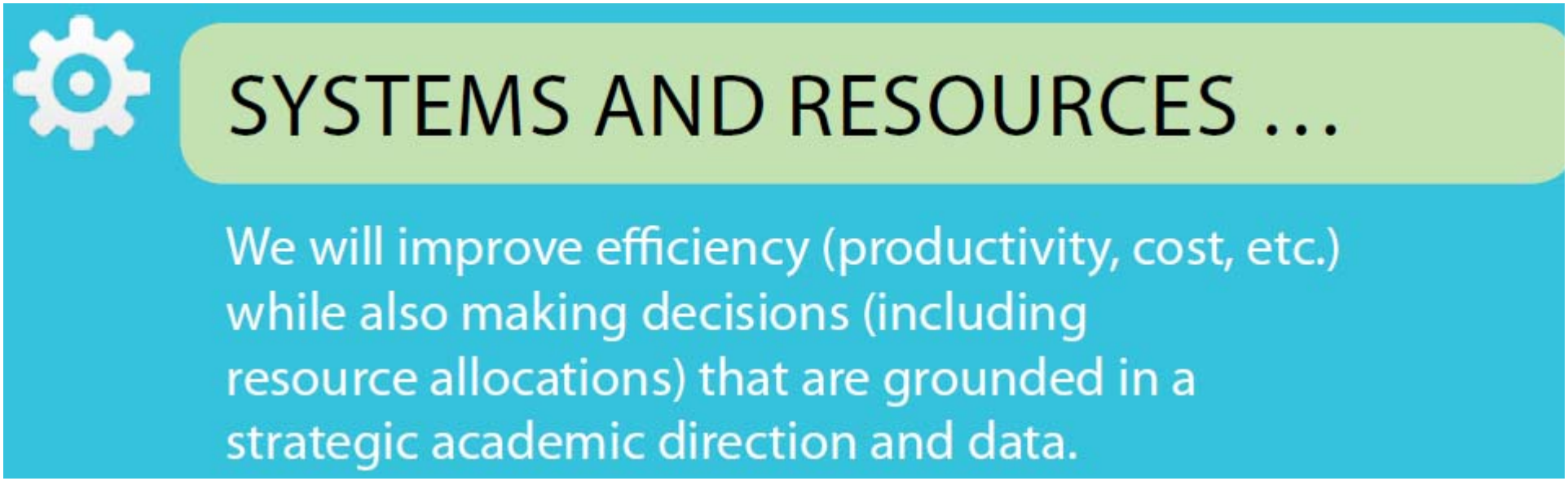
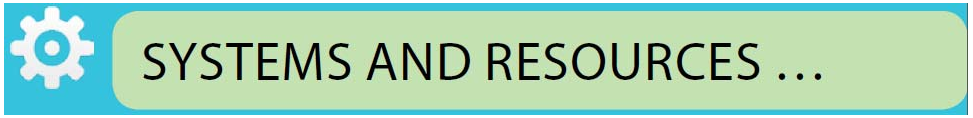


FY2018 Budget Development

BFAC

February 16, 2017



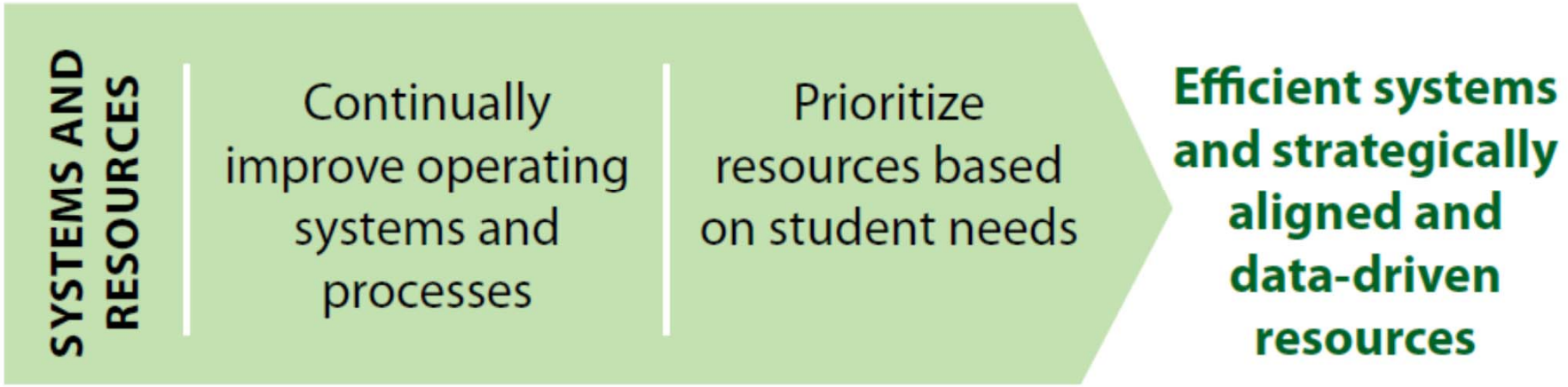
Agenda

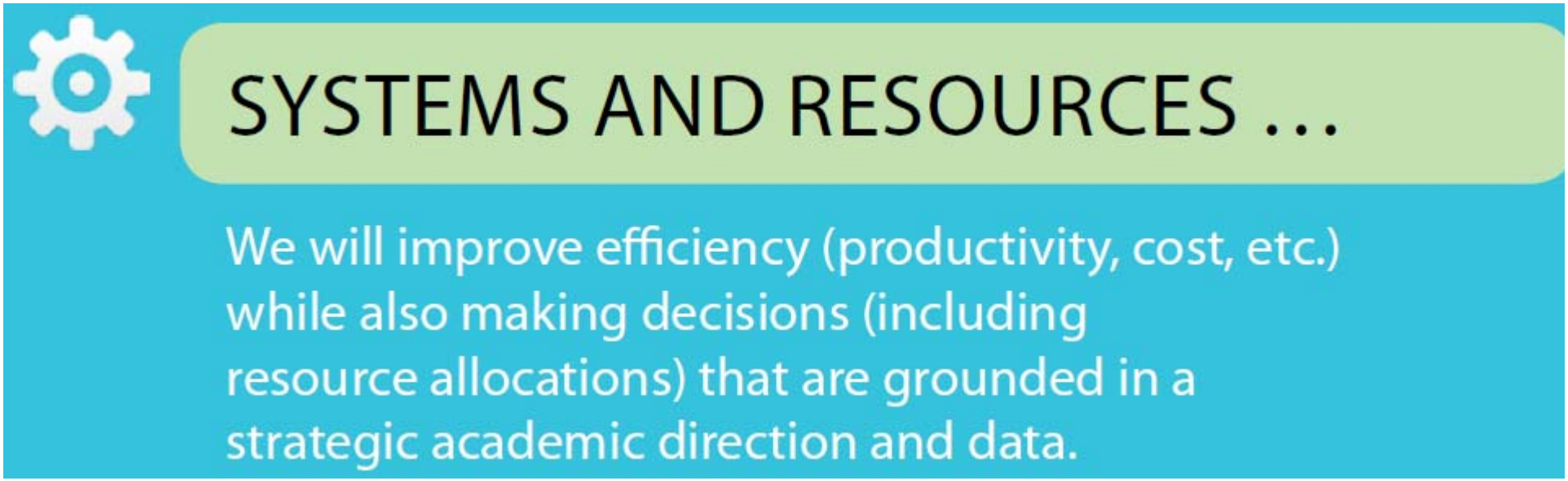
- FY2018 Budget Development Update (45 minutes)
- BFAC Led Discussion (10 minutes)
- What's Next (5 minutes)

Purpose

SYSTEMS AND RESOURCES …

- **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





FY2018 Budget Development Update

Budget Development Update

- Proposed School Budgets Due
  - February 3rd
- Departments Received Budgets
  - February 6th
- Department Budgets Due
  - February 20th
- Cabinet Retreat
  - Late February

Budget Primer

SYSTEMS AND RESOURCES …

- 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

Midyear Check-In

SYSTEMS AND RESOURCES …

Category	Description	Amount
Savings	Vacancy Freezes	$2.3 million
Reallocations	Transportation	Cost Neutral
Reallocations	Partial Year Implementation for Pilot Programs	$450,000
Reallocations	Other programmatic needs from other savings	Cost Neutral
Realignments	Academics and Schools Office	Savings in Vacancy Freezes

Legislative Update and Potential Financial Impact

SYSTEMS AND RESOURCES …

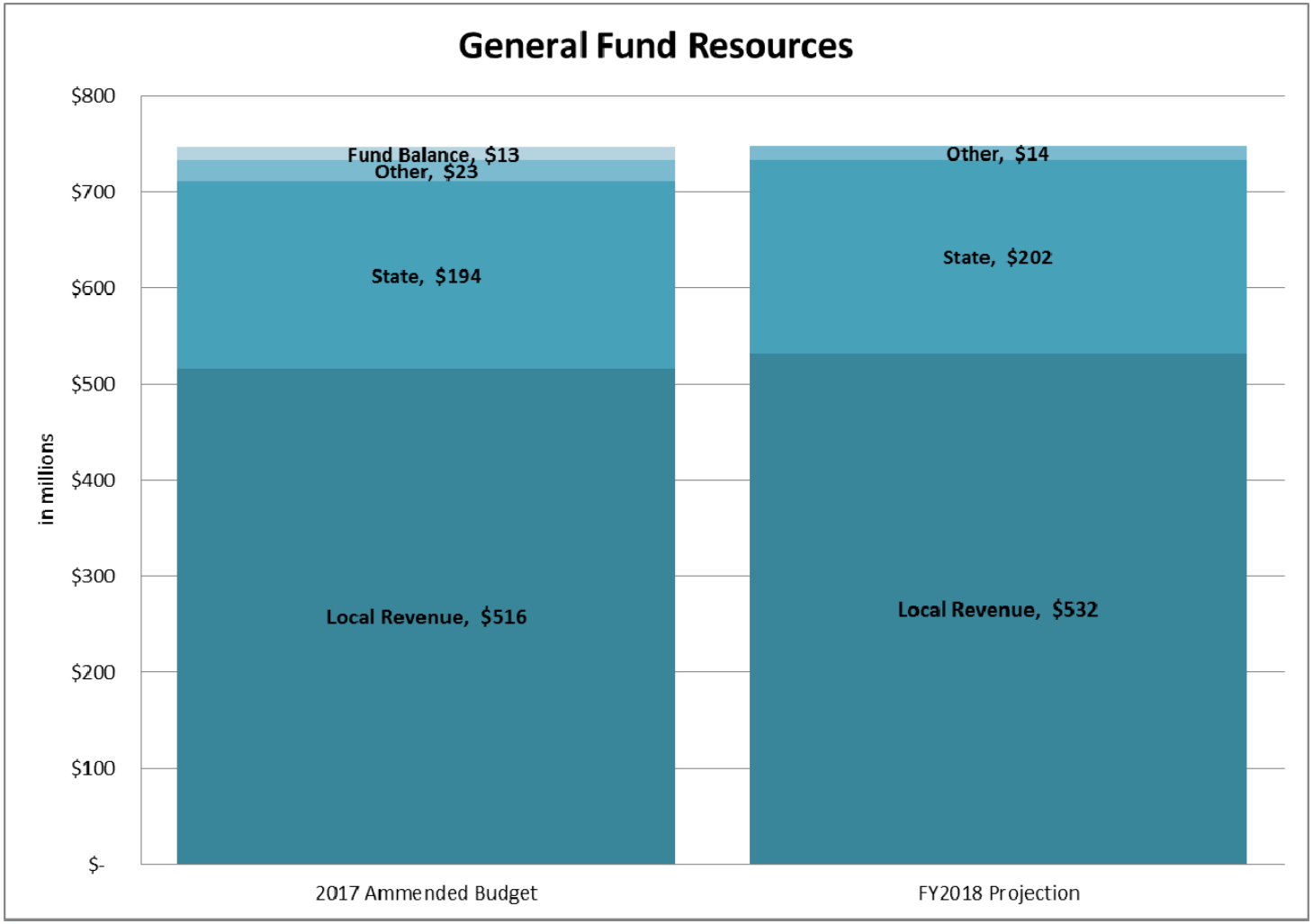
- Potential expenditure/revenue impact

Bill Number	Author	Code Section	Caption
HB 26	Rep. Erica Thomas	Title 20	Education; raise age of mandatory education for children from 16 to 17; revise provisions
HB 28	Rep. Billy Mitchell	Part 3 of Article 16 of Chapter 2 of Title 20	Elementary and secondary education; test for lead contamination in drinking water in public and private schools; require
HB 77	Rep. Dar'shun Kendrick	Part 3 of Article 16 of Chapter 2 of Title 20	Elementary and secondary education; training materials in mental health; provide
HB 170	Rep. Shelia Jones	Subpart 3 of Part 1 of Article 16 of Chapter 2 of Title 20	Student Online Personal Information Protection Act; enact
HB 178	Rep. Dave Belton	Part 5 of Article 6 of Chapter 2 of Title 20	Quality Basic Education Act; funding for school counselors for military students; provide
HB 211	Rep. Beth Beskin	Article 2 of Chapter 7 of Title 48	Income tax; homestead exemption; certain dwellings within a school attendance zone; create tax credit
HB 237	Rep. Brooks Coleman	Title 20 and Title 48	Public Education Innovation Fund Foundation; receive private donations for grants to public schools; provisions
HB 311	Rep. Jay Powell	Part 4 of Article 6 of Chapter 2 of Title 20	Education; calculation of equalization grants; revise certain provisions
SB 29	Sen. Vincent Fort	Article 1 of Chapter 1 of Title 20	Education; drinking water in child care learning centers and for lead contamination; require testing
SB 30	Sen. Vincent Fort	Chapter 2 of Title 20	Sustainable Community School Operational Grants; definitions; planning and implementation grants; provide
SB 76	Sen. Ellis Black	Part 2 of Article 3 of Chapter 8 of Title 48	Sales Tax; distribution of sales tax for educational purposes; change certain provisions
SB 98	Sen. Elena Parent	O.C.G.A. § 20-2-260	Capital Outlay Funds; used for educational facilities for voluntary pre-kindergarten programs; provide
SB 142	Sen. John Kennedy	Article 2 of Chapter 14 of Title 40	Speed Detection Devices; automated traffic enforcement safety devices in school zones; provide
SB 149	Sen. Emanuel Jones	Chapter 8 of Title 35	School Resource Officers; training requirements; provide
SB 151	Sen. Emanuel Jones	Article 3 of Chapter 2 of Title 20	Local Boards of Education; sole authority and responsibility; initiation and defense of any civil actions on whether to pursue appeals; provide
SR 95	Sen. Ellis Black	CA	Sales and Use Tax; net proceeds; educational purposes; county school system; independent school systems; provide for distribution-CA

SYSTEMS AND RESOURCES …

Looking Ahead to FY18

General fund resources are flat with no use of fund balance in FY18.



FY2018 Potential Funding Gap Update

SYSTEMS AND RESOURCES …

		As of Multi-Year	Current	Comments
	FY2017 Revenue	**$732,291,231**	**$732,291,231**	**Original general fund revenue total**
	Adjustment to State	$9,640,351	$9,640,351	Multi-year assumptions: final return of austerity reductions, growth, increase to TRS Current assumptions: No roll-back of austerity but increasing salary schedule for teachers by 2%
	Adjustment to Local	$15,487,834	$15,487,834	Assumes 3% growth in tax digests
	Adjustment to Other	($9,857,108)	($8,857,108)	Roll off of $10 million for onetime IGA, increase in charter and partner school buyback
	FY2018 Revenue	**$747,562,308**	**$748,562,308**	
	FY2017 Expenditures	**$745,342,821**	**$745,342,821**	**Original general fund expenditure total**
1	Unfunded Pension	$1,400,000	$1,400,000	
2	Charter Scaling & Enrollment	$6,374,946	$6,374,946	
3	TRS from 14.27% to 16.81%	$8,000,000	$8,000,000	
4	COLA all employees	$11,360,305	$5,600,000	From 3% in multi-year to 1.5% in current assumptions
5	CRCT Remediation	($500,000)	($500,000)	
6	School Allotments	$1,326,703	$1,274,287	Enrollment and special program allotments
7	Signature Programs	$7,737,893	$3,500,000	Based on actual pace of signature program advancement
8	State Health Contribution		$1,300,000	Rate for classified staff increasing by $1186 annually
9	RTI and SST positions		($4,000,000)	
10	Austerity Holdback Schools		($4,000,000)	
11	CLL Cuts		($5,000,000)	
12	School Consolidations		($5,000,000)	Current scenarios. Actual saving calculations pending Board approval March 6th
13	Turnaround	$5,000,000	$1,000,000	
	FY2018 Expenditures	**$786,042,668**	**$755,292,054**	
	Gap	($38,480,360)	($6,729,746)	

CLL Deep Dive FY2017

SYSTEMS AND RESOURCES …

Category	FY2017 Original Budget	
CLL and Facilities	$87,718,939	12%
Charter	$97,078,255	13%
School Flow-through**	$107,773,537	14%
School Allotment	$364,616,613	49%
Other*	$88,155,477	12%
Grand Total	**$745,342,821**	100%

63% total in schools

Other*

Workers Compensation	Utilities
Unfunded Pension	Debt Service

School Flow-through**

Algebra Project	Exceptional Children - Admin (MOE)	Learning Technologies	Social Science
Athletics and Intramural	Exceptional Children (MOE)	Mathematics	State Preschool - Handicapped
Balanced Assessments	Expanded Day/Special Project	Non-Academic	Student Programs and Services
Building Operations	Facilities Services	Office of High Schools	Student Transportation Services
Career Academy	Field Program Administration	Partnerships	Substitutes
Career Education (MOE)	Fine Arts	Physical Ed. Elementary	Summer Leader
Chief of Academics	Foreign Language	Professional Development	Summer School
Commencement Exercises	Gifted and Talented	Psychologists	Summer Teacher
CRCT Remediation	Gifted and Talented Summer Program	Reading and Math	Targeted Professional Learning
CTAE - Apprenticeship	Health	Reading/Language Arts	Teacher Contingencies
CTAE - Extended Day	High Dosage Tutor	Residential Facilities	Teaching and Learning
CTAE - Supervision	High Quality PLC	Residential Treatment Center	Textbooks
Custodial Support	Industry Certification	Safety	Turnaround Leader
District Wide Grants	Information Services	School Administration	Turnaround Leadership & Implementation Support
District Wide Resources	Instructional Coach	Science	Turnaround Teacher
ESOL/Bilingual	IT Virtual Schools	Security	Vacation Academy
Evening School	JROTC (Army)	SEL	

ATLANTA PUBLIC SCHOOLS

SYSTEMS AND RESOURCES …

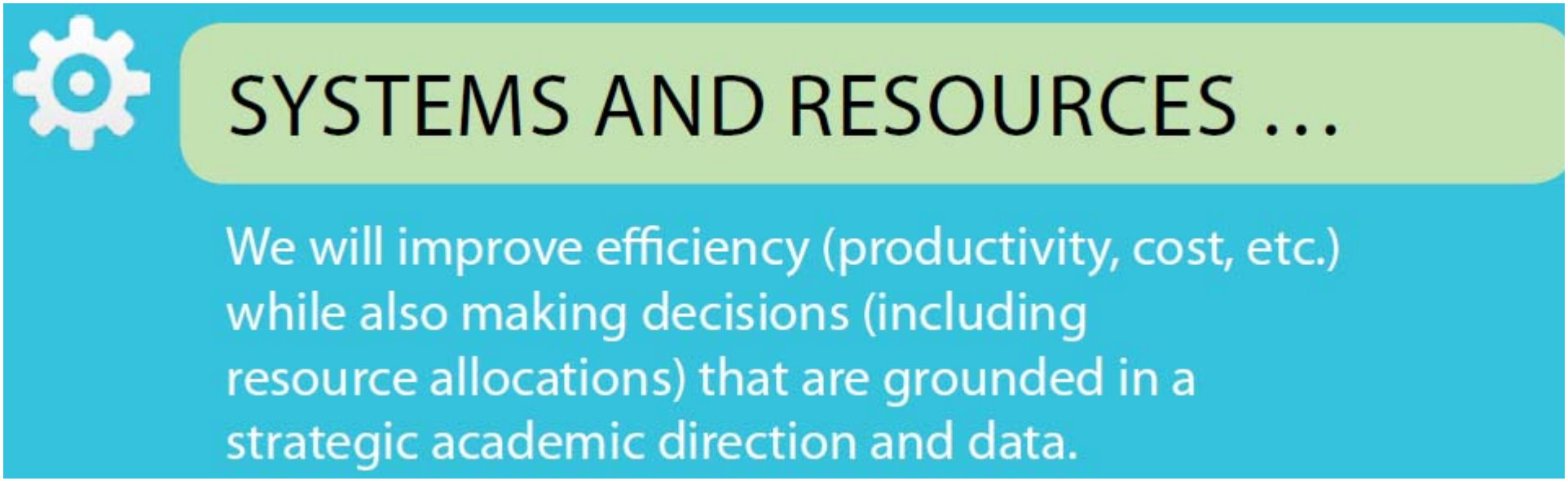
We will improve efficiency (productivity, cost, etc.) while also making decisions (including resource allocations) that are grounded in a strategic academic direction and data.

BFAC Led Conversation

SYSTEMS AND RESOURCES …

BFAC Led Discussion

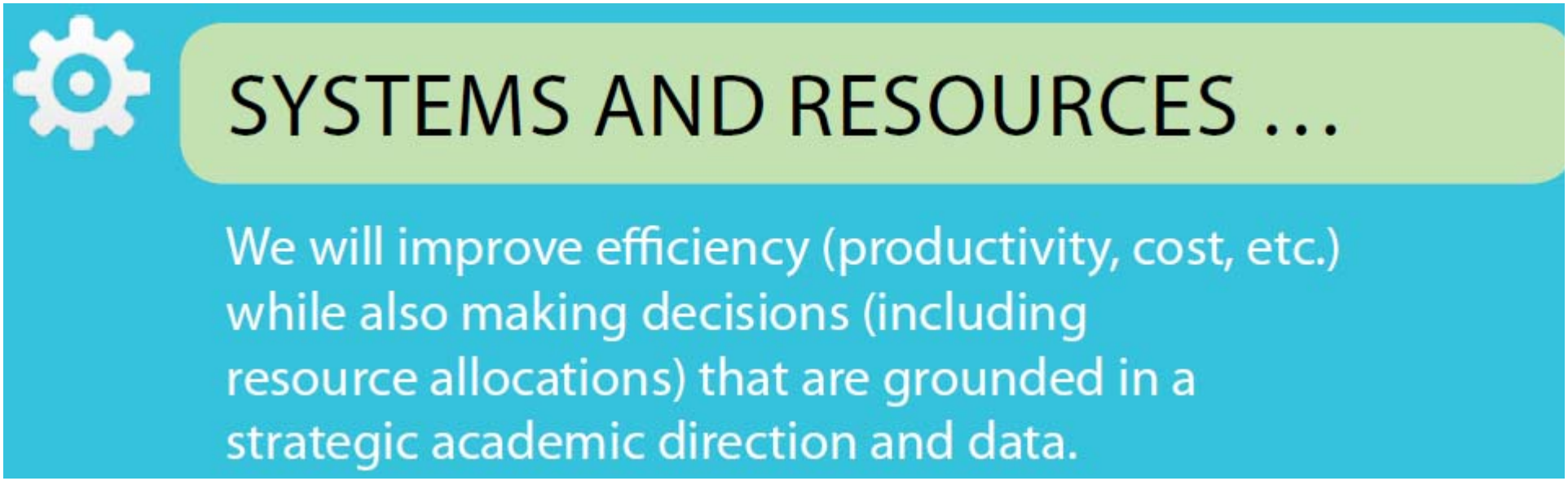
- Potential Topics
  - Per Pupil Funding
  - CLL vs School Based Controls
  - 80/20 Split
  - Autonomy vs Economy


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.

What's Next?

Upcoming Calendar

- Board Meeting
  - March 6th
- Budget Commission
  - March 16th
  - March 30th
- BFAC: Next Meeting
  - March 16th


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.

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

SYSTEMS AND RESOURCES …

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

SYSTEMS AND RESOURCES …

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.

Budget Strategy

SYSTEMS AND RESOURCES …

- 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 (consolidations, mergers, community meetings happening now)
    - ✓ 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 Feb 16)
    - ✓ What's in the revisions for QBE and any other key legislative impacts (legislative session in process and being monitored)
    - ✓ Comfort with the detailed plans that back the numbers, especially big investments (as discussed at the January 26th Commission Meeting, see Attachment_ Unfunded Components for Transformation)
    - ▶ 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?