



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 Budget Development

BFAC

January 26, 2017



Agenda

- Governor's State of the State Address (10 minutes)
- FY2018 Budget Development Update (20 minutes)
- BFAC Led Discussion (25 minutes)
- What's Next (5 minutes)

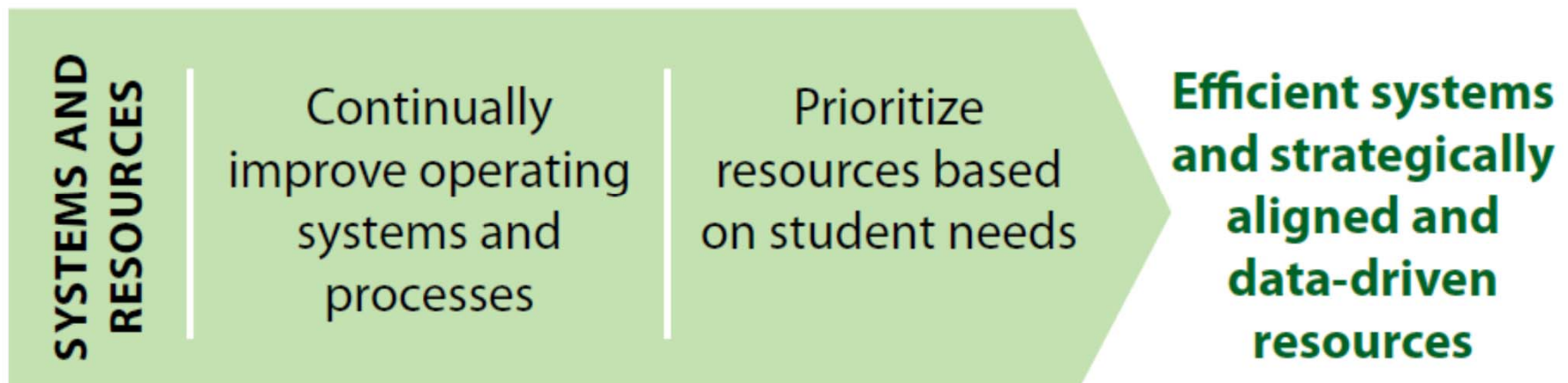
Purpose



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- **Purpose of the Budget & Finance Advisory Committee**

- Review the parameters that guide budget development, including revenue assumptions, fund balance targets, and expenditure goals
- Identify process and presentation recommendations that provide transparency in linking goals, outcomes and district spending plans
- Develop monitoring procedures that hold the district accountable for executing the budget plan





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Governor's State of the State Address



Governor's Address

- Projected State revenue growth of 3.6% over the amended FY2017 budget
- 2% raise for public school teachers, built into their pay scale
- “Greatest negative in the education landscape of Georgia is the number of children trapped in failing schools”
 - 89,000 students are served by chronically underperforming schools
 - Focus is on addressing failing schools with an emphasis on elementary schools
- New education formula calculation will be delayed



Governor's FY2017 Midterm Budget

- Charter system grant funding included in the budget recommendation as anticipated (\$4.41 million)
- 1.1% mid-term adjustment for QBE growth as anticipated
- Increased funds for T&E to reflect corrected data as anticipated



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 their pay scale
- 5-mill share budget increased 4.3%
 - Driven by large increase in digest for FY16 that was then appealed for FY17
- Transportation grant may shift to per-student allotment (impact on APS is TBD)
- Increased cost for health insurance for non-certified workers
 - Classified employees now on same rate as certified

Revenue Driver	Estimated FY18 Impact (in millions)
Enrollment Growth	\$2.72
TRS Rate Change	\$4.90
2% Salary Increase	\$5.26
5-Mill Share	\$(5.16)
Transportation	TBD

Expenditure Driver	Estimated FY18 Impact (in millions)
TRS Rate Change	\$8.00
Non-certified Health Insurance	\$1.30



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FY2018 Budget Development Update



Budget Development Update

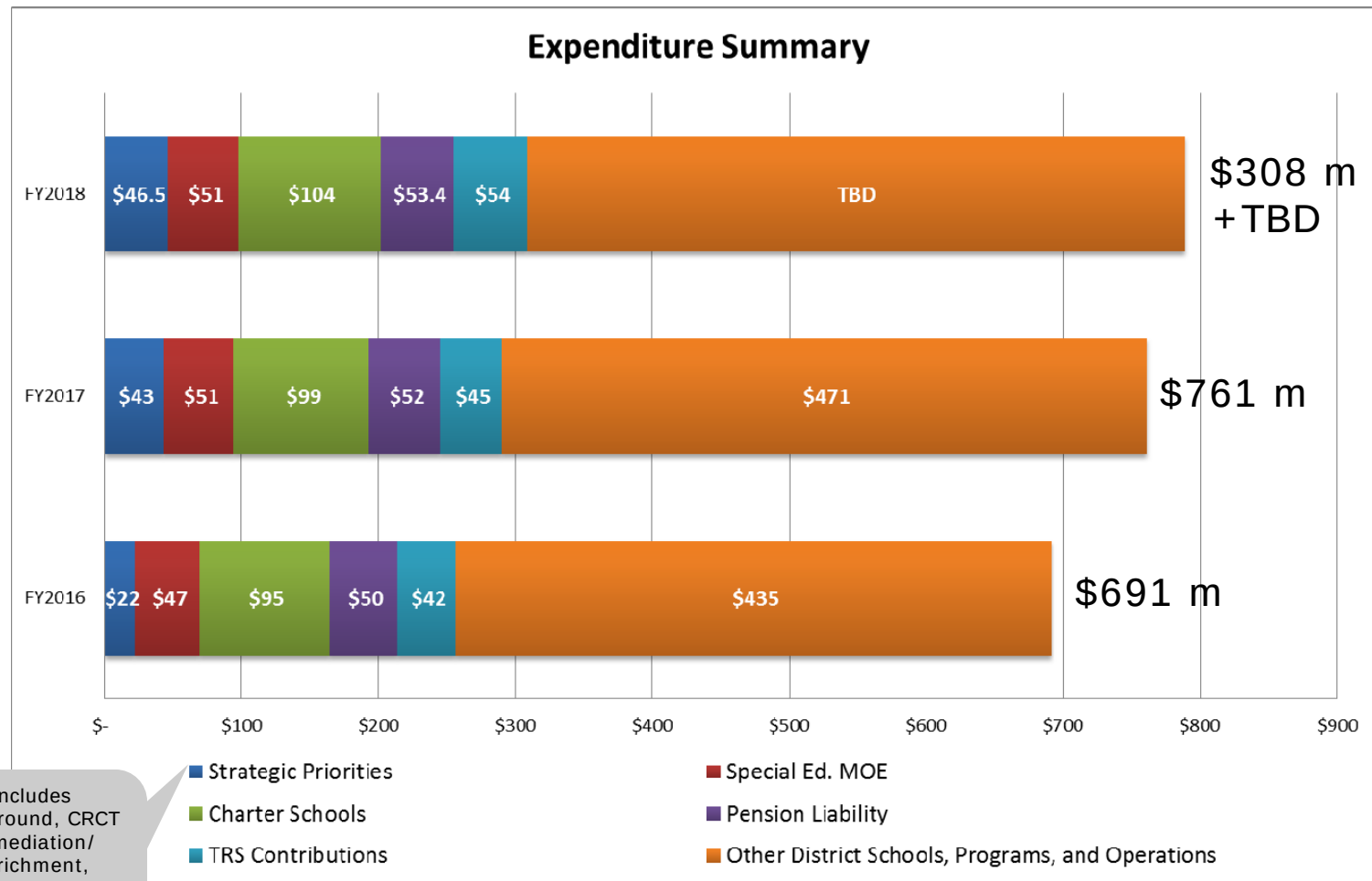
- Principals Received Budgets
 - January 10th
- GoTeam meetings are being held at each school
 - Principals are presenting their FY2018 recommended budget
 - GoTeams will vote on principal recommendations
 - Feedback?
- Proposed School Budgets Due
 - February 3rd
- Departments Receive Budgets
 - February 6th

Looking Ahead to FY18



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Mandatory expenses continue to grow and outpace additional new revenue.





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BFAC Led Conversation



BFAC Led Discussion

- Potential Topics
 - Per Pupil Funding
 - CLL vs School Based Controls
 - 80/20 Split
 - Autonomy vs Economy



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What's Next?



Upcoming Calendar

- Board Meeting
 - February 6th
- Budget Commission
 - February 16th
- BFAC: Next Meeting
 - February 16th



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Appendix



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.

Budget Pressures And Potential Strategies



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Budget Pressures (Changes from FY2017 to FY2016):

- Charters: Scaling up of existing charters and share of additional revenue, +\$6.4M
- Pension: Continued payment of unfunded pension obligations, +\$1.3M
- CRCT: Serving fewer students as they leave the district, -\$500K
- 3% COLA: Salary and benefits costs, +\$11.36M
- Signature Programming: Full implementation of all signature programs, +\$7.7M
- Increase to TRS: Increase in employer contribution rate, \$8 million

Potential Strategies for balancing the budget:

- Providing only a paid step increase with no COLA
- Revisiting the pace of rolling out signature programs based on readiness
- Reviewing any needed school changes (including reviewing the school allotments, class size and support staff)
- Rolling off one-time components and allowing more choice between strategies within the Turnaround budgets
- Restructuring alternative schools, and identifying and sun-setting ineffective programs
- More balancing strategies would be required to alleviate the potential budget pressures.