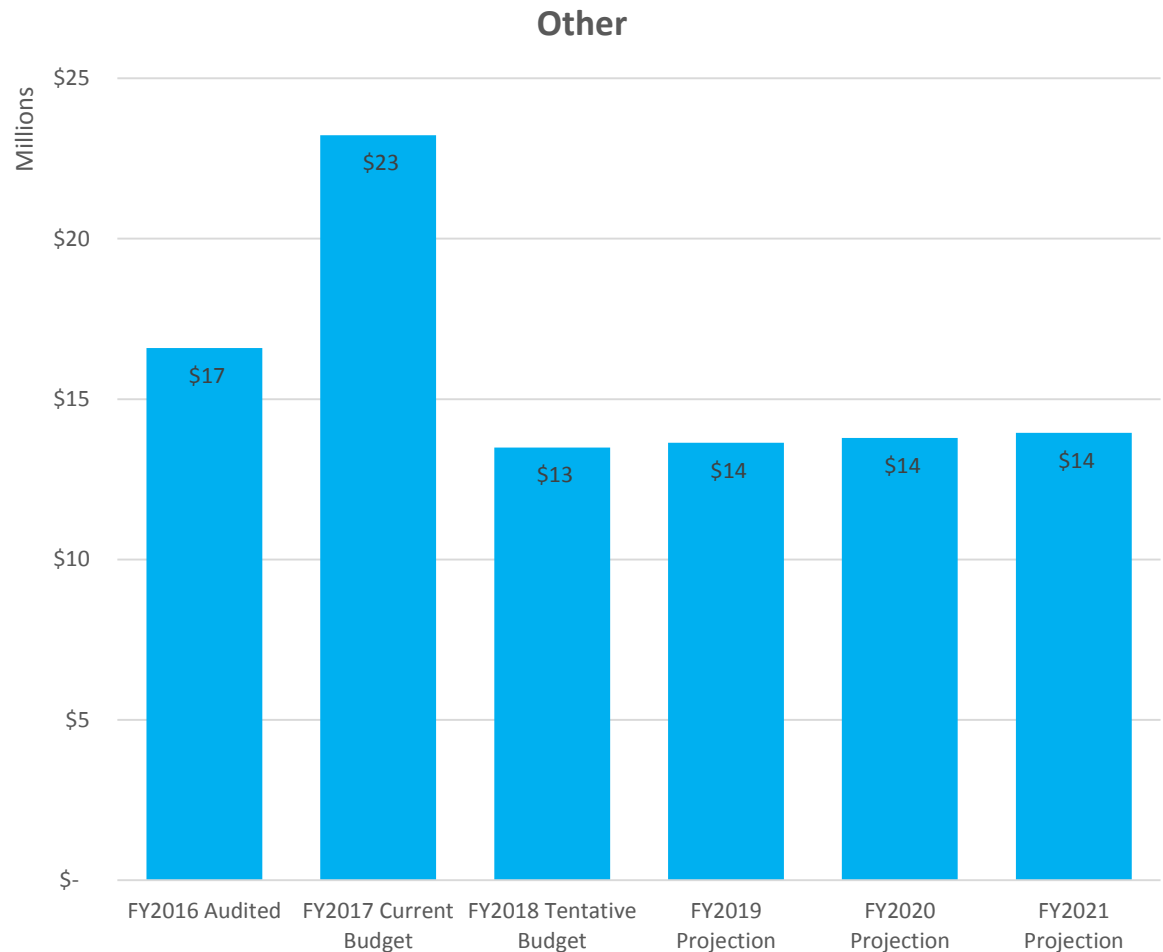


Considerations for Discussion



Other

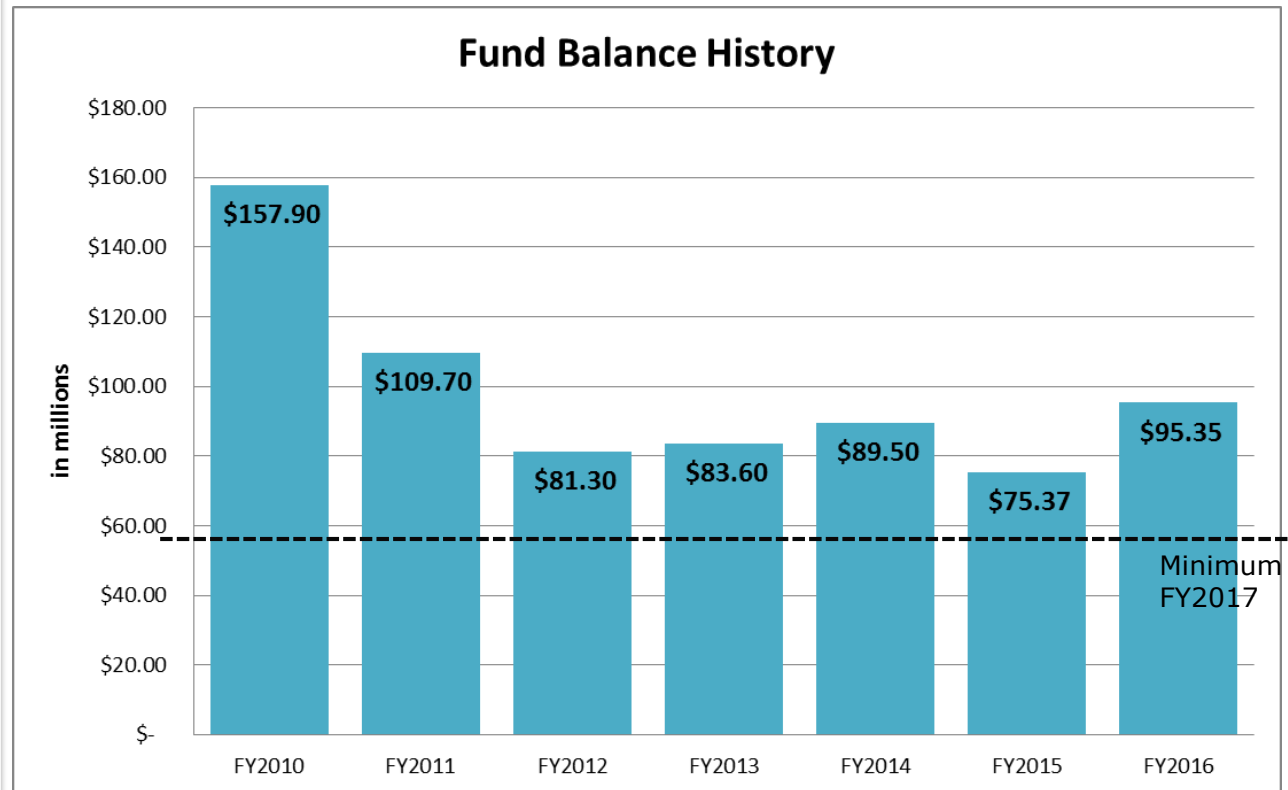
- Includes Payments in Lieu of Taxes, tuition, investment interest, rental of facilities, sale of assets, lost and damaged reimbursements, charter buy-back, field trips, and other sources
- FY2018 assumes drop-off of one-time payment from IGA
- Out-years assume additional increase based on buy-back from partner schools





Fund Balance (Reserves)

- APS has a long-standing practice of maintaining a fund balance above 7.5% of revenue, but below the statutorily required cap of 15%.
- With an approved FY17 budget of \$761m, that would mean a fund balance between \$57m and \$114m





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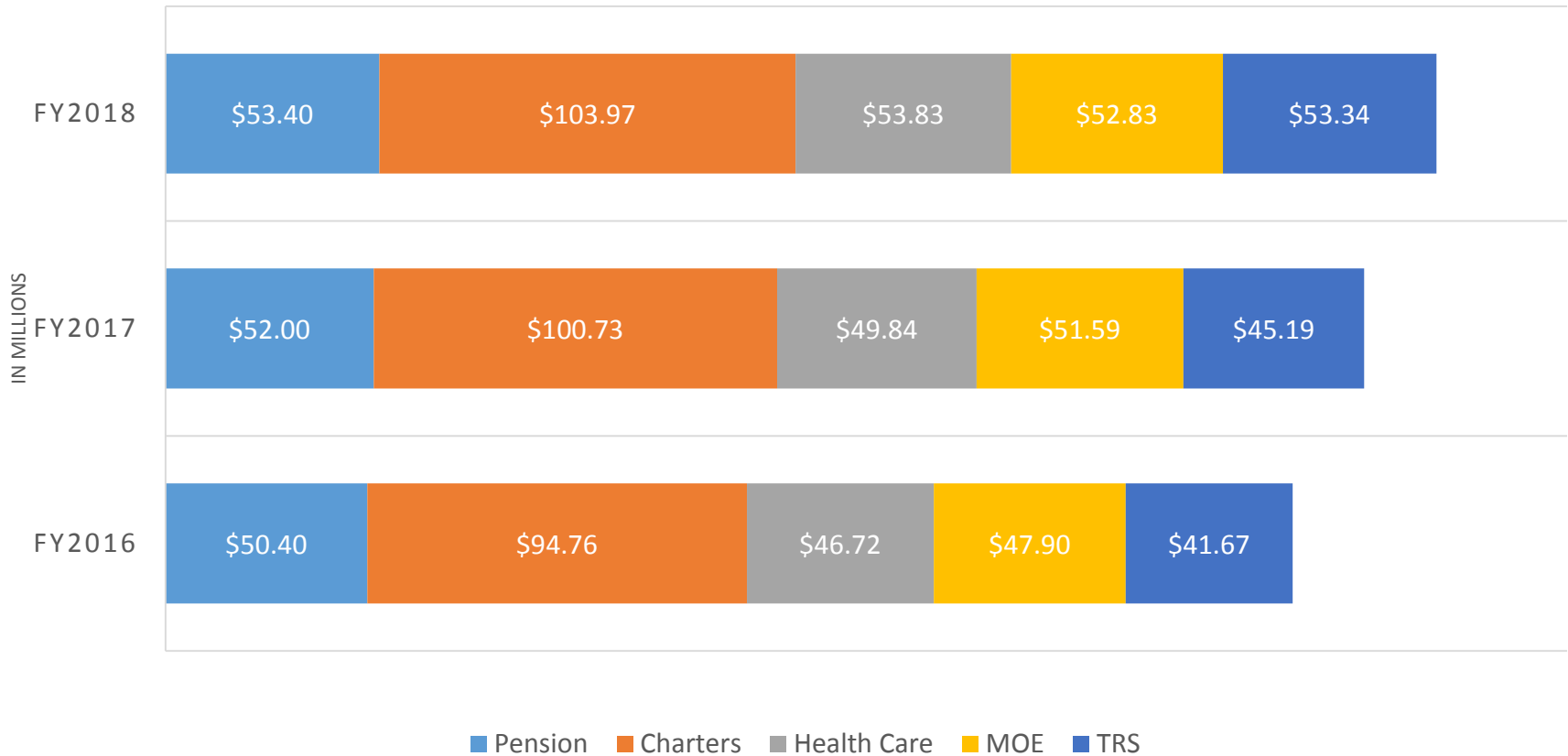
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Expenditure Update

Mandatory Expenses



Mandatory expenses continue to consume a significant amount of all new revenue.



Three-Year Austerity Planning Including Central Office Cuts



- Since FY2015, APS has made a concerted effort to cut redundancies within the budget, especially within centralized supports. We have done this by identifying reductions in department budgets and position FTE's and consolidating programs. For FY2017 alone we were able to push an additional \$6.2 million in flex, cluster and signature funds to schools through found efficiencies.
- The below chart outlines some of the position cuts made within the central office support budgets since FY2015. This represents a decrease of approximately \$9 million in positions alone
- For FY2018, an additional \$8 million in central office supports has already been identified through program realignments, cuts to non-personnel (supplies, travel, contracted services, etc.), and in some additional staffing
- In summary, over three years we've been able to reallocate over \$20 million to schools and district priorities

Division	FY2015	FY2016	FY2017
Accountability and Info Systems	131.00	114.00	113.00
Chief Schools and Academics	162.00	146.00	129.70
Finance	87.00	77.00	63.00
Human Resources	63.00	54.00	49.00
Operations	255.60	268.80	245.60
Turnaround	-	3.00	8.60
General Administration	62.00	58.00	49.00
Grand Total	760.60	720.80	657.90
Year over Year Cuts		(39.80)	(62.90)



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Guiding Principles and Parameters



Guiding Principles for Revenue Consideration

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

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



Guiding Principles for Revenue Consideration

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



Budget Parameters

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



FY2018 Resource Parameters

Board approved on December 5th, 2016

1. The district will implement the expenditure parameters using the current millage rate to support the mission and vision.
2. The district will continue to identify grant generating opportunities, assess the required millage rate, and/or seek additional business, philanthropic and community partnerships in an effort to support the following transformational parameters:
 - Make investments in Pre-K through 3rd grade to ensure all students are reading by the end of 3rd grade.
 - Focus on whole-child development, including positive behavior supports, arts, and athletics.
 - Create a comprehensive leadership development program.
 - Significantly expand access to quality Early Childhood Education.
3. The district will maintain a fund balance between 7.5% and the statutory limit of 15% of projected expenditures.
4. The district will increase federal and state special revenue and redirect from general fund expenditures where possible.
5. The district will conduct a review of contracts and eliminate or renegotiate where appropriate.
6. The district, with support and collaboration from other stakeholders, will continue to identify and encourage grant generating opportunities, especially through our Partnerships Office.
7. The district will identify and sunset ineffective programs to redirect human resources and funding where possible.



FY2018 Expenditure Parameters

Board approved on December 5th, 2016

1. The district will allocate resources pursuant to the district's definition of equity.
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.
3. The district will recruit, develop, retain, and promote high-quality staff by developing and implementing a multi-year compensation model.
4. The district will continue implementing its charter system operating model and core components of signature programming, cluster funds, school flexibility dollars, and community engagement strategy.
5. The district will fund pension obligations in accordance with State statute and actuarial standards.
6. Per resource parameter #2, with additional public funding and/or partnership resources, the district will make investments in Pre-K through 3rd grade to ensure all students are reading by the end of 3rd grade.
7. Per resource parameter #2, with additional public funding and/or partnership resources, the district will focus on whole-child development, including positive behavior supports, arts and athletics.
8. Per resource parameter #2, with additional public funding and/or partnership resources, the district will create a comprehensive leadership development program.
9. Per resource parameter #2, with additional public funding and/or partnership resources, the district and its partners will significantly expand access to quality Early Childhood Education.



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FY2018 General Fund Tentative Budget

Preliminary FY2018 Budget by Function



	FY2017 Current			FY2018 Preliminary			Change
	Budget	% of Exp	Per Pupil	Budget	% of Exp	Per Pupil	
Instruction	\$475,758,051	62.49%	\$9,254	\$482,750,800	62.15%	\$9,284	\$6,992,749
Pupil Services	\$43,946,783	5.77%	\$855	\$43,219,572	5.56%	\$831	-\$727,211
Staff Services*	\$43,400,793	5.70%	\$844	\$59,591,099	7.67%	\$1,146	\$16,190,306
Federal Grant Admin	\$2,888	0.00%	\$0	\$2,870	0.00%	\$0	-\$18
School Admin	\$45,267,371	5.95%	\$880	\$39,789,298	5.12%	\$765	-\$5,478,072
General Admin	\$38,800,899	5.10%	\$755	\$35,218,508	4.53%	\$677	-\$3,582,391
Maintenance And Operations	\$80,480,776	10.57%	\$1,565	\$81,324,451	10.47%	\$1,564	\$843,674
Transportation	\$29,992,884	3.94%	\$583	\$31,960,561	4.11%	\$615	\$1,967,677
School Nutrition	\$376,521	0.05%	\$7	\$376,521	0.05%	\$7	\$0
Other Outlay	\$2,451,123	0.32%	\$48	\$1,760,948	0.23%	\$34	-\$690,175
Debt	\$800,000	0.11%	\$16	\$800,000	0.10%	\$15	\$0
Total	\$761,278,088	100.00%	\$14,807	\$776,794,628	100.00%	\$14,938	\$15,516,539

*The large increase in staff services from FY2017 to FY2018 can be explained almost entirely by the consolidation of Title I and General Fund dollars. Title I has supported much more of the wrap-around services and instructional coaches which now will reflect as a part of the General Fund and Fund 150. The balance can mostly be explained by the creation of a new Early Learning program in the School and Academics Division.

Preliminary FY2018 Budget by Object Grouping



	FY2017 Current			FY2018 Preliminary			Change
	Budget	% of Exp	Per Pupil	Budget	% of Exp	Per Pupil	
Salaries	\$345,181,139	45.34%	\$6,714	\$341,981,745	44.02%	\$6,577	-\$3,199,394
Other Salaries	\$19,394,869	2.55%	\$377	\$18,766,436	2.42%	\$361	-\$628,433
Employee Benefits	\$157,440,637	20.68%	\$3,062	\$170,643,679	21.97%	\$3,282	\$13,203,041
Operating Transfer to Non-General Fund	\$2,451,123	0.32%	\$48	\$2,710,948	0.35%	\$52	\$259,825
Other Purchased Services	\$118,554,775	15.57%	\$2,306	\$118,320,445	15.23%	\$2,275	-\$234,330
Supplies	\$51,725,766	6.79%	\$1,006	\$51,502,690	6.63%	\$990	-\$223,076
Purchased Pro and Tech Services*	\$40,414,867	5.31%	\$786	\$49,534,664	6.38%	\$953	\$9,119,797
Purchased Property Services	\$21,317,641	2.80%	\$415	\$19,595,254	2.52%	\$377	-\$1,722,387
Other Objects**	\$4,016,447	0.53%	\$78	\$3,125,593	0.40%	\$60	-\$890,854
Property	\$780,824	0.10%	\$15	\$613,173	0.08%	\$12	-\$167,651
Total	\$761,278,088	100.00%	\$14,807	\$776,794,628	100.00%	\$14,938	\$15,516,539

*The large shift from Salaries, Other Salaries, and Supplies to Purchased Professional and Technical Services is due to the Partnerships for Gideons, Price, and Slater. Instead of allotting personnel and materials for these three sites, the full cost of these sites will reflect as the contracted amount.

**Dues, Fees, Registration, Interest, Redemption of Principal

FY2018 Budget Proposal



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Revenue	FY2017	FY2018	FY2018 vs FY2017
Local	\$514,761,145	\$544,895,423	\$30,134,278
State	\$193,807,265	\$197,539,352	\$3,732,087
Other	\$24,796,192	\$13,493,197	(\$11,302,995)
Fund 150	\$0	\$12,340,424	\$12,340,424
Fund Balance*	\$27,913,487	\$8,526,231	(\$19,387,256)
Total Resources	\$761,278,088	\$776,794,627	\$15,516,539

Expenditures	FY2017	FY2018	FY2018 vs FY2017
Instruction	\$475,758,051	\$482,750,800	\$6,992,749
Pupil Services	\$43,946,783	\$43,219,572	(\$727,211)
Staff Services	\$43,400,793	\$59,591,099	\$16,190,306
Federal Grant Admin	\$2,888	\$2,870	(\$18)
School Admin	\$45,267,371	\$39,789,298	(\$5,478,072)
General Admin	\$38,800,899	\$35,218,508	(\$3,582,391)
Maintenance And Operations	\$80,480,776	\$81,324,451	\$843,674
Transportation	\$29,992,884	\$31,960,561	\$1,967,677
SNP	\$376,521	\$376,521	\$0
Other Outlay	\$2,451,123	\$1,760,948	(\$690,175)
Debt	\$800,000	\$800,000	\$0
Total	\$761,278,088	\$776,794,628	\$15,516,539

Funding Gap	\$0	\$0
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*Actual use of fund balance is 14% greater than listed here as a share will go to the charter schools.

Total use: \$9,719,903



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Unfunded Components of Transformation

Prioritizing Unfunded Components of Transformation



Unfunded Component of Transformation	FY18 Priority	Funding Required
1. APS Reading Program/ Literacy	a) Reading Recovery Pilot	\$500,000
2. APS Whole Child Development	a) Arts: Expansion of cultural arts experience project b) Athletics: high school weight rooms c) Athletics: safety/security pre and post games	\$ 500,000 <u>\$1,900,000</u> \$2,400,000
3. APS Leadership Development Program	Implement first phase of Talent Strategy including: a) instructional coaching resources & support (instructional video library & coaching platform) b) Pilot South Atlanta Cluster principal & leadership training program c) Launch leadership development program	\$1,250,000
4. APS Early Learning Program	a) Expand Seats for Pre-K (100-200 seats) b) Recruitment & Enrollment Support c) Expand Pre-K to K transition program	Special Revenue Pending and Partnerships
TOTAL		\$4,150,000



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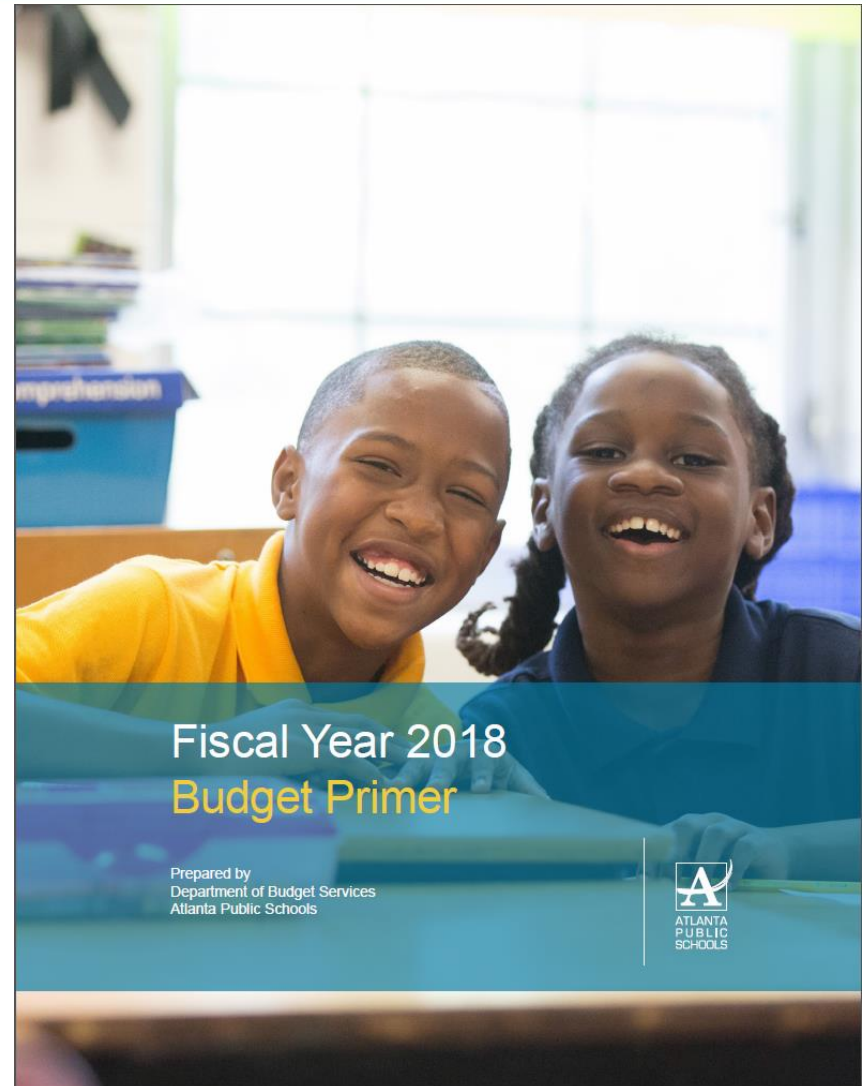
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Additional Resources



Budget Primer

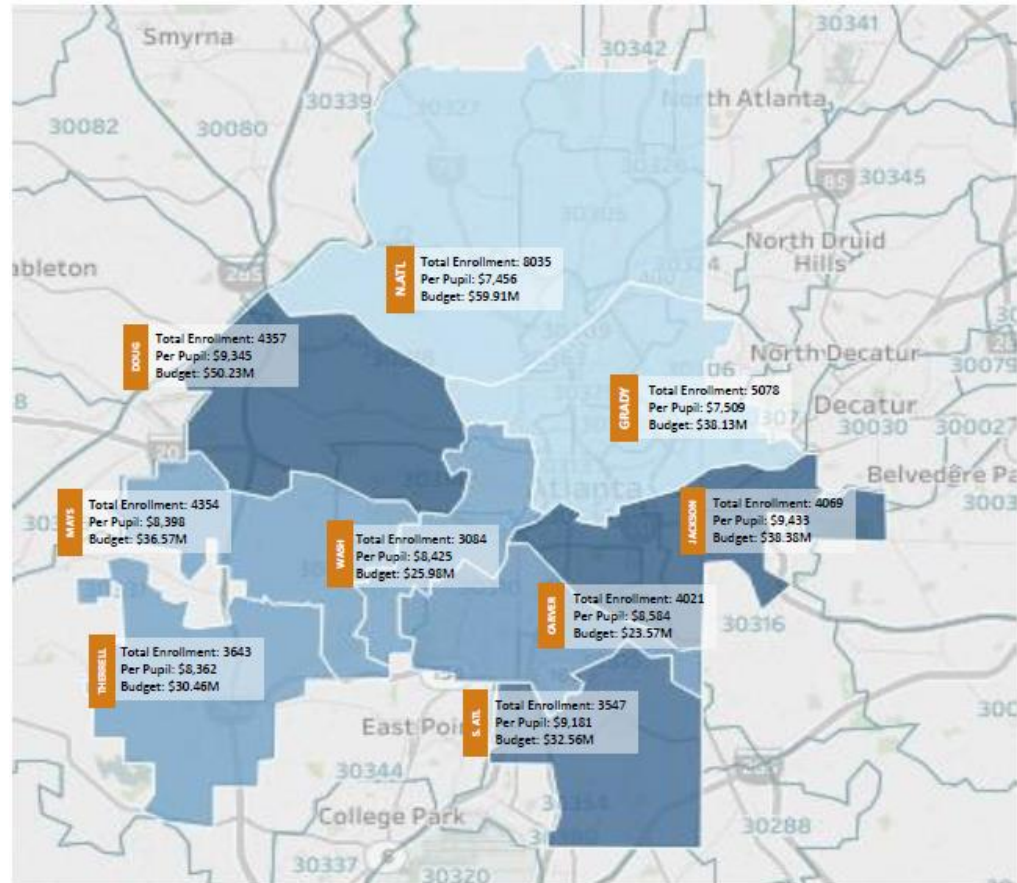
- About Atlanta Public Schools
- Highlights
- Strategic Plan
- Budget Parameters and Principles
- Strategic Priorities
- Mandatory Expenditures
- Challenges
- BFAC and Budget Commission
- Economic Context
- Major Fund Groups
- General Funds





Investment Map

Budget Services is posting a public link to an interactive map with drill-down capability to view per pupil investments in FY2017 by fund, program, school, and cluster. The screenshot at right represents one iteration of the map that includes ONLY FY2017 general fund original budget by school location. Not included are expenditures coded to the central office, charter schools, special revenue, or SPLOST.



Assumptions:

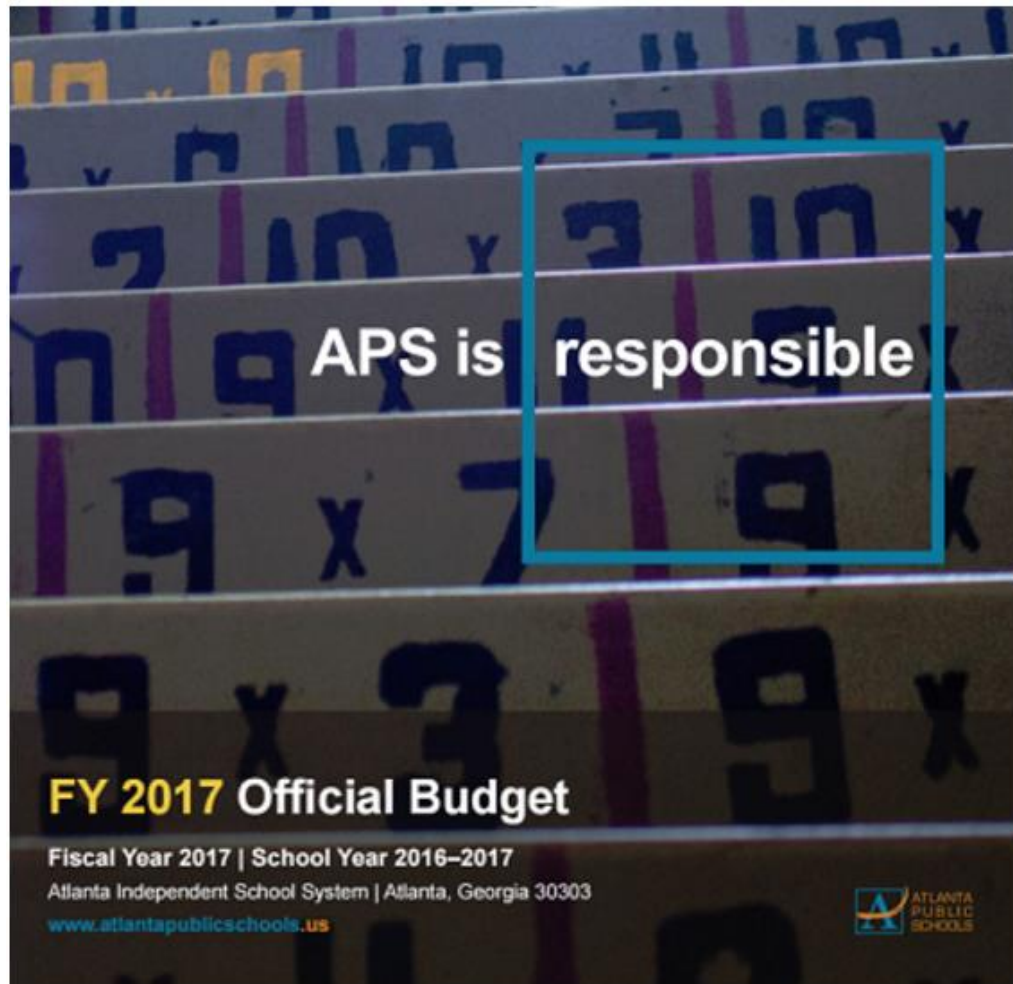
- FY17 Adopted Budget Expenditures
- FY17 Enrollment Projections
- Includes General Fund ONLY
- Only School Allocated Costs

Fiscal Year 2017 All Funds Budget shown by APS Academic Cluster. Per Pupil calculations are based on approved total funds selected divided by approved projected enrollment. All numbers and calculations are based on approved/adopted budget. These have not been amended.



Budget Website

- Budget Commission Presentations
- BFAC Presentations
- School Allotments
- Dashboards
- FY2017 Budget Book
- Budget Primer
- Budget Contacts





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Questions?