ATLANTA PUBLIC SCHOOLS BOARD OF EDUCATION

BUDGET AND FINANCIAL ADVISORY COMMITTEE

April 21, 2022

Agenda

- ❑Budget Development Timeline and Process
- ❑Key Terms and Acronyms
- ❑ Guiding Principles and Budget Parameters
- ❑FY2023 Revenue Update
- ❑FY2023 Tentative Budget Recommendation
- ❑Additional Resources

Budget Development Timeline

FY2023 GENERAL FUND BUDGET DEVELOPMENT	
Item Description	**Dates**
Board Meeting	September 7, 2021
Board Meeting	October 4, 2021
Board Budget Commission Meeting	October 21, 2021
Board Meeting	November 1, 2021
Board Budget Commission Meeting	November 15, 2021
Board Meeting	December 6, 2021
Board Meeting	January 3, 2022
FY2023 School & Department Budgets Released	January 11, 2022
Budget Development Training with Principals	January 12, 2022
Governor's State of the State Address and Education Budget	January 13, 2022
GO Team Initial Budget Presentation	January 12, 2022 - Early February
Board Meeting	February 7, 2022
Board Budget Commission Meeting	February 24, 2022
Academic and Staffing Conferences	February 22 - March 1,2022
FY2023 School and Department Budgets Locked	March 1, 2022
Board Meeting	March 7, 2022

Budget Development Timeline

GO Team Final Budget Approval Begins	February 1 - February 28, 2022
Board Budget Commission Meeting	March 17, 2022
GO Team Final Budget Approval Ends	Late February – March 18, 2022
FY2023 Senior Cabinet Budget Proposal Meeting	March 29-30, 2022
Board Meeting	April 11, 2022
Board Budget Commission Meeting	April 21, 2022
Board Meeting; (Tentative adoption)	May 2, 2022
First public budget hearing for FY2023 Budget	May 2, 2022
Conduct regional public meeting for FY2023 Budget	May 10, 2022-ACCA
Conduct regional public meeting for FY2023 Budget	May 12, 2022-virtual
Conduct regional public meeting for FY2023 Budget	May 17, 2022-King Middle School
Board Budget Commission Meeting	May 19, 2022
Board Meeting; (Final Adoption)	June 6, 2022
Second public budget hearing for FY2023 Budget	June 6, 2022
Advertise and publish notice of tax rate and budget	TBD
Advertise the first and second public hearings for the tax millage rates	TBD
Advertise the tax digest for the five-year history FY2017-22	TBD
Advertise the third public hearings for the tax millage rates (If necessary)	TBD
Deadline for millage rates to be delivered to Fulton County Tax Commissioner	TBD
Final adoption of the tax Millage rates for FY2023 (may require a called Board meeting (public hearings) depending on the county's schedule and millage rollback)	TBD
Hold the first and second public hearing on the tax millage rate	TBD
Hold the third public hearings for the tax millage rates (If necessary)	TBD

Budget Development Process

Senior Cabinet	Departments	Schools	Board
FY2023 Senior Cabinet Budget Proposal Meeting for Departments: • March 29-30	Budgets Released: • January 11 Training & Support Sessions (Allovue): • January 18, 27, & February 2 Budget Support Sessions: • January 20-February 10 Budgets Locked: • March 1	Budgets Released: • January 11 Training & Support Sessions: • Beginning January 12 Staffing Conferences & GoTeam Approval: • February 22 – February 25 Budgets Locked: • March 1	Budget Commission: • October 21 • November 18 • February 17 • March 17 • April 21 • May 19 Tentative Adoption: • May 2 Final Adoption: • June 6

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Key Terms and Acronyms

- All Funds – Used when referring to every dollar ($1 billion) the District has allocated to spend during the year
- General Fund –The largest fund ($904 million) where most of the school spending occurs, which includes consolidated Federal funds
- Consolidated Fund (Fund 150)– Refers to the consolidation of Federal funds and General Funds
- Special Revenue Funds - Used to account for the proceeds of specific revenues that are legally restricted or committed for specific purposes
- SPLOST Funds - A special-purpose local-option sales tax (SPLOST) is a financing method for funding capital projects through an optional 1% sales tax
- Nutrition Funds – Used to account for the National School Lunch Program, a federally assisted meal program
- Student Activity Funds – Activity funds are established to direct and account for monies used to support co-curricular and extracurricular student activities
- Student Success Funding (SSF) – Funding model used to allocate resources to schools based on student need
- QBE – Quality Basic Education is the funding formula used by the State of GA to allocate funds to school districts

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Guiding Principles for Budget Parameters

Depth vs. Breadth- a focus should deeper investments in specific parameters instead of distributing funds over too many disparate priorities.

Budget parameters should be in alignment with the, Mission, Vision, Strategic Plan, Equity Framework and with the Charter System Operating Model.

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 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

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FY2023 RESOURCE PARAMETERS

The District will:

- alleviate pressure from the general fund and taxpayers while supporting the continued operations of APS by:
    - maximizing all available funding streams including federal grants and other special revenue where appropriate and specific to the purpose of the program
    - continuing to identify grant-generating opportunities
    - protecting the tax base through maximizing benefits to the district of all current TADs and through scrutiny of tax abatements
    - seeking additional business, philanthropic and community partnerships in a manner that is data driven and equity guided to ensure we do not perpetuate inequities within and across clusters
    - leveraging the OTIS Indexes, when available, to guide and prioritize partnerships and resource allocation moving into FY23 and beyond
    - assessing the required millage rate
- maintain a fund balance of 15% of the total general fund expenditure budget net of any committed, assigned, or reserved fund balance
- strategically utilize the fund balance to ensure operational integrity of district programs, support expenditure parameters, and offset potential decreases in revenue

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FY2023 EXPENDITURE PARAMETERS

These budget parameters may represent an additional or recurring cost to the district.

The District will:

- evaluate and reprioritize existing and previous funding commitments (i.e., allocations and spend) at the top of the budget development process and use data to determine if the district will need to make deeper investments or reprioritize key district priorities, including:
  - the APS 5 (Data, Curriculum and Instruction, Signature Programming, Whole Child and Intervention, Personalized Learning)
  - the Turnaround strategy
  - cluster and flexibility funds through SSF
  - investments in early learning (including PAACT)
  - investments to advance district equity commitments and priorities
- 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, preventative and deferred maintenance) in support of Facilities Master Planning
- continue a scaling annual 3% contribution to the General Employee pension plan
- continue to invest in recovery initiatives and student/staff well-being to identify and close gaps caused by the extended impacts of COVID-19 on the system

FY2023 EXPENDITURE PARAMETERS CONTINUED

These budget parameters may represent an additional or recurring cost to the district.

The District will:

- continue investment in equipping and empowering educators including:
  - recruiting, developing, retaining, and promoting high-quality staff, especially in high needs areas, like special education, and underrepresented demographic groups, like male educators
  - pipeline development, professional development, coaching and career pathways including leadership development in the APS' leader equity dispositions incorporated in definitions of leader excellence
  - a compensation strategy that positions APS competitively in the market, provides a living wage, and supports the retention and well-being of high-quality employees
- allocate resources pursuant to the District's definition of equity (through a lens 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

FY2023 EXPENDITURE PARAMETERS CONTINUED

These budget parameters represent a commitment to improving the budget process but may not represent a substantial commitment of additional or recurring cost to the district.

The District will:

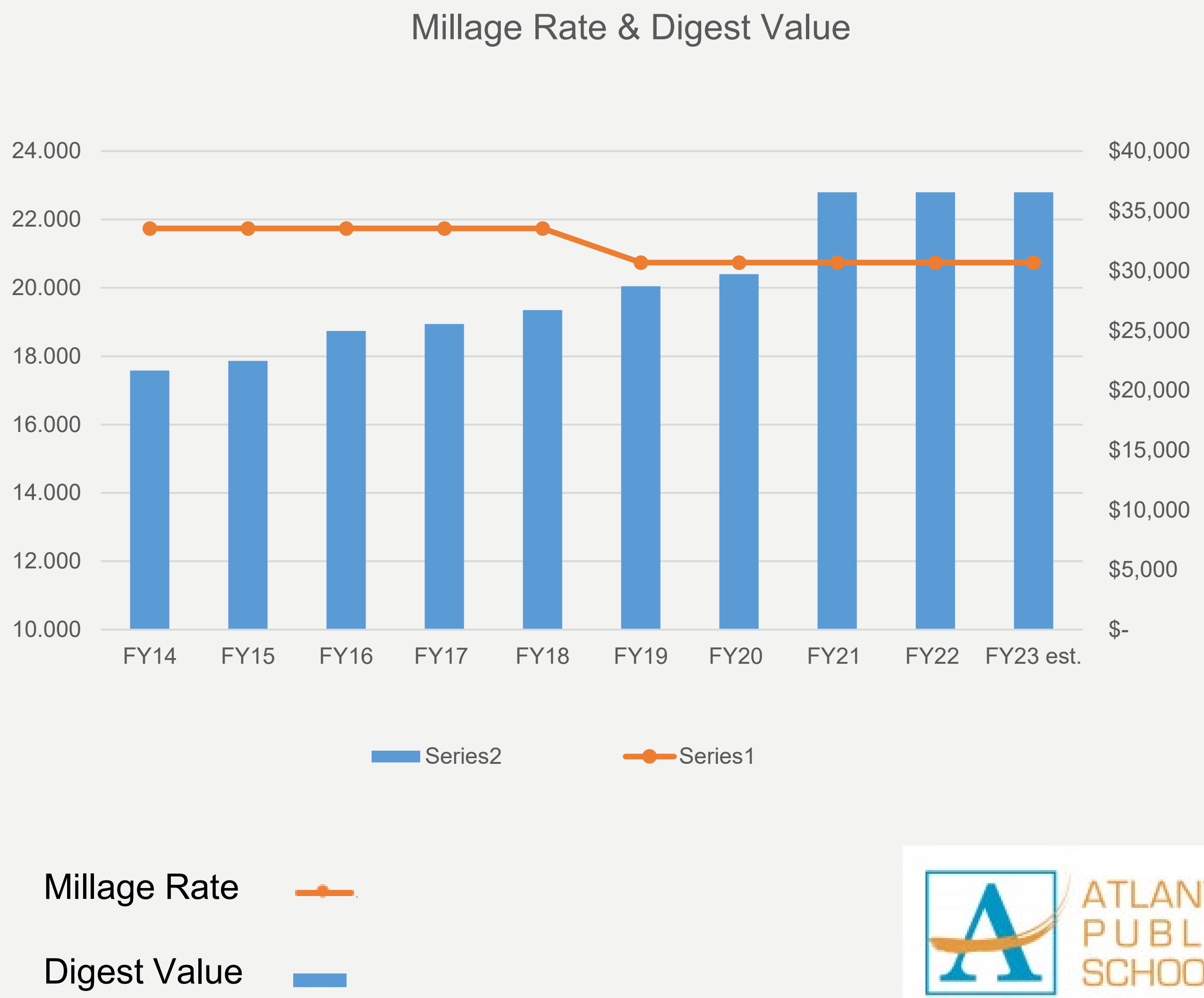
- develop a multi-year resource forecast to ensure sustainability of initiatives
- develop a multi-year strategy plan that indicates the district's plan for aligning resources with the APS 5 and equity commitments to ensure overall sustainability of the initiatives
- continue the work of GFOA's best practices in school-based budgeting by incorporating processes in the budget development process that will allow the district to begin tracking academic return on investment starting in FY2023
- continue the work as identified in the 2020-2025 Strategic Plan
- develop dashboards for increased financial transparency
- identify tools to better report, manage, and monitor the budget
- use the findings from the equity audits to determine improvements to resource allocation and expenditures
- develop OTIS Indexes and leverage data to identify initiatives that produce change and warrant deeper investment

FY2023 Revenue Update

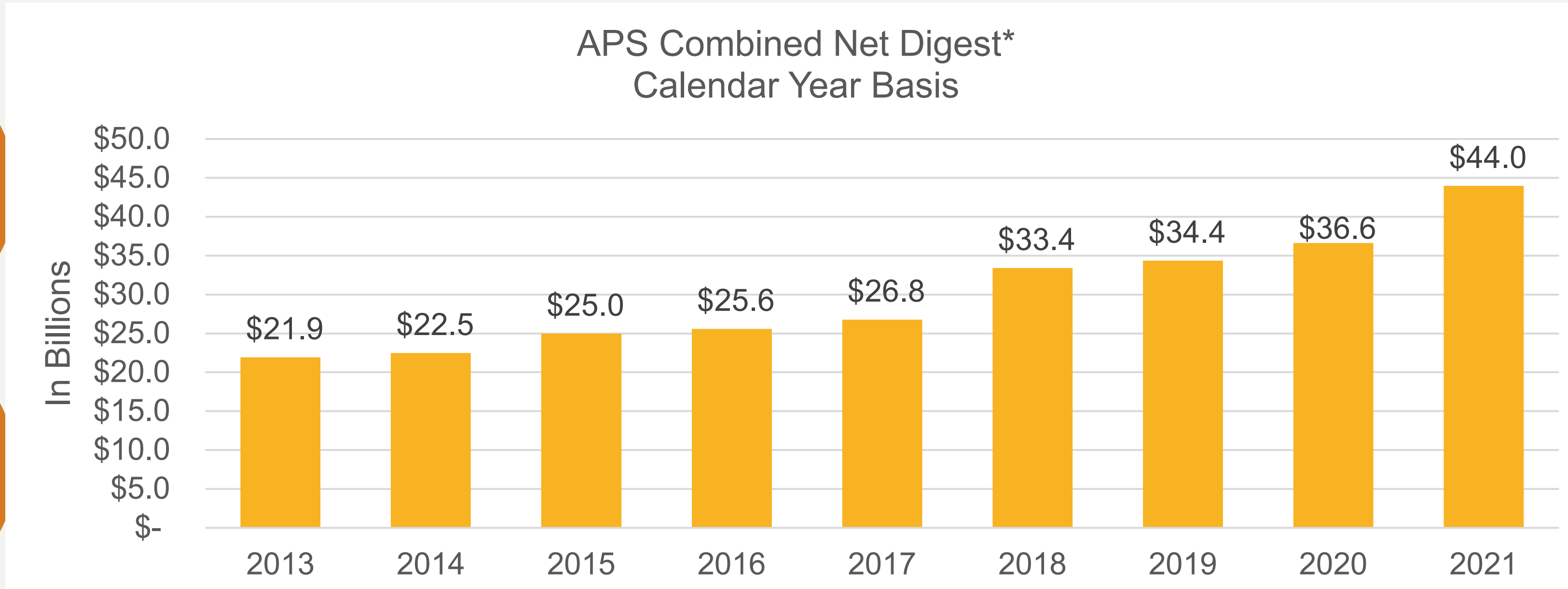
Considerations for Discussion / Millage Rate

Local

- A mill of tax is equal to $1 per $1,000 of assessed valuation
- Total millage decreased by one mill to 20.740 in FY2019
- It is at the lowest rate since the Great Recession
- The current rate of 20.740 mill has remained the same since FY2019 while the Digest value increases.



History of Local Revenue



Minimal growth in overall digest even as Atlanta recovers from recession and new development, growth, and values, should be increasing.

Sales Ratio study indicates that residential values are under-assessed. Fulton County Assessor replaced. New assessor works to bring residential values up to equalized values

Residential values frozen at 2016 values. APS furloughs employees, defers charter and pension payments, cuts raises, takes out $100 million TAN

APS rolled back the millage by 1.0 from 21.740 to 20.740 in 2018 to return 80% of the new growth to taxpayers (about $30 million)

SB485 offset growth in 2019 and returned more than $25 million taxpayers

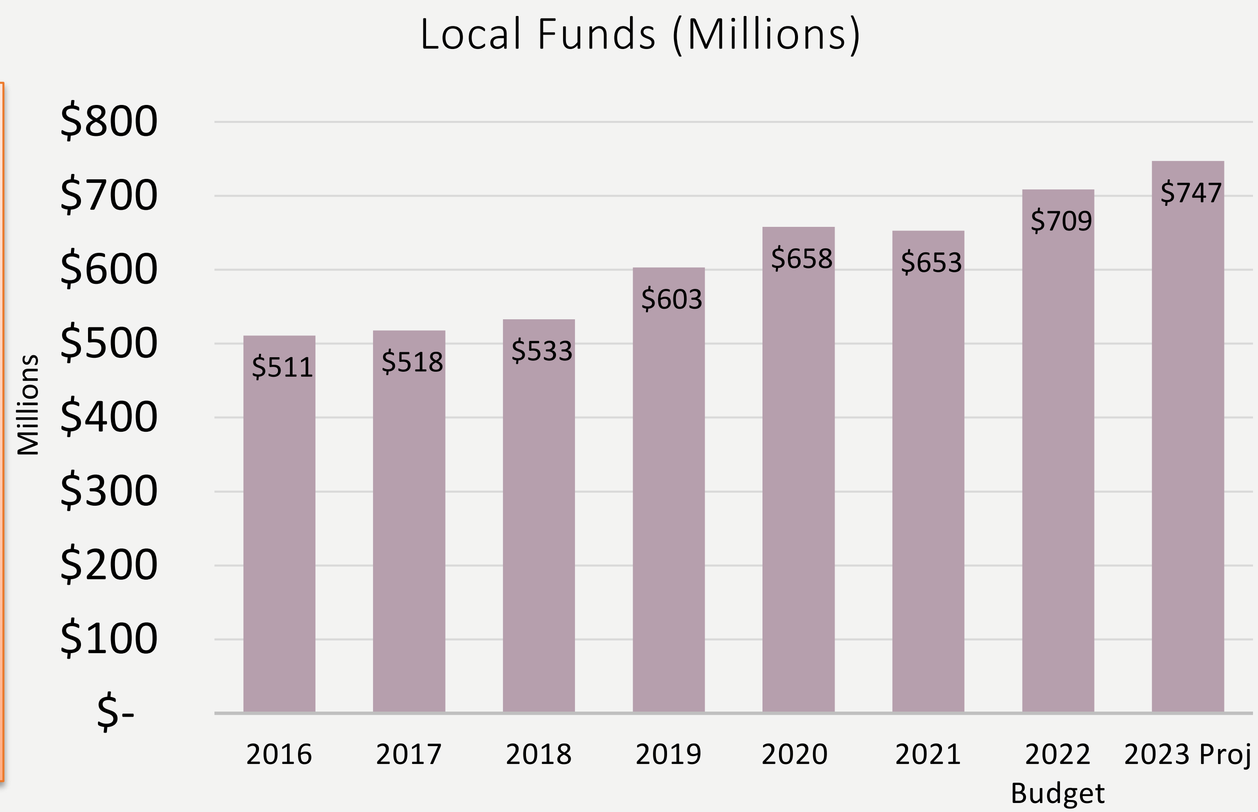
Sunset removed from SB485,locking in $50k homestead exemption

*Figures represent the total combined DeKalb and Fulton available net digest before applying the APS millage rate.

Considerations for Discussion

Local

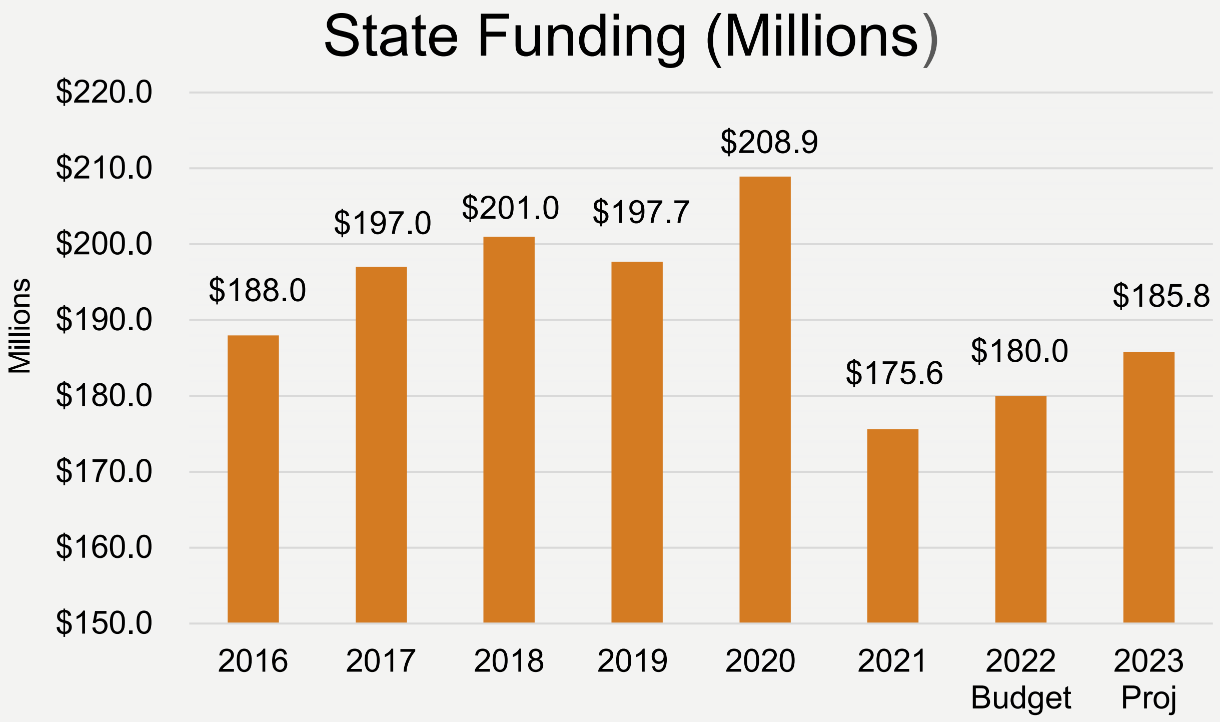
- Conservative revenue collections assumed for FY2022; trued up for FY2023 forecast
- Some growth assumed on both Fulton and DeKalb digest



Considerations for Discussion

State

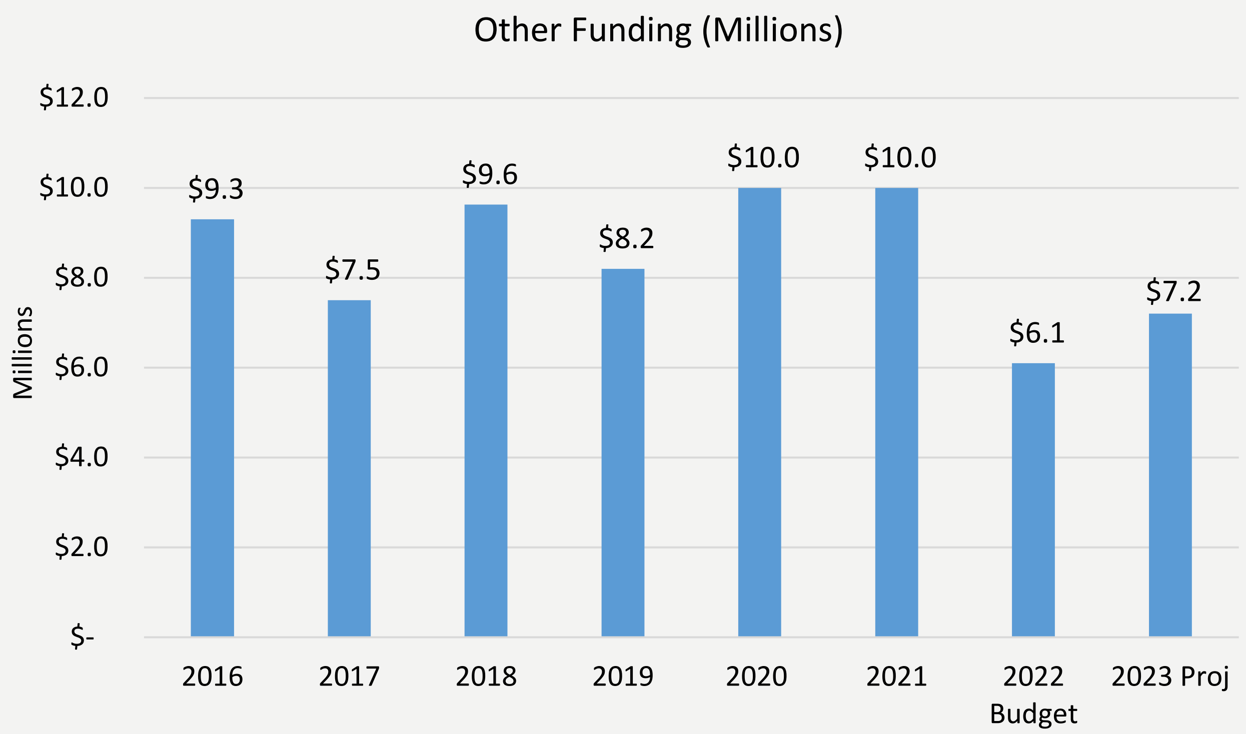
- Increase for employees eligible for TRS reimbursement from the State-rate from 19.81% to 19.98%
- Assumes state grants will remain the same from FY2022 to FY2023
- Assumes adoption of the Governor's proposal



Considerations for Discussion

Other

- Includes tuition, investment interest, rental of facilities, sale of assets, damages for reimbursements, charter buy-back, field trips, and other sources
- We assume this revenue source will decrease slightly



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FY2023 Tentative Adoption Recommendations

Impact to Fund Balance

Fund Balance Analysis Assuming 100% Collections and 100% Spend*

FY2022	Current Adopted*	Projected
Beginning Fund Balance	$182,709,214	$182,709,214
Change to Fund Balance	($14,302,414)	$0
Ending Fund Balance	$168,406,800	$182,709,214
Expenditures	$933,276,583	$933,276,583
% of Expenditures**	18.04%	19.58%

FY2023	Current Adopted*	Projected
Beginning Fund Balance	$168,406,800	$182,709,214
Change to Fund Balance	($10,429,224)	($10,429,224)
Ending Fund Balance	$157,977,576	$172,279,990
Expenditures	$980,385,155	$980,385,155
% of Expenditures**	16.11%	17.57%

**Trend in current year financials indicate that fund balance may not be used for the current fiscal year.*
*** Fund balance in excess of 15% of current year expenditures is earmarked to maintain continuity of programming when CARES funds are no longer available to the district*

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Expenditure Walk-through (current)

Revenue	FY2022 Budget	FY2023 Projection	Change	% Change	Notes
Local	$708,878,713	$747,454,812	$38,576,099	**5.44%**	Includes growth assumptions for FY23
State	$180,217,783	$185,881,087	$5,663,304	**3.14%**	Preliminary estimates pending state approval
Other	$6,122,560	$7,222,216	$1,099,656	**17.96%**	Preliminary estimated increase in ERATE
Transfer	$23,755,113	$15,988,581	($7,766,532)	**-32.69%**	Assumes Title I holdback, will increase
Fund Balance	$14,302,414	$10,429,224	($3,873,190)	**-27.08%**	Items identified as one-time and non-recurring
Total	**$933,276,583**	**$966,975,920**	**$33,699,337**	**3.61%**	
Expenditures	FY2022 Budget **(As of March 3rd)**	FY2023 Projection **(As of March 9th)**	Change	% Change	
School Allotments	$457,289,227	$450,746,449.11	($6,542,777.89)	-1.43%	Enrollment is down 6% from projections FY2022
Departments	$189,522,106	$212,210,417.18	$22,688,311.18	11.97%	$13 Million gap will be closed through reductions.
District Wide	$69,247,374	$89,894,960.00	$20,647,586.00	29.82%	Placeholder for compensation and includes the pension increase
Charter/Partner	$200,938,718	$211,199,450.00	$10,260,732.00	5.11%	Enrollment and in alignment with local revenue
Utilities	$16,279,205	$16,333,879.00	$54,674.00	0.34%	Preliminary assumptions
Total	**$933,276,580**	**$980,385,155**	**$47,108,575**	**5.05%**	
Gap		**($13,409,235)**			

Expenditure Walk-through (proposed)

Revenue	FY2022 Budget	FY2023 Projection	Change	% Change	**Notes**
Local	$708,878,713	$747,454,812	$38,576,099	**5.44%**	Includes growth assumptions for FY23
State	$180,217,783	$185,881,087	$5,663,304	**3.14%**	Preliminary estimates pending state approval
Other	$6,122,560	$7,222,216	$1,099,656	**17.96%**	Preliminary estimated increase in ERATE
Transfer	$23,755,113	$15,988,581	($7,766,532)	**-32.69%**	Assumes Title I holdback, will increase
Fund Balance	$14,302,414	$10,429,224	($3,873,190)	**-27.08%**	Items identified as one-time and non-recurring
Total	**$933,276,583**	**$966,975,920**	**$33,699,337**	**3.61%**	
Expenditures	FY2022 Budget **(As of March 3rd)**	FY2023 Projection **(As of March 9th)**	Change	% Change	
School Allotments	$457,289,227	$450,746,449	($6,542,778)	-1.43%	Enrollment is down 6% from projections FY2022
Departments	$189,522,106	$198,801,182	$9,279,076	4.90%	After Balancing
District Wide	$69,247,374	$89,894,960	$20,647,586	29.82%	Placeholder for compensation and includes the pension increase
Charter/Partner	$200,938,718	$211,199,450	$10,260,732	5.11%	Enrollment and in alignment with local revenue
Utilities	$16,279,205	$16,333,879	$54,674	0.34%	Preliminary assumptions
Total	**$933,276,580**	**$966,975,920**	**$33,699,340**	**3.61%**	
Gap		**$0**			

Preliminary FY23 Budget by Object

*Budget in millions	FY2022 Approved			FY2023 Preliminary			
	Budget*	% of Exp	Per Pupil	Budget*	% of Exp	Per Pupil	Change*
Salaries[1]	$374.79	41.43%	$7,360	$412.64	42.09%	$8,428	$37.85
Other Compensation[2]	$18.77	2.08%	$369	$17.87	1.82%	$365	($0.90)
Employee Benefits[3]	$193.70	21.41%	$3,804	$204.73	20.88%	$4,181	$11.02
Professional Services[4]	$74.55	8.24%	$1,464	$79.88	8.15%	$1,631	$5.33
Purchased Property Services[5]	$22.30	2.46%	$438	$25.28	2.58%	$516	$2.99
Other Purchased Services[6]	$162.42	17.96%	$3,190	$179.47	18.31%	$3,665	$17.05
Supplies[7]	$43.07	4.76%	$846	$44.45	4.53%	$908	$1.38
Property[8]	$1.25	0.14%	$25	$0.92	0.09%	$19	($0.34)
Operating Transfer[9]	$5.31	0.59%	$104	$10.83	1.10%	$221	$5.52
Other Objects[10]	$8.44	0.93%	$166	$4.31	0.44%	$88	($4.12)
Total	**$904.60**	**100.00%**	**$17,765**	**$980.39**	**100.00%**	**$20,023**	**$75.79**

1. Psychologist, Social Workers, Nurse positions moved from CARES to General Fund, placeholder for compensation proposal
2. Special Education hourly paraprofessionals converted to full-time
3. TRS rate increase, increase to pension, along with salary increase
4. Increase in transportation contracts. Planned Lawson upgrade. New weapons security screening. Increase for Charter/Partner schools. Equity consultants.
5. Increase in custodial services contract and pest control services. HVAC repairs and Elevator electrical program upgrade. Increase in cost for Lawson tech support and Microsoft FTE service platform.
6. Increase to charter and partner school allocations
7. Districtwide math textbooks that reflect the new GA State standards
8. Budget for State Grants not projected yet
9. Minimal changes from current year
10. Additional funds for ACT/SAT prep

Preliminary FY23 Budget by Function

*Budget in millions	FY2022 Approved			FY2023 Preliminary			
	Budget*	% of Exp	Per Pupil	Budget*	% of Exp	Per Pupil	Change*
Instruction[1]	$593.94	65.66%	$11,664	$624.69	63.72%	$12,759	$30.76
Pupil Services[2]	$37.90	4.19%	$744	$60.49	6.17%	$1,235	$22.59
Staff Services[3]	$51.53	5.70%	$1,012	$62.17	6.34%	$1,270	$10.64
Federal Grant Admin[4]	$0.00	0.00%	$0	$0.00	0.00%	$0	$0.00
School Admin[5]	$43.34	4.79%	$851	$42.61	4.35%	$870	($0.73)
General Admin[6]	$44.43	4.91%	$872	$45.67	4.66%	$933	$1.24
Maintenance & Ops[7]	$92.48	10.22%	$1,816	$99.76	10.18%	$2,037	$7.28
Transportation[8]	$33.86	3.74%	$665	$37.81	3.86%	$772	$3.95
School Nutrition[9]	$0.38	0.04%	$7	$0.38	0.04%	$8	$0.00
Other Outlay[10]	$5.31	0.59%	$104	$5.58	0.57%	$114	$0.27
Debt[11]	$1.44	0.16%	$28	$1.22	0.12%	$25	($0.21)
Total	**$904.60**	**100.00%**	**$17,765**	**$980.39**	**100.00%**	**$20,023**	**$75.79**

1. Increase to Districtwide, Charters & Partners, Academics-(SPED and Textbooks)
2. Psychologist, Social Workers, Nurse positions moved from CARES to General Fund
3. Academics, School Allotment and Schools all increased FTE
4. No change from current year
5. Decreased staffing at the school admin level.
6. Lawson upgrade planned for FY '23. HR - positions and recruitment app. Equity consultants, Otis Index, positions and other costs.
7. Increase in custodial contract; increase in pest control contract; HVAC Repairs, Moved elevators to electrical program; increase in insurance premium; Weapons security screening; Security monitoring system, CAD/RMS training.
8. Additional staff and contracts.
9. No change.
10. Minimal changes from current year
11. Expiration of lease.

Additional Resources: Budget Website

Posted Resources

- Budget Commission Presentations
- School Allotment Guidelines
- FY2023 Budget Primer
- Budget Contacts

APS Website> Departments> Budget Services

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NEXT STEPS

- Board Meeting (Tentative Adoption) & Public Hearing #1 - May 2, 2022
- Regional Meeting #1 - May 10, 2022 - ACCA
- Regional Meeting #2 - May 12, 2022 - virtual
- Regional Meeting #3 - May 17, 2022 - King Middle School
- May Budget Commission Meeting - May 19, 2022
- Board Meeting (Final Adoption) & Public Hearing #2 - June 6, 2022