

# FY2021 Budget Update



Engage. Inspire. Prepare.

## Agenda

1. Budget Timeline
2. Spending Resolution
3. Revenue Update
4. Capital Projects Fund Update
5. Expenditure Update

Appendix

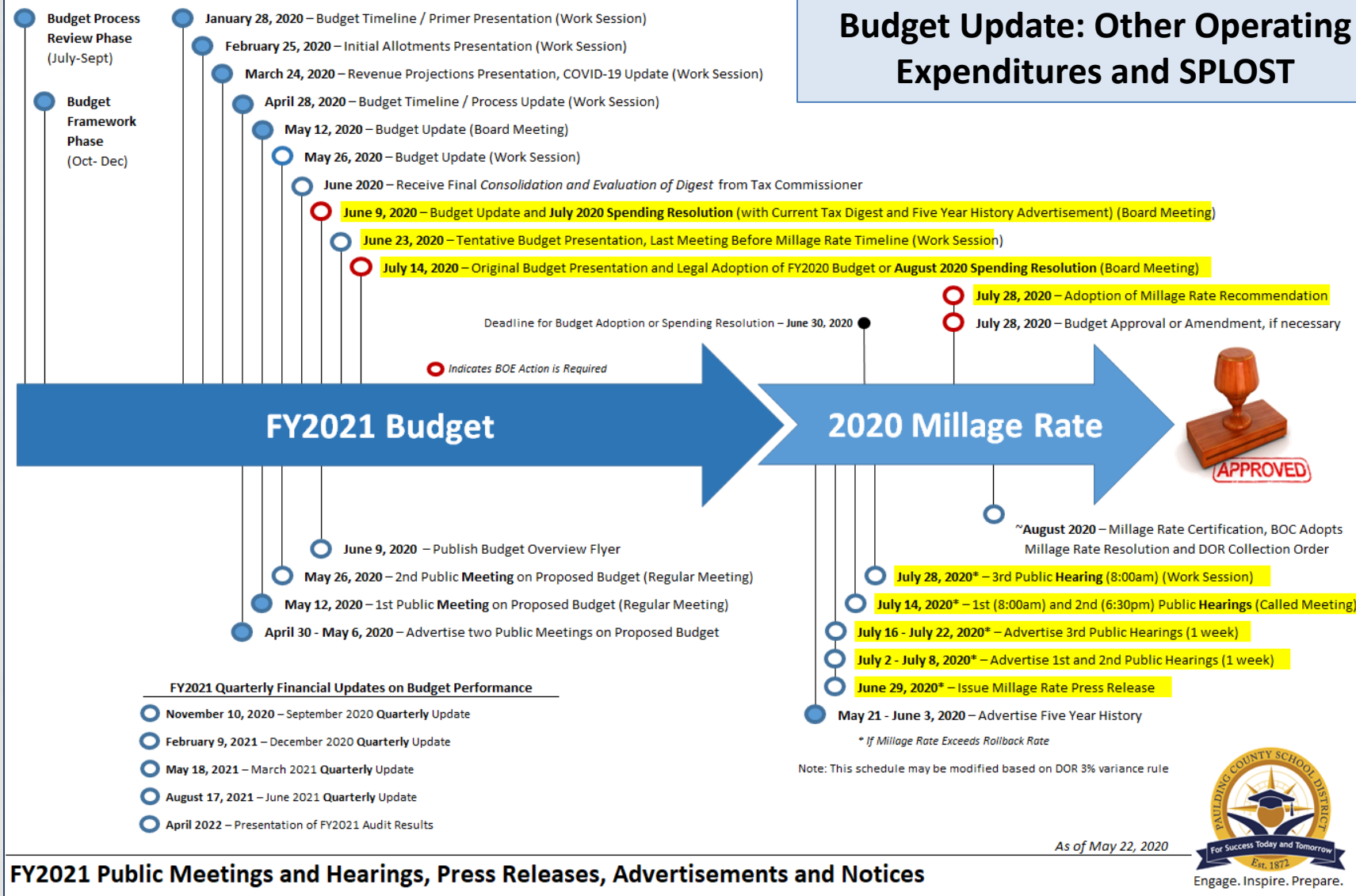
Attachments:

*General Fund Allotment Change Summary*

*The following presentation is current as of May 26, 2020  
but is subject change before final budget adoption.*



## FY2021 Budget Development - Major Milestones



# FY2021 Budget Approval Timeline

## SPENDING RESOLUTION

WHEREAS, the Paulding County Board of Education has been unable to adopt a budget for the fiscal year beginning July 1, 2020 and ending June 30, 2021; and

WHEREAS, the public exigency is best served by authorizing the superintendent to continue to expend the funds to continue operations;

NOW THEREFORE, BE IT RESOLVED by the Paulding County Board of Education that **the superintendent is authorized to expend funds from all sources for the month of July, 2020 not to exceed one-twelfth of the final amended budget for all funds for the fiscal year ending June 30, 2020 plus debt services and proper expenditures, acquisition of school buses previously approved by the board, textbook acquisition and school supplies as needed to prepare for the beginning of the 2020-2021 school year, and such other funds known to be used in July or as previously authorized by the board of education.**

May 26<sup>th</sup> – Spending Resolution Presentation

June 9<sup>th</sup> – Board Adoption of July 2020 Spending Resolution

July 14<sup>th</sup> – Board Adoption of Original Budget or August 2020 Spending Resolution

## **FY2021 State Budget Update**

- General Assembly scheduled to return on June 15, 2020
- Required to pass a state budget during each legislative session
- Chairs of House and Senate Appropriations and the Director of the Governor's Office of Planning and Budget instructed state agency heads to cut their FY2021 budgets by 14% (from FY20)
- Agency directors submitted proposed budgets on May 20<sup>th</sup>
- No agency is exempt, including the Department of Education
- Categorical Grants like the Equalization Grant, Local Fair Share (LFS), transportation and nursing grants are included in the cuts, but are under review by the joint House/Senate budget committee
  - ✓ A reduction in equalization will disproportionately harm districts with lower wealth-per-weighted FTE, like PCSD. A 14% cut to the Equalization Grant would reduce funding by over \$4 million (based on FY20 allocations)
  - ✓ Treatment of LFS could negatively impact funding

General Fund Revenue	FY20 Budget	FY21 Budget Scenarios		
		Model A	Model B	Model C
<b>State Funding:</b>		6.0%	10.0%	14.0%
QBE & Categorical Funding, net	\$ 172.2	\$ 171.8	\$ 171.8	\$ 171.8
Austerity Reduction	-	(10.3)	(17.2)	(28.1)
Equalization Grant	28.8	28.8	28.8	28.8
<b>Total State Funding</b>	<b>\$ 201.0</b>	<b>\$ 190.3</b>	<b>\$ 183.5</b>	<b>\$ 172.6</b>
Change		\$ (10.6)	\$ (17.5)	\$ (28.4)
% Change		-5.3%	-8.7%	-14.1%
<b>Local Revenue:</b>		18.750	18.750	18.750
Ad Valorem	\$ 81.9	\$ 88.3	\$ 88.3	\$ 88.3
TAVT	9.3	7.9	7.1	7.1
Other Sales Taxes	2.5	3.0	2.7	2.7
Other Local Revenue	2.2	2.0	1.8	1.8
<b>Total Local Funding</b>	<b>\$ 96.1</b>	<b>\$ 101.2</b>	<b>\$ 99.9</b>	<b>\$ 99.9</b>
Change		\$ 5.2	\$ 3.8	\$ 3.8
% Change		5.4%	4.0%	4.0%
<b>Total GF Revenue</b>	<b>\$ 297.0</b>	<b>\$ 291.5</b>	<b>\$ 283.3</b>	<b>\$ 272.4</b>
Change		\$ (5.5)	\$ (13.7)	\$ (24.6)
% Change		-1.8%	-4.6%	-8.3%
FTE Count (October)	30,226	30,711	30,711	30,711
<b>Per-Pupil</b>	<b>\$ 9,826</b>	<b>\$ 9,493</b>	<b>\$ 9,226</b>	<b>\$ 8,871</b>
\$ Change		\$ (334)	\$ (601)	\$ (956)
% Change		-3.4%	-6.1%	-9.7%
* Excludes Grants and Interfund Transfers		<b>Best</b>	<b>Mid</b>	<b>Target</b>

### Model C (Target):

- -\$24.1m QBE & Categorical Funding Austerity Cut (14%)
- -\$4.0m Austerity Reduction in Equalization Grant (14%)
- \$6.4m Ad Valorem Increase
- No Digest Impact in 2020 (FY21)
- \$3.8m Local Revenue Increase
- -\$24.6m Total Revenue Decline, *-\$30.6m at Rollback Rate*
- -\$956 Revenue Per-Pupil Decline, *-\$1,152 at Rollback Rate*
- Largest (Single Year) Decline in Per-Pupil Revenue during the Great Recession was -\$460
- Monitoring Impact on Grants

Note: Projections as of 5.20.20 unless otherwise noted

# FY2021 Revenue Projections



General Fund Expenditures	FY20 Budget	FY21 Budget Scenarios		
		Model A	Model B	Model C
<b>Salaries &amp; Benefits:</b>				
Beginning Salaries & Benefits		\$ 257.0	\$ 257.0	\$ 257.0
Class Size Maintenance (32)		2.9	2.9	2.9
Assumption Maintenance (6.5)		0.6	0.6	0.6
ESEP Allotment Changes (38)		2.9	2.9	2.9
Other Allotment Changes (tbd)		1.0	1.0	1.0
Step Increases		3.0	3.0	3.0
TRS Rate Decrease		(3.5)	(3.5)	(3.5)
<b>Total Salaries &amp; Benefits</b>	<b>\$ 259.8</b>	<b>\$ 263.8</b>	<b>\$ 263.8</b>	<b>\$ 263.8</b>
<b>Other Operating Expenditures</b>	<b>\$ 37.2</b>	<b>\$ 39.0</b>	<b>\$ 39.0</b>	<b>\$ 39.0</b>
<b>Total Expenditures</b>	<b>\$ 297.0</b>	<b>\$ 302.8</b>	<b>\$ 302.8</b>	<b>\$ 302.8</b>
<b>Revenue Over/(Under) Expend</b>	<b>\$ 0.0</b>	<b>\$ (11.3)</b>	<b>\$ (19.5)</b>	<b>\$ (30.4)</b>
<b>Deficit Mitigation:</b>				
CARES Act Funding		3.0	3.0	3.0
Salaries & Benefits Adjustments (Target):				
Class Size Maintenance (-30) <sup>1,14</sup>			2.3 <sup>-31</sup>	4.7 <sup>-62</sup>
Assumption Maintenance (1) <sup>2</sup>		0.5 <sup>-5.5</sup>	0.5 <sup>-5.5</sup>	0.5 <sup>-5.5</sup>
ESEP Allotment Changes (15) <sup>3,9,10,11,12</sup>		1.6 <sup>-23</sup>	1.6 <sup>-23</sup>	1.6 <sup>-23</sup>
Other Allotment Changes (-3) <sup>13</sup>		1.1	1.1	1.1
Workers Compensation		0.3	0.3	0.3
Reduction in Other Operating		1.0	4.0 <sup>11%</sup>	8.0 <sup>22%</sup>
<b>Total Expenditures (Adjusted)</b>	<b>\$ 297.0</b>	<b>\$ 295.4</b>	<b>\$ 290.0</b>	<b>\$ 283.7</b>
<b>Revenue Over/(Under) Expend</b>	<b>\$ 0.0</b>	<b>\$ (3.8)</b>	<b>\$ (6.7)</b>	<b>\$ (11.3)</b>
		<b>Best</b>	<b>Mid</b>	<b>Target</b>

Note: Projections as of 5.20.20 unless otherwise noted

### Model C (Target):

- \$4.0m Salaries & Wages
- \$1.8m Other Operating
- -\$30.4m Deficit

### Possible Deficit Mitigation:

- CARE Act Fund – One Time
- Salaries & Benefits (~87%)
  - ✓ Class Size
  - ✓ Allotment Freeze
  - ✓ Critical Allotments
  - ✓ See Attachment (-17)
- Workers Compensation
- \$8m Other Operating (~13%)
  - ✓ Capital Projects
  - ✓ Strategic Cuts
- Fund Balance

# FY2021 Expenditure Projections

	Tentative FY2021				
	Unadjusted	Adjusted	Variance	%	
Operations	\$ 21.3	\$ 16.0	\$ (5.2)	-25%	
Teaching & Learning	2.1	1.7	(0.5)	-21%	
Instructional PL	0.8	0.3	(0.5)	-60%	
Textbooks	2.2	1.0	(1.3)	-56%	
Technology	6.2	5.3	(1.0)	-15%	
School Leadership	0.8	0.7	(0.1)	-11%	
Business Services	0.6	0.5	(0.1)	-10%	
Human Resources	0.1	0.1	(0.0)	-16%	
	<b>\$ 34.1</b>	<b>\$ 25.6</b>	<b>\$ (8.5)</b>	<b>-25%</b>	

### Goals

- Minimize disruptions to schools, staff and students
- Position district for potential further declines in funding and a protracted recovery
- Prepare for changes in instructional delivery methods
- Carefully monitor short and long-term consequences of cost mitigations

### Possible Deficit Mitigations

- ✓ Significant reductions in expenditures like travel, conferences, printing, supplies, dues and fees
- ✓ -20% Expendable Equipment
- ✓ -56% Textbooks
- ✓ -60% Professional Learning
- ✓ Strategic departmental cuts – reviewed every object >\$5,000
- ✓ Professional Services
- ✓ Delayed maintenance projects
- ✓ Technology Purchases
- ✓ Reduced Bus purchases
- ✓ \$2m Capital Expenditures moved to Capital Projects

Note: Projections as of 5.20.20 unless otherwise noted

## Deficit Mitigations: Other Operating

**Paulding County School District**

July 1, 2020 through June 30, 2021

Capital Project Fund(s)

	SPLOST V	SPLOST VI	Fund 300	2021 Budget
<b>Revenue:</b>				
SPLOST Collections				
Collections	\$ 14,981,771	\$ 3,398,722		\$ 18,380,493
Capital Outlay Program	1,810,996			1,810,996
School Security Grants (\$30,000)				-
Other Revenue	25,000		5,000	30,000
Transfers from Other Funds *		500,000	1,292,475	1,792,475
<b>Total Revenue</b>	<b>\$ 16,817,767</b>	<b>\$ 3,898,722</b>	<b>\$ 1,297,475</b>	<b>\$ 22,013,964</b>
<b>Expenditures:</b>				
Audit Fees	\$ 5,000			\$ 5,000
Interest Expense	11,506			11,506
SPLOST Projects				
Moses MS	5,884,780			5,884,780
Russom ES	4,001,116			4,001,116
Hiram HS	3,722,000			3,722,000
Track and Tennis Court Repairs	150,000			150,000
Transportation	750,000			750,000
Technology	250,000		100,000	350,000
Maintenance			900,000	900,000
Miscellaneous	100,000	500,000		600,000
<b>Total Expenditures</b>	<b>\$ 14,874,402</b>	<b>\$ 500,000</b>	<b>\$ 1,000,000</b>	<b>\$ 16,374,402</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 1,943,365</b>	<b>\$ 3,398,722</b>	<b>\$ 297,475</b>	<b>\$ 5,639,562</b>
Transfer for Debt Service	(8,199,900)	-	-	(8,199,900)
Estimated Fund Balance (July 1, 2020)**	9,382,352	-	6,786,214	16,168,566
<b>Estimated Fund Balance (June 30, 2020)</b>	<b>\$ 3,125,817</b>	<b>\$ 3,398,722</b>	<b>\$ 7,083,689</b>	<b>\$ 13,608,228</b>

Note: Projections as of 5.20.20 unless otherwise noted

## Capital Projects

- Realigned projects between funding sources, no material changes in overall funding or timing (currently)

## Fund 300

- Moses MS addition to SPLOST V
- \$1m Capital Expenditures from General Fund

## SPLOST V

- Moses MS and Russom ES Projects
- Hiram HS Ren/Mod
- \$1m Capital Expenditures from General Fund

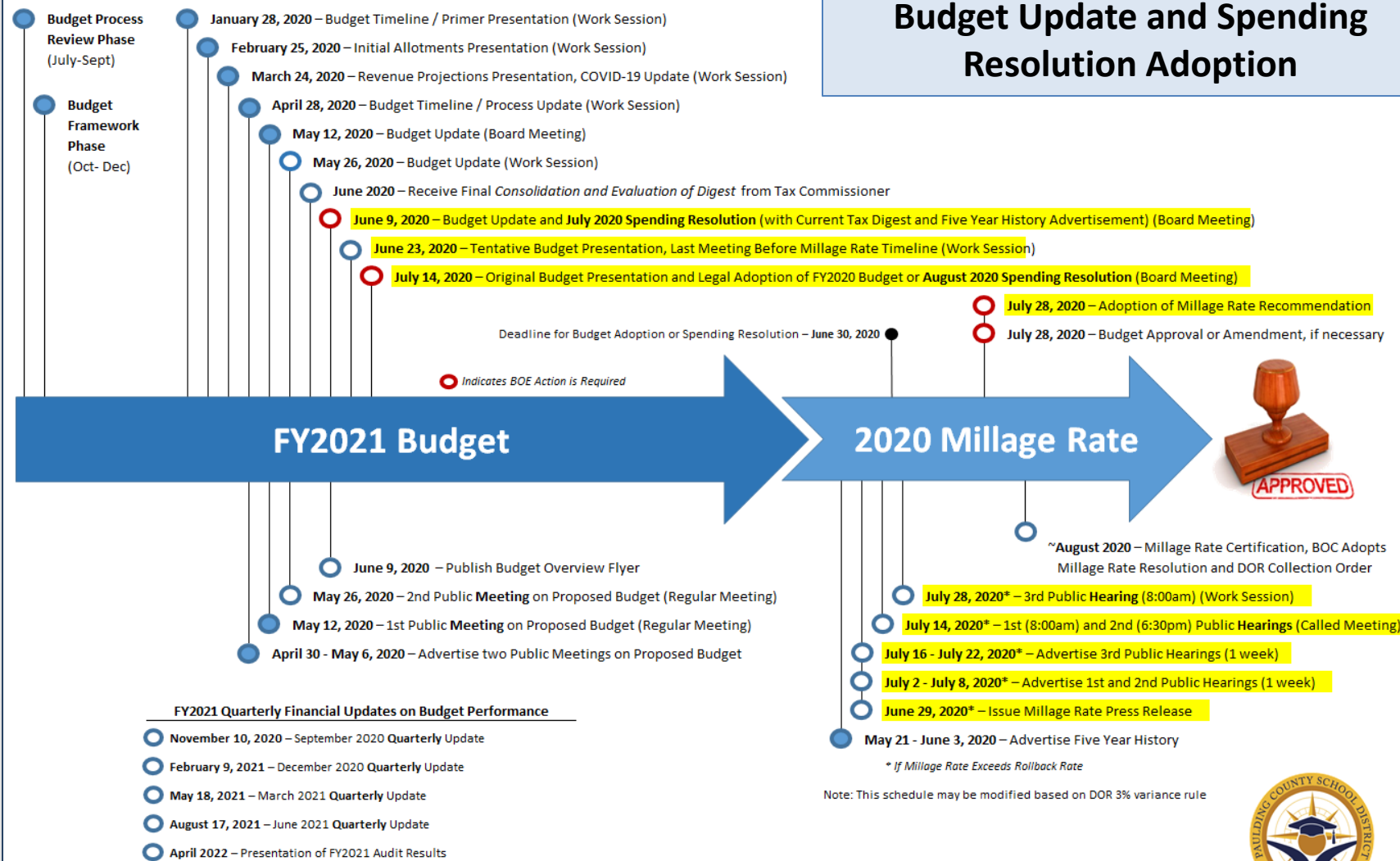
## SPLOST VI

- Collections start FY21

# FY2021 Capital Projects Fund



## FY2021 Budget Development - Major Milestones



## FY2021 Public Meetings and Hearings, Press Releases, Advertisements and Notices

# FY2021 Budget Approval Timeline

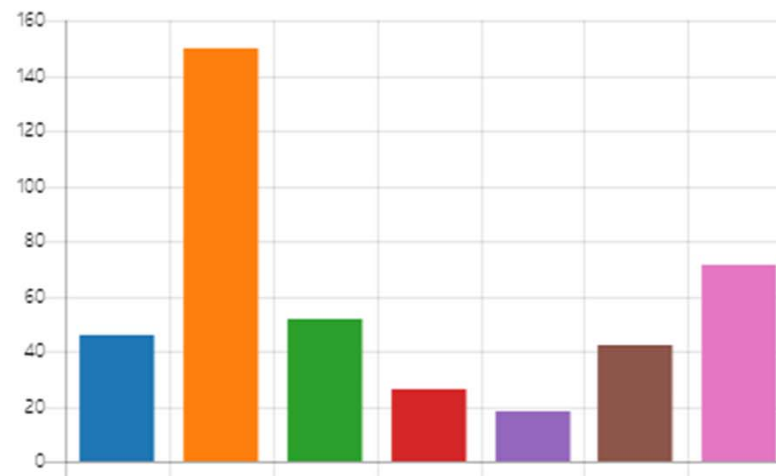


Engage. Inspire. Prepare.

# Thank You

For Budget Ideas and Feedback  
Visit our Website (Budget Feedback)

● School Leadership	46
● Teaching & Learning	150
● Operations	52
● Technology	26
● Business Services	18
● Human Resources	42
● Unknown	71

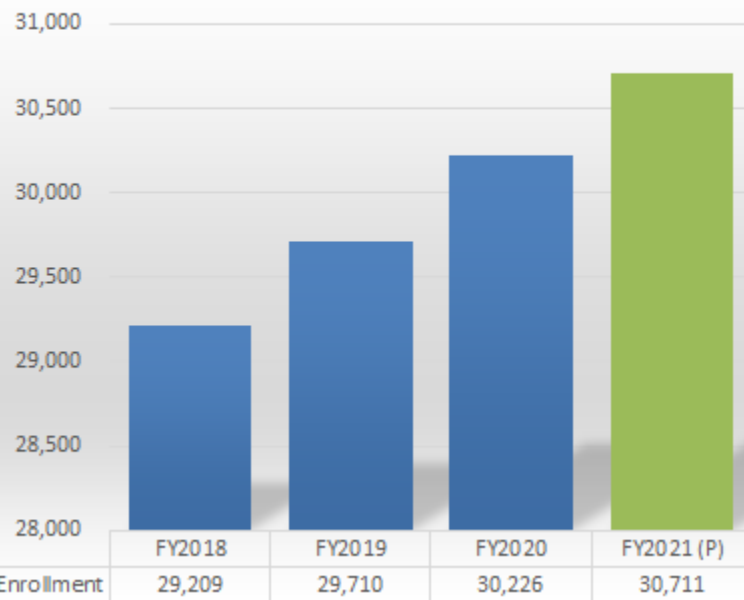




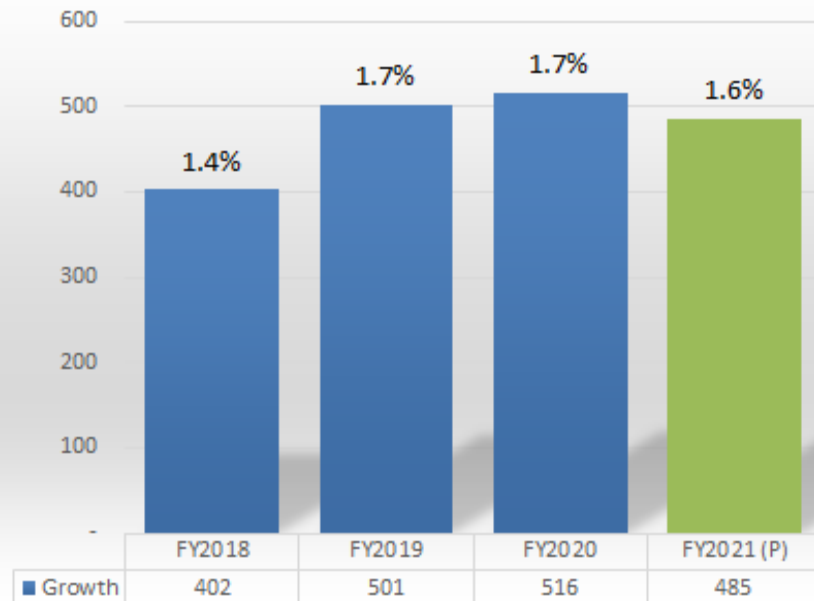
Engage. Inspire. Prepare.

# Appendix

### FY2021 K-12 Enrollment



### FY2021 K-12 Growth

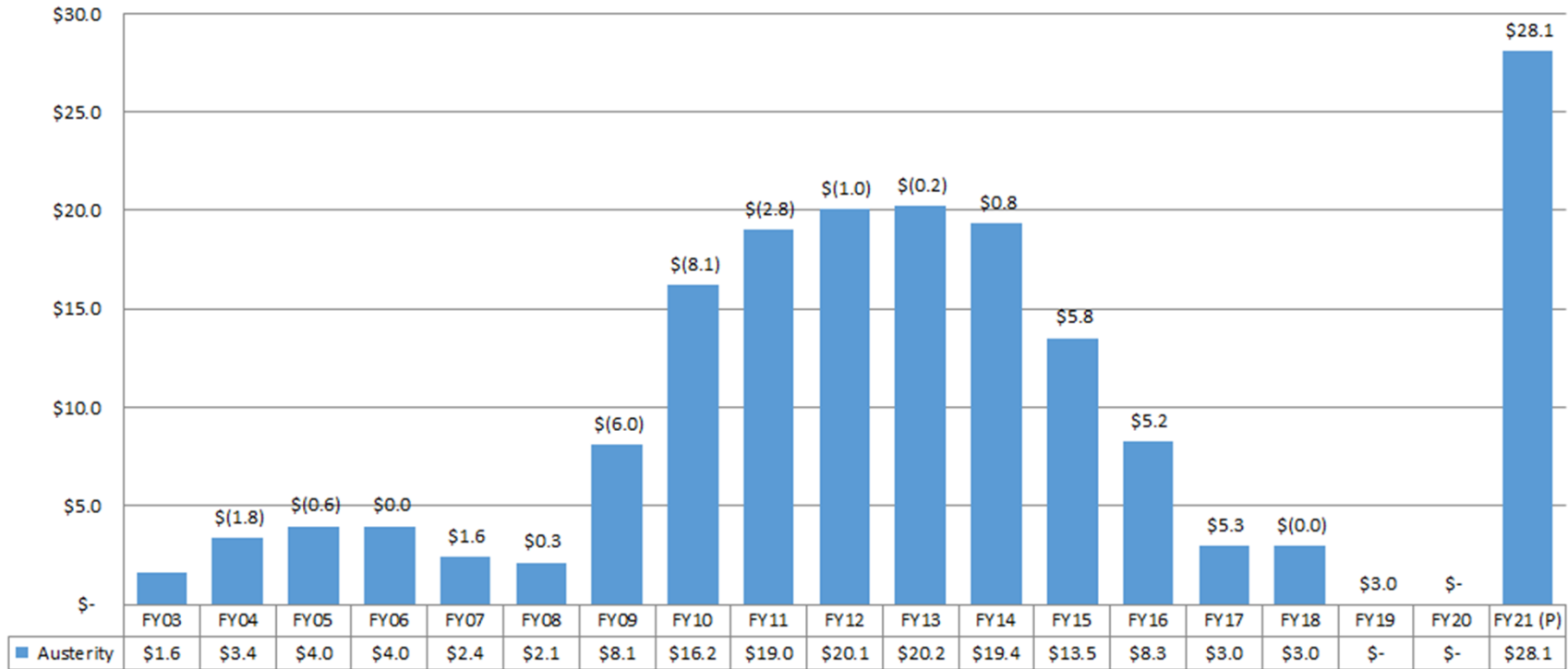


### FY2021 Enrollment by Grade



# FY2021 Enrollment Projections

## Historical Austerity Reductions (millions)



Note: Projections as of 5.20.20 unless otherwise noted

# State Revenue: Austerity Reduction



**The Coronavirus Aid, Relief and Security (CARES) Act** provides education funding to state education agencies and local education agencies to support schools as they are dealing with the effects of the COVID-19 Pandemic.

PCSD expects to receive **\$3,015,293** in CARES Act funding

CARES Act funding will be allocated to each LEA (local education authority) based on their Title I allocation. Unfortunately, this methodology does not serve PCSD well – given we are low wealth and low Title I.

- PCSD received 0.7% of statewide FY20 Title I allocations
- PCSD will receive 0.7% of CARES Act funding
- As the 12<sup>th</sup> largest district in Georgia, PCSD educates 1.8% of statewide FTEs
- As a low wealth district, PCSD ranks 4<sup>th</sup> in equalization and 168<sup>th</sup> in per-pupil Title I funding (out of 180 school districts)

On a per-pupil basis, low wealth districts like Clayton, Newton and Houston County will receive 3.3, 2.4 and 1.9 times the amount of CARES Act funding, respectively.

Locally, on a per-pupil basis, Carroll, Bartow and Douglas County will receive 2.6, 2.0 and 1.9 times the amount of CARES Act funding, respectively.