

ATLANTA PUBLIC SCHOOLS BUDGET AND FINANCE ADVISORY COMMITTEE MINUTES

February 18, 2015

PURPOSE

The Superintendent has established the Budget and Finance Advisory Committee (BFAC) for the purpose of providing guidance and counsel on matters of budget and finance as may be determined by the district administration. The Committee is comprised of representatives from the community, charter schools, principals, at-large, and central office.

Agenda

1. Meeting Goals
2. Calendar and Timeline
3. Final Draft of FY2017 Budget Primer
4. FY2017 Budget Requests to Fulfill Parameters
5. Guiding Principles for Fund Balance and Millage Use
6. Wrap-Up

Committee Members in Attendance

- **Community** - Tammy Dixon, Felecia Josey, Mark Rebillot, Toni Terry, Gary McCarthy
- **At-Large** - Cynthia Micklebury, Marshall Norseng
- **Principals** –Buck Greene, Demarcos Holland
- **Central Office** – Robert Morales(CFO), Lisa Bracken, Olufemi Aina, Wendy Angelety, Eugene Herrington, Evangeline Britt, Shaquita Barnes, Kelly Redman, Sedric Smith

DISCUSSION

The meeting started with a word of welcome by Robert Morales (CFO), as host of the meeting. Each member was provided a copy of the presentation to follow along during the meeting. Lisa Bracken discussed the purpose of the Budget and Finance Advisory Committee and noted that the presentation will be very similar to what the Budget Commission saw earlier in the day. Mrs. Bracken then gave a brief overview of the agenda and the budget calendar. Specifically Mrs. Bracken pointed out the changes that were made to the calendar; BFAC meeting was moved to February 18th so that a more in depth conversation with better numbers could be presented to the BFAC group; Tax Commissioner and Chief Assessor were unable to make it to the February 1st meeting, therefore they will be presenting to the Budget Commission at the meeting on February 29th. Mr. Morales (CFO) added that the Chief Assessor was concerned that the 5% increase projected for local revenue might be a bit aggressive; therefore, for the time being, a reduction to 3% was suggested.

Mrs. Bracken then proceeded to discuss the Draft FY2017 Budget Primer. It was explained that the Budget Primer is more than just numbers, it is the way that the district shows the story behind the numbers that are being invested in our priorities. She then asked each member to look through the presentation and provide feedback regarding the document. There were no questions regarding the presentation at this time. Mrs. Bracken continued by informing the group to bring back any questions to the next meeting or send the department an email with concerns.

Q) What happened to the \$30M of SPLOST funding due to Venetian?

A) If the Connally/Venetian "Turn Around" merger is approved, \$23.5M of the \$30M will be used to complete a comprehensive renovation at Connally.

Q) With the district hiring its own security, what will this look like? What are the costs associated with this switch? How many officers will be in each school?

A) Larry Hoskins or Chief Sands will be in attendance at the next meeting to discuss the issues and concerns as it relates to the Safety & Security's reorganization. Please come with any questions you would like answered and discussed at this time.

Q) Please explain how we calculate charter school revenue and their share?

A) Our charter allocation is based upon a weighted average (3 most current counts) FTE count. They receive the state QBE allocation (posted by the GADOE) and a proportional share of local and other revenue. In any year that the district budgets the use of the Fund Balance, charter schools are also provided with a proportional share of those funds.

Q) Has there been legislation surrounding the new QBE calculation?

A) Legislation for changes to the QBE formula has been delayed one year.

Q) Why aren't there any numbers tied to the equity audit? Are we investing in this?

A) The work is being done to reach this goal but in many cases represents a realignment of existing funds and practices as opposed to new money. We spend technology SPLOST funds on initiatives such as wireless upgrades, LED panels etc. The technology department will publish on the website (soon), a list of projects by schools (including dollars). Other work related to the equity audit may be captured in other parameters. For instance, pay parity would be a part of the equity audit.

Mrs. Bracken then explained the good and bad news as it relates to state and local projections since the last meeting. The increase in local 5 mil share and decrease in healthcare revenue will result in approximate \$3M decrease in the FY projected state revenue. The adjustment from 5% growth in local revenue presented to the Board on December 14th to the more conservative 3% estimate resulted in projected local revenue decreasing from \$523M to \$513M.

Q) What is the percentage breakdown of commercial properties verses residential properties?

A) Approximately 53% commercial.

Mrs. Bracken then moved along to discuss actual funding tied to each budget request to fulfill parameters set forth by the Board. Mrs. Bracken pointed out that the biggest increase resided in parameter #4, which reflects the investment in a multi-year school turnaround strategy that provides additional support and interventions for schools at risk of state take-over. Numbers

reflected on this slide represent increases in funding to operating budgets. Budget parameters showing \$0 were either cost neutral or funded within other line-items but are being addressed.

Q) How do we budget for a multi-year plan when we do not know what the funding will look like?

A) Our work with the Budget Commission is to develop a long-term, multi-year financial plan so that we can feel more confident that our investments in these strategic priorities are sustainable.

Q) In the future, what will funding look like for CRCT Remediation and Turnaround?

A) It is suggested that CRCT Remediation funding will decrease due to students graduating and leaving the district. At this point, we do not project a reduction in the budget requests for Turnaround over the next few years. The idea would be that once a school is progressing and has moved out of the most at risk zone, another school from a higher tier will begin to receive the targeted supports provided by the turnaround budgets

Q) Is there a timeframe or what is the timeframe for Turnaround funds?

A) The strategy related to Turnaround has been discussed at many Board and community meetings. You can access additional information regarding the Turnaround Strategy at: <http://www.atlanta.k12.ga.us/domain/10191>

Mrs. Bracken then proceeded to comments discussed during the board commission meeting surrounding the guided principles for the use of fund balance and millage use. This topic led to a lengthy discussion regarding scenarios which may require a millage rate increase and/or the use of fund balance.

Q) What is the trend for the percentage of fund balance?

	FY12 Actuals	FY13 Actuals	FY14 Actuals	FY15 Actuals	FY16 Budget	FY17 Projected
Expenses (in mil)	\$ 596	\$ 577	\$ 595	\$ 651	\$ 705	\$ 730
Fund Balance (in mil)	\$ 81	\$ 84	\$ 90	\$ 75	\$ 75	\$ 55-109
Fund Balance %	14%	14%	15%	12%	11%	8%-15%

Q) How will cluster funds be sustainable?

A) The FY2017 budget currently assumes a cluster/signature budget of \$11.5 million. However, because of our very large budget gap, only \$6 million has been pushed to the schools so far; this is the same amount that schools received in FY2016. Going forward, the multi-year financial plan will make assumptions for signature programming that are both sustainable and allow the programs to be implemented with fidelity.

Conclusion

The next BFAC meeting is scheduled for March 28th, however, Budget Commission meetings and regional public meetings are scheduled throughout the month of March and BFAC

members are encouraged to participate.

Next Meeting – March 28th, 2016

We look forward to working with you and your support in our efforts to improve community involvement and transparency in the District's budget process.

Thank you.