

A woman with glasses and braided hair, wearing a green dress, is speaking in a classroom. The background shows a whiteboard and a desk. The image is dimly lit, with a red banner overlaid on the top half.

# Leverage data to drive strategic financial investments

*Lisa Bracken - Chief Financial Officer*

**One District. One Goal. Every Child.**

## Our Strength is Our Team

Atlanta's students will have effective and engaged teachers, leaders, and staff.

- ▶ Increase concentration of highly-effective teachers and leaders
- ▶ Prioritize engagement and retention for staff
- ▶ Grow and promote strong teachers, leaders, and staff

## Our Responsibility Is Shared

Atlanta's students will have supportive families, communities, and partners.

- ▶ Build meaningful partnerships
- ▶ Expand Atlanta Partners for Education (APFE) impact
- ▶ Increase access and engagement for families and communities

## Our System Is Efficient & Effective

Atlanta's students will have the schools and resources they need to succeed.

- ▶ Maximize facility usage for the student and community good
- ▶ Leverage data to drive strategic financial investments
- ▶ Implement sustainability initiatives

## We Are Strengthening Our Instructional Core

Atlanta's students will have high-quality instruction, materials, and targeted support.

- ▶ Implement high-quality, relevant, and engaging instructional materials and professional learning in all core content areas
- ▶ Target resources towards subgroups (e.g. exceptional education, economically-disadvantaged)
- ▶ Accelerate early learning

## We Are Caring For Every Child

Atlanta's students will have trusted, supportive adults meeting their unique needs.

- ▶ Expand strategies that reduce chronic absenteeism and disproportionate discipline
- ▶ Implement systematic culture and climate strategies
- ▶ Increase student access to trusted and reliable adults (e.g. mentors, coaches, counselors)

## We Are Sparking Student Curiosity

Atlanta's students will have access to explore and expand their passions and interests.

- ▶ Promote robust arts, athletics, world language, and enrichment offerings
- ▶ Expand access to high-interest and workforce-ready offerings (e.g. career programs and pathways, advanced coursework)
- ▶ Explore specialized and innovative school models (e.g. School of the Arts)

# MONTHLY FINANCIAL UPDATE

FINANCE DIVISION

Lisa Bracken, Chief Financial Officer

August 11, 2025

**One District. One Goal. Every Child.**

# Agenda

## Purpose

To provide an update on the proposed monthly budget adjustment, millage process and the quarterly student activity funds reports.

## Roadmap

- Quarterly Student Activity Report
- Proposed Monthly Budget Adjustment
- Budget and Millage Rate Process Update

## Administration's Takeaways

Financial Updates



# FY 2025 4th Quarter Student Activity Funds Report

FY 2025 as of June 30, 2025

- Total annual revenue for all schools of \$6.05 million
- Total annual expenditures for all schools of \$5.77 million

4th Quarter 2025 Year-to-Date revenue breakdown

- \$1.60 million for elementary schools
- \$0.63 million for middle schools
- \$3.62 million for high schools
- \$0.20 million for gifted
- 

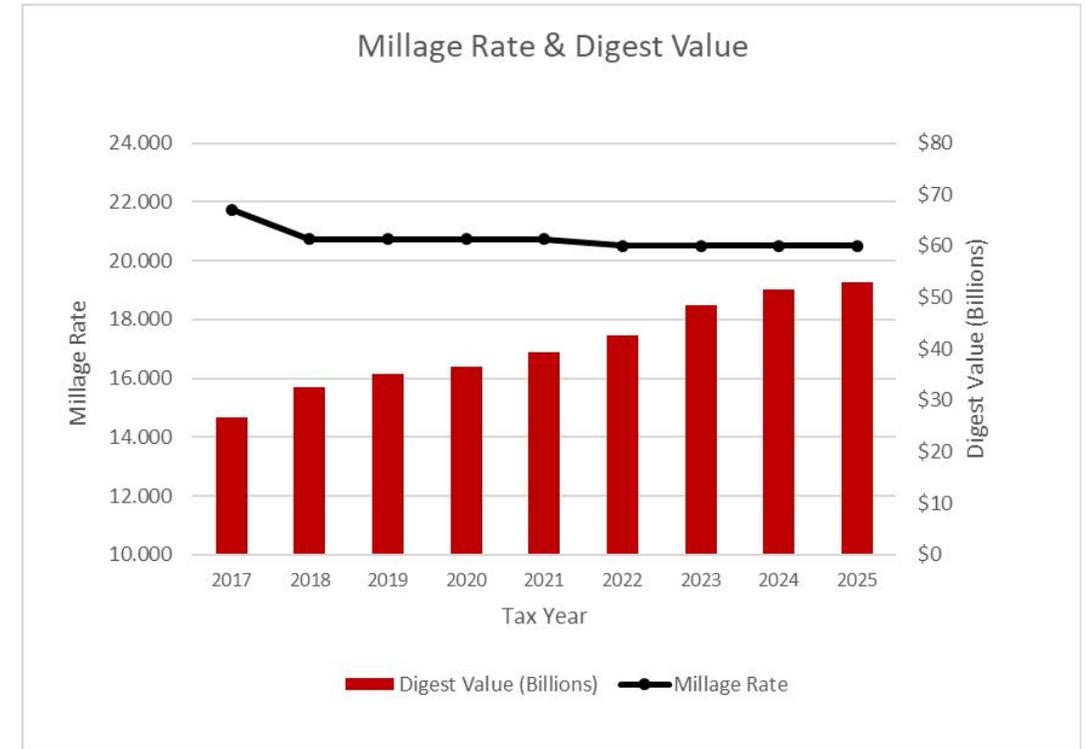
4th Quarter 2025 Year-to-Date expenditure breakdown

- \$1.48 million for elementary schools
- \$0.62 million for middle schools
- \$3.43 million for high schools
- \$0.24 million for gifted



# Millage Rate

- For the 2025 APS tax digest, the roll-back rate of 20.550 is higher than the proposed millage rate of 20.500.
- Since the APS millage rate is lower than the rollback rate, it means APS is collecting less revenue than we could have, resulting in a tax decrease of 0.24% for property owners.
- As our proposed millage rate is below the rollback rate, the three millage rate hearings are not required.
- However, a resolution to adopt the current millage rate of 20.500 still needs to be approved by the Board as it provides authority to the City of Atlanta and the Fulton County Tax Commissioner's office to collect the tax.



**Note:** The **rollback rate** is the property tax rate that would bring in the **same amount of revenue as last year**, using this year's property values. In other words, it's the rate that would keep your total taxes the same, even if property values have gone up.

The **millage rate** is the amount of tax per \$1,000 of assessed property value that the taxing authority levies.

# Budget Adjustments

## General Fund

- **Local Revenue**
  - \$22 million decrease to revenue and expenditures
- **CTAE Supervision**
  - \$3,400 increase to revenues and expenditures from state grant for total FY2026 award of \$29,139
- **CTAE Agricultural Education Extended Year**
  - \$54 increase to revenues and expenditures from state grant for total FY2026 award of \$9,231
- **CTAE Agricultural Education Extended Day**
  - \$836 decrease to revenues and expenditures from state grant for total FY2026 award of \$20,164
- **CTAE Extended Day**
  - \$122,194 increase to revenues and expenditures from state grant for total FY2026 award of \$324,480

## Special Revenue

- **School Improvement**
  - \$1,088,000 increase to revenue and expenditures from federal grant

## Information

- FY 2026 August Special Revenue Report
- FY 2026 CTAE Federal Perkins V Award - \$713,569

# FY 2026 Budget Update – General Fund

**Current budgetary challenge:** \$22 million budget gap for FY 2026

**Cause:** Difference between assumed 7% increase in Fulton tax revenue (including returned Atlantic Station TAD revenue) and 3% actual increase

**Context:** The Fulton County tax digest has increased annually over the last several years, with annual increases ranging between 4.8% and 22.3%. Additionally, the current year DeKalb County tax digest (received ahead of budget adoption) increased more than expected. The lower-than-expected increase in the Fulton County digest is due to *an unprecedented decrease of 0.4% in commercial tax digest.*



# Key Information for Commercial Digest

- **Appeals**

- \$1.89 billion in decreased value (\$31 million of APS revenue and \$7 million from TADs)

- **Abatements-**

- \$17.2 million

- **Undervaluation-**

- Appraisal values estimated to be between 61%\* and 87%\*\* of sales values

\*2023 Georgia Tech School of Public Policy study

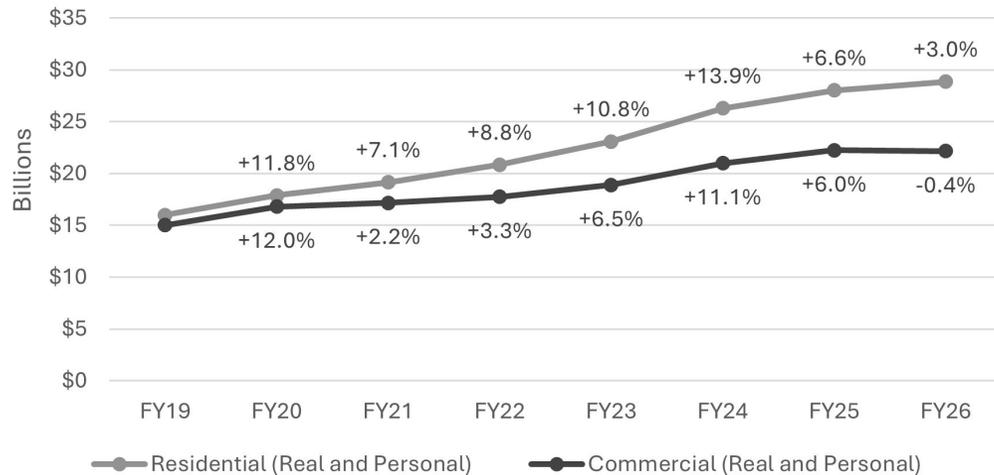
\*\*2024 Fulton County Auditor Follow-Up Review of Commercial Properties



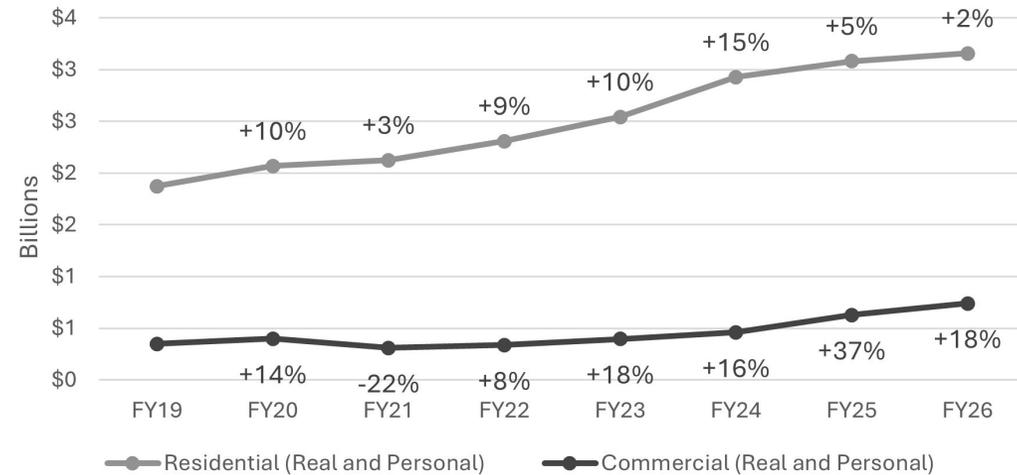
# Tax Digest Historical Comparison

- After increasing annually since FY 2019 (and prior), Fulton County commercial property decreased in value in the Tax Year 2025/Fiscal Year 2026 digest. Fulton County residential property continued to increase, albeit less than expected.
- In contrast, both residential and commercial property value increased in DeKalb County.

APS Fulton Tax Digest, Residential and Commercial



APS DeKalb Tax Digest, Residential and Commercial



# Comparison with Other Districts

- The decline in commercial values is unique to APS when compared to other school districts in the metro.

2025 Digest	RESIDENTIAL	COMMERCIAL
<b>Atlanta Public Schools - Fulton Digest</b>	Increase (2.96%)	Decrease (0.40%)
<b>Atlanta Public Schools - Dekalb Digest</b>	Increase (2.47%)	Increase (17.62%)
<b>Marietta City Schools</b>	Increase (3.6%)	Increase (1%)
<b>DeKalb County School District</b>	Increase (3.76%)	Increase (5.38%)
<b>Fulton County Schools</b>	Increase (6.31%)	Increase (5.3%)
<b>Forsyth County Schools</b>	Increase (7.52%)	Increase (16.30%)
<b>Gwinnett County Schools</b>	Increase (8.82%)	Increase (7.06%)



# Additional Information on Commercial Tax Digest

- A decrease in commercial value is unprecedented in at least the last decade
- **Appeals** account for at least \$1.89 billion in decreased value, translating to about \$31 million in lost APS revenue and a loss of \$7 million that APS would otherwise contribute to Tax Allocation Districts (TADs).
- **Abatements-** For FY2024, School System tax revenues were reduced by \$17,176,944 and \$151,879 as a result of agreements entered into by the Development Authority of Fulton County and the City of Atlanta, respectively.
- Fulton County audits and research from Georgia Tech have noted a pattern of commercial property **undervaluation** in Fulton County.
- City of Atlanta has seen an increase in building permits issued for construction, which does not align with the decrease in commercial property value.
- Residential continues to increase and at a faster rate than commercial.

# Multiyear Revised (Draft for discussion only)

Revenue Estimates	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Local	\$943.85	\$993.12	\$1,010.89	\$1,029.14	\$1,047.86	\$1,067.06
State	\$231.71	\$256.96	\$261.12	\$265.47	\$270.03	\$274.78
Other	\$6.96	\$6.96	\$7.08	\$7.20	\$7.32	\$7.45
Title Transfer	\$17.04	\$15.02	\$15.02	\$15.02	\$15.02	\$15.02
Fund Balance	\$74.25	\$10.31	\$0.00	\$0.00	\$0.00	\$0.00
<b>Grand Total</b>	<b>\$1,273.81</b>	<b>\$1,282.36</b>	<b>\$1,294.10</b>	<b>\$1,316.83</b>	<b>\$1,340.23</b>	<b>\$1,364.31</b>
		0.67%	0.92%	1.76%	1.78%	1.80%
Expenditure Estimates	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Schools	\$597.92	\$635.59	\$657.91	\$681.08	\$705.14	\$730.12
Charters	\$230.51	\$237.84	\$244.97	\$252.32	\$259.89	\$267.69
Partners	\$60.68	\$57.42	\$57.42	\$57.42	\$57.42	\$57.42
Central Office	\$263.95	\$240.60	\$256.70	\$261.78	\$255.61	\$251.82
Districtwide	\$92.24	\$102.55	\$105.25	\$98.55	\$49.20	\$47.93
State Grants	\$5.94	\$7.80	\$7.89	\$7.98	\$8.08	\$8.18
Utilities	\$22.57	\$22.57	\$22.57	\$22.57	\$22.57	\$22.57
<b>Grand Total</b>	<b>\$1,273.80</b>	<b>\$1,304.36</b>	<b>\$1,352.71</b>	<b>\$1,381.70</b>	<b>\$1,357.90</b>	<b>\$1,385.71</b>
		2.40%	3.71%	2.14%	-1.72%	2.05%
<b>Gap</b>	<b>\$0.00</b>	<b>-\$22.00</b>	<b>-\$58.60</b>	<b>-\$64.87</b>	<b>-\$17.68</b>	<b>-\$21.40</b>
Beginning Fund Balance	\$258.00	\$183.75	\$151.44	\$92.84	\$27.97	\$10.29
Ending Fund Balance	\$183.75	\$151.44	\$92.84	\$27.97	\$10.29	-\$11.11
% of Exp	14.43%	11.61%	6.86%	2.02%	0.76%	-0.80%



# Potential Gap Closure Measures (for discussion)

in millions	FY2026	FY2027	FY2028	FY2029	FY2030
District Wide reserves*	-\$5.00	-\$5.00	-\$5.00	-\$5.00	-\$5.00
District Leases	-\$1.40	-\$1.40	-\$1.40	-\$1.40	-\$1.40
Central Office Reductions	-\$10.00	-\$10.00	-\$10.00	-\$10.00	-\$10.00
Pension Payments	TBD	TBD	TBD	TBD	TBD
ERP**	-\$6.00	-\$12.00			
Annual Duty Days		-\$1.70	-\$1.70	-\$1.70	-\$1.70
Small School Supplement		-\$5.00	-\$5.00	-\$5.00	-\$5.00
Base School Allocation			-\$5.00	-\$5.00	-\$5.00
<b>Total</b>	<b>-\$22.40</b>	<b>-\$35.10</b>	<b>-\$28.10</b>	<b>-\$28.10</b>	<b>-\$28.10</b>

\*District Wide Reserves are contingency funds set aside for any unforeseen expenditures during the fiscal year.

\*\*Assuming full delay pending other revenue sources





# AON CONSULTING, INC.

**PARTNER, CONSULTING ACTUARY, AON**

Eric J. Atwater FCA FSA EA CFA

August 11, 2025

**One District. One Goal. Every Child.**

# Background and Purpose

## •Background

- Prior to July 1, 1979, employees of APS were covered under the City of Atlanta General Employee Pension Plan (GEPP)
- After this date, all APS certified and some classified employees were given the option to shift from GEPP to TRS (approximately 60% chose this option).
- The shift left significant liability for previous employees without the corresponding new contributions from new employees.
  
- At the beginning of **FY2015**:
  - The pension plan's funded% was 20% (after hovering between 15-20% for the previous 30 years)
  - The Board passed a resolution to reduce the Unfunded liability, amending the funding policy so that APS would contribute \$48.8 million and increase its pension contributions 3% more than the previous year until the Plan is fully funded
  - This revised schedule put APS on track to pay down its unfunded pension fund liability by **FY2029**
  
- As of the latest valuation date (June 30, 2024):
  - The Plan was nearly 60% funded (its highest in over 20 years)
  - The Actuarially Determined Contribution (ADC) for FY2026 is \$67.8M, compared to \$65.8M for FY2025
  - The full funding period decreased from 4.2 to 3.3 years (i.e., the Plan is projected to be fully funded by FYE 2029)
  - Once the Plan is fully funded, APS would only need to pay for benefits accruing during the year ("Normal Cost"), which is about \$4M

## Purpose

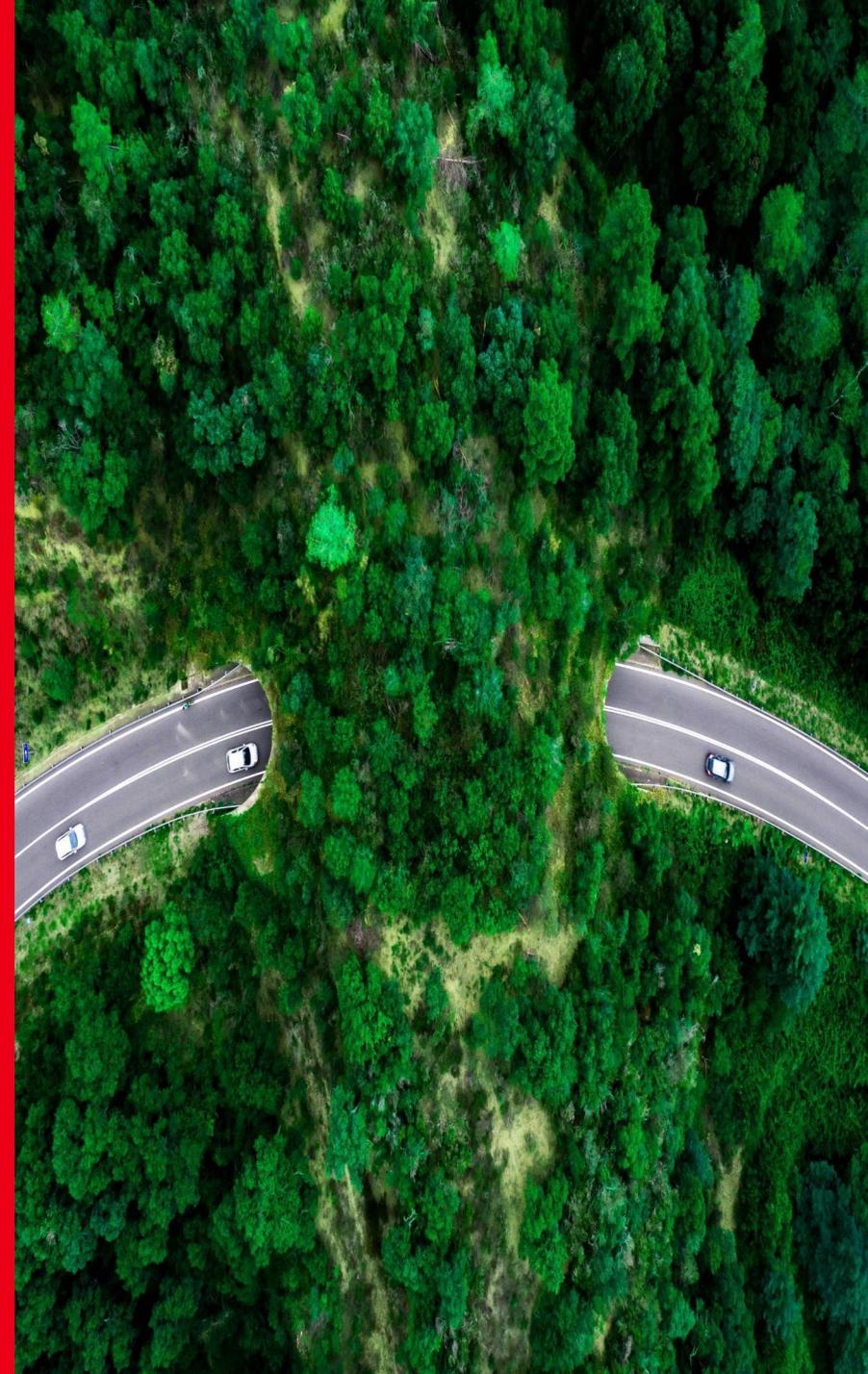
- Consider revising its funding policy to manage the cost to allow immediate budget relief while keeping the Plan actuarially sound
- Three alternative policies were reviewed with potential changes to be effective for the FY2026 contribution

**AON**

# **City of Atlanta**

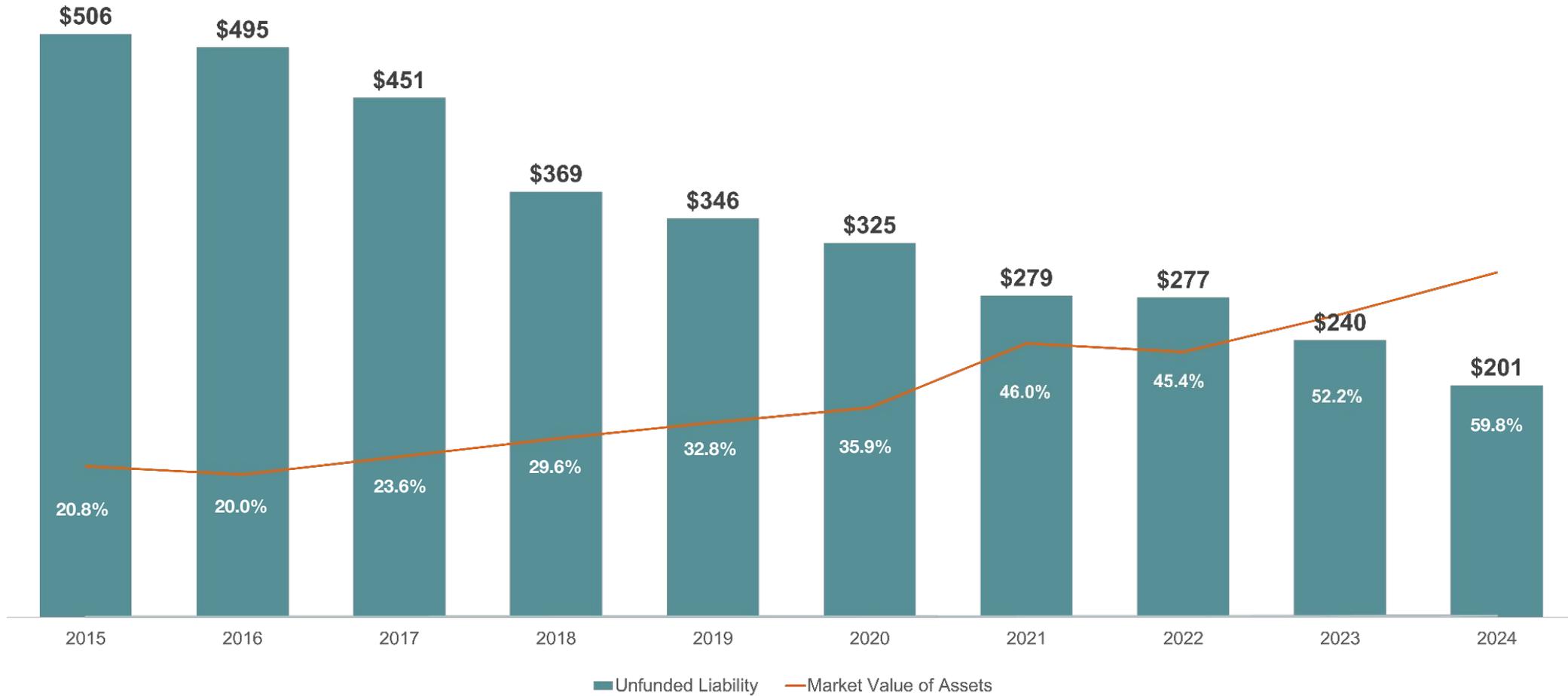
## **General Employees' Pension Fund Employees of the Atlanta Board of Education**

Funding Policy Review



# Historical Unfunded Liability and Funded Percentage

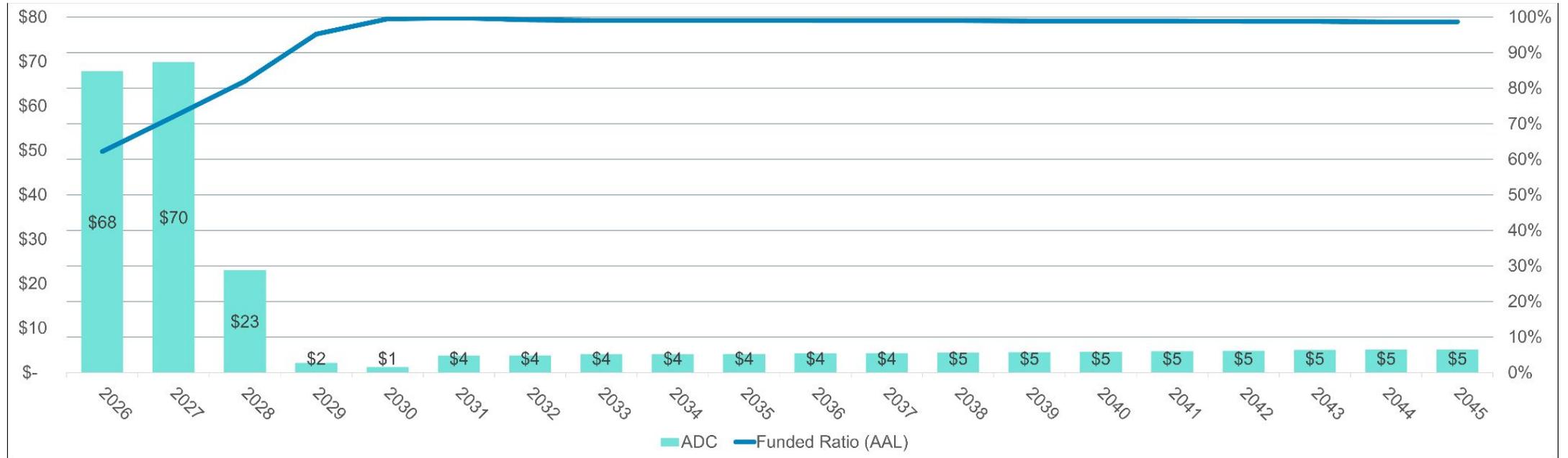
Measured as of June 30 (\$, in millions)



# Projected ADC and Funded Ratio

No Change - Current Policy

\$, in millions



## Funded Ratio at Beginning of Fiscal Year

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
62%	72%	82%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

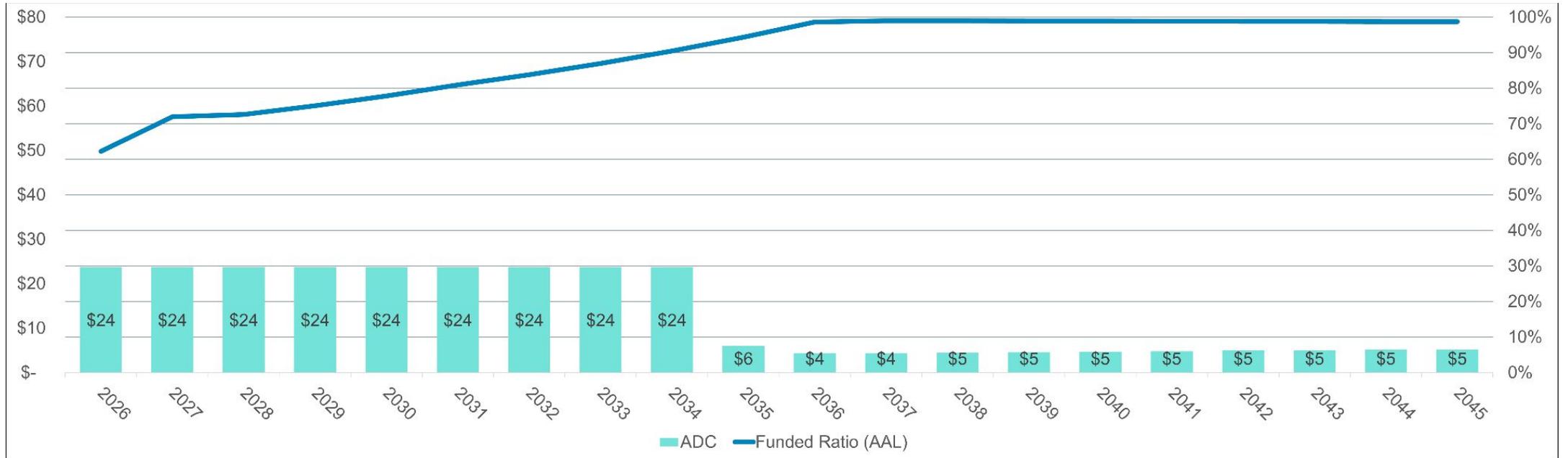
# Funding Policy Alternatives

Alternative	Impact on Full Funding Period
<b>Current Policy</b> - Contribute \$67.8M for FYE 2026 and increasing by 3% until fully funded	Fully fund by approx. FYE 2029
(1) Level contributions to fully fund by FYE 2035	Fully fund by approx. FYE 2035
(2) Level contributions to fully fund by FYE 2030	Fully fund by approx. FYE 2030
(3) 30-year amortization of Unfunded plus Net Normal Cost beginning FY 2026	Fully fund by approx. FYE 2054

# Projected ADC and Funded Ratio

## Alternative 1 – Level Contributions to Fully Fund by 2035

\$, in millions



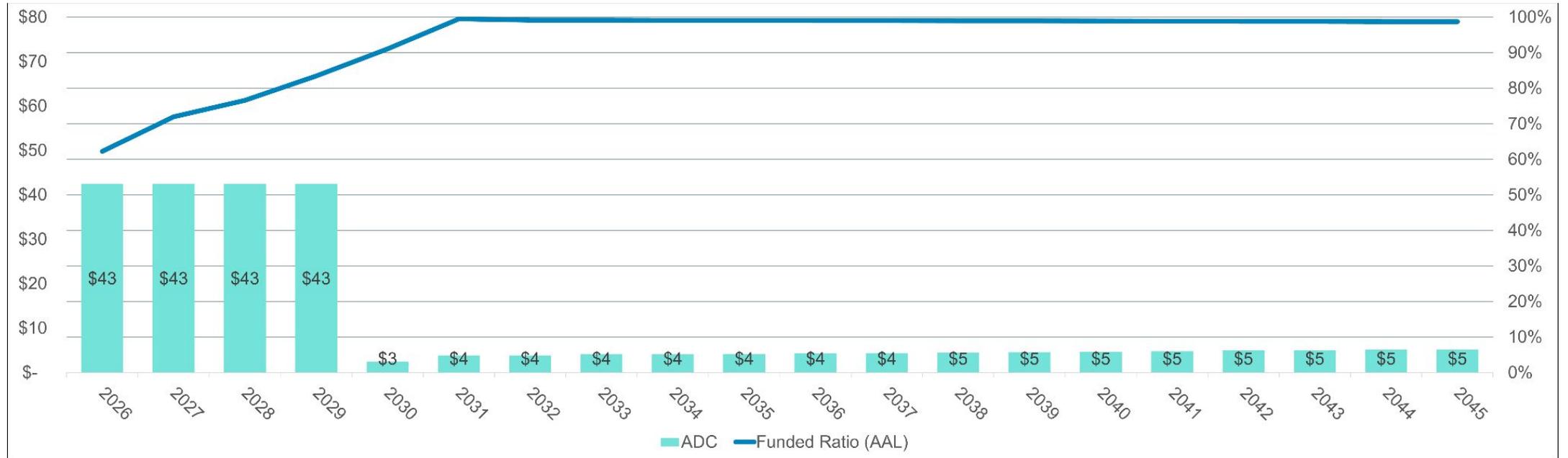
### Funded Ratio at Beginning of Fiscal Year

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
62%	72%	73%	75%	78%	81%	84%	87%	90%	94%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

# Projected ADC and Funded Ratio

## Alternative 2 – Level Contributions to Fully Fund by 2030

\$, in millions



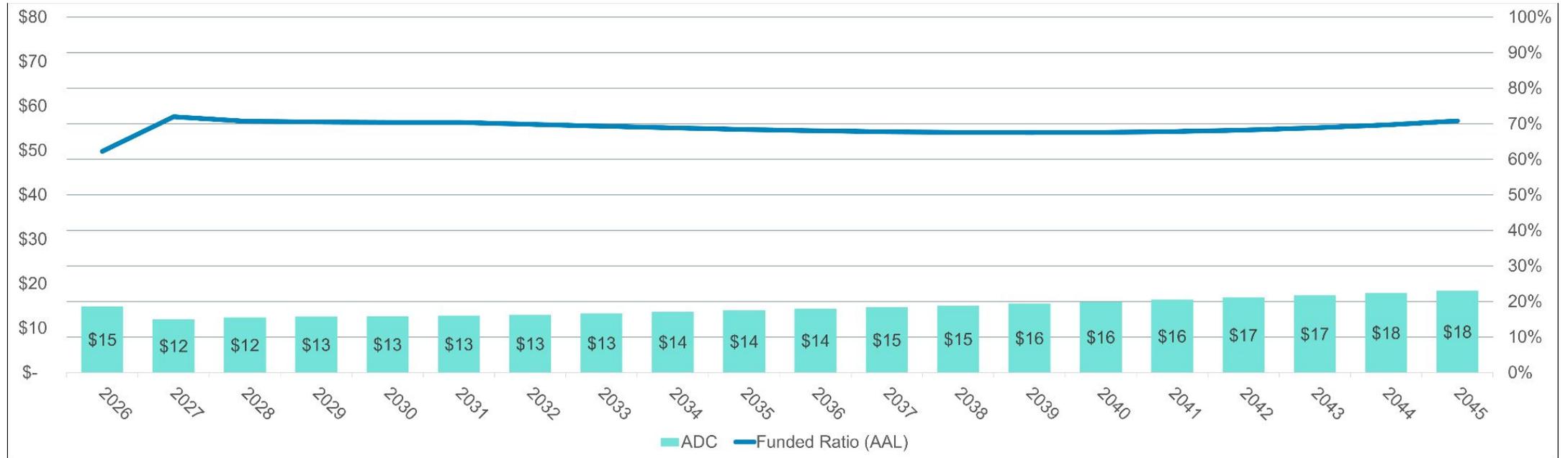
### Funded Ratio at Beginning of Fiscal Year

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
62%	72%	77%	83%	91%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

# Projected ADC and Funded Ratio

Alternative 3 – 30-year Amortization of Unfunded + Net Normal Cost Beginning FY 2026

\$, in millions



## Funded Ratio at Beginning of Fiscal Year

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
62%	72%	71%	71%	70%	70%	70%	69%	69%	68%	68%	68%	68%	67%	68%	68%	68%	69%	70%	71%

# Findings and Conclusions

- The Plan's funded status has increased from 20% to about 60% in the last 10 years, thus giving APS flexibility in its funding policy
- If APS desires a level payment pattern, it can contribute \$43M through FY 2029 assuming all assumptions are met
  - Or APS can contribute about \$24M per year through FY 2034 assuming all assumptions are met
  - The funding period may be more (or less) than the expected full funding date if all assumptions are not met
- The minimum APS can contribute is about \$15M-\$18M over the next 30 years and still be in compliance with GA law.
  - This policy cost APS the most over the long-run but allows for the most flexibility as APS can always contribute above the minimum
  - However, under this policy the Plan's funded status remains around 70% for the next decade

# Appendix



# About This Material

- This material includes a summary of calculations and consulting related to the finances of the City of Atlanta General Employees' Pension Fund Employees of the Atlanta Board of Education
- Various topics are addressed, including the following:
  - Preliminary July 1, 2024 funding valuation results
  - Deterministic funding projections under the baseline economic scenario
- We have projected liabilities and funded status assuming all assumptions are met and APS maintains a level headcount
- Unless otherwise noted, the calculations summarized in this report were performed as of July 1, 2024 using plan provisions, asset and personnel information as of the same date, to be summarized in the forthcoming actuarial valuation reports.
- Experience different than anticipated could have a material impact on the ultimate costs of the benefits; in addition, changes in plan provisions or applicable laws could have a significant impact on cost.
- A valuation model was used to develop the liabilities included in this presentation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods and data of the City of Atlanta General Employees' Pension Fund Employees of the Atlanta Board of Education
- This document summarizes our analysis, findings and conclusions. It is intended for exclusive use for APS.

# Pension Recommendation

Alternative	Impact on Full Funding Period	
<b>Current Policy</b> - Contribute \$67.8M for FYE 2026 and increasing by 3% until fully funded	Fully fund by approx. FYE 2029	
(1) Level contributions to fully fund by FYE 2035	Fully fund by approx. FYE 2035	
(2) Level contributions to fully fund by FYE 2030	Fully fund by approx. FYE 2030	Recommended Option; Returns \$25 million in FY26, \$27 in FY27, and fully funded by 2030. Resolution in September.
(3) 30-year amortization of Unfunded plus Net Normal Cost beginning FY 2026	Fully fund by approx. FYE 2054	

# Potential Gap Closure Measures (for discussion)

in millions	FY2026	FY2027	FY2028	FY2029	FY2030
District Wide reserves*	(\$5.00)	(\$5.00)	(\$5.00)	(\$5.00)	(\$5.00)
District Leases	(\$1.40)	(\$1.40)	(\$1.40)	(\$1.40)	(\$1.40)
Central Office Reductions	(\$10.00)	(\$10.00)	(\$10.00)	(\$10.00)	(\$10.00)
Pension Payments	(\$25.00)	(\$27.00)	\$20.00	\$41.00	\$0.00
ERP**	(\$6.00)	(\$12.00)			
Annual Duty Days		(\$1.70)	(\$1.70)	(\$1.70)	(\$1.70)
Small School Supplement		(\$5.00)	(\$5.00)	(\$5.00)	(\$5.00)
Base School Allocation			(\$5.00)	(\$5.00)	(\$5.00)
<b>Total</b>	<b>(\$47.40)</b>	<b>(\$62.10)</b>	<b>(\$8.10)</b>	<b>\$12.90</b>	<b>(\$28.10)</b>

\*District Wide Reserves are contingency funds set aside for any unforeseen expenditures during the fiscal year.

\*\*Assuming full delay pending other revenue sources

# Thank You!

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